People, Places, Technology.

Globalworth
Annual Report and Financial Statements 2022

Inside this report

Welcome to our 2022 Annual Report

Globalworth is a leading real estate company focusing on Poland and Romania, the two largest markets in Central and Eastern Europe ("CEE"), having the leading position in our two main markets, Romania and Poland.

We acquire, develop and manage commercial real estate assets, primarily in the office sector, with the objective of being the landlord of choice for established national and multinational corporations in the region.

Our reporting

We believe that through robust performance monitoring and reporting, we can support and properly manage our performance.

As part of this continuous effort, we published Globalworth's "2021 Sustainable Development Report" in May 2022.

Click here to visit our website

Click here to read our 2022 Sustainability Report

Click here to visit our Twitter page

Click here to visit our YouTube channel

How to navigate this report

This report includes interactive elements that allow you to go to specific pages and open weblinks.

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At Globalworth, our purpose is clear

Our mission is to create value for our shareholders, tenants, and the local communities by acting consistently in an ethical and socially responsible manner.

Creating an environment in which people want to work and be associated with is one of our key objectives, achieved through building a vibrant, modern and greener portfolio.

Our Approach

We are a leading real estate company in the CEE region

Our purpose

Guided by our strategy

We utilise our six-pillar strategy to deliver attractive, sustainable long-term value to our shareholders and other stakeholders.

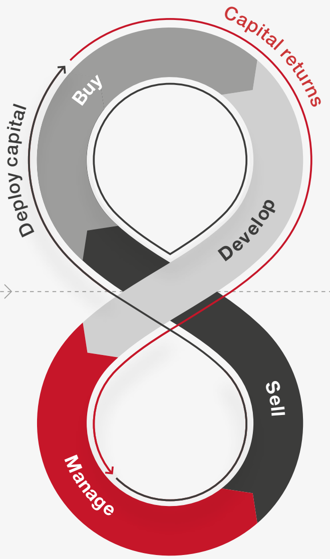
- Strengthen our position in our core markets
- Invest in sustainable environments & communities
- Effectively asset & property manage our real estate
- Maintain an efficient and flexible capital structure
- Preserve and/ or protect our operational efficiency
- Have a defensive and growing operating financial performance

Read more about our Strategy on **page 16**

Delivered with our business model

We employ our relationships and proven investment model to deliver sustainable long-term value.

Proven investment model



Our core activities

Read more about our Business Model on **page 17**

Creating value for stakeholders

In a world in which businesses are interrelated, engaging with our shareholders and other stakeholders to understand their interests, priorities, and expectations is key for shaping our strategy for the future and the success of our business.

Who do we deliver for?

- Employees
- Tenants
- Partners/Suppliers/Contractors
- Shareholders/Bondholders
- Local communities
- State and local authorities

Read more about our Stakeholders on **pages 18 to 20**

Underpinned by our values

Integral to our culture is adhering to the highest standards of ethical business practices and living by our values, which are:

- **One Team**
- **Act with Integrity**
- **Respect, Diversity and Inclusion**
- **Build an Environmentally Friendly & Sustainable Future**

Highlights of the Year

Our performance

In 2022, new challenges, largely linked to macroeconomic/geopolitical risks and the war in Ukraine, impacted the economic and business environment, resulting in a more uncertain outlook. Despite the numerous challenges, our unwavering operational focus and business expansion have been partly reflected in our annual results.

Having said this, we are confident that the extensive work carried out by our team in 2022 has allowed us to consolidate our position as the pre-eminent landlord in our home markets of Poland and Romania and will set us on a trajectory towards even greater performance as the markets gradually return to a more normalised state in the future.

Operational Highlights

- Total combined portfolio value marginally higher by +0.2% at €3.2 billion.
- Focused development programme in select high-quality projects.
  - Romania; delivered six new logistics facilities offering 104.4k sqm of GLA, with three logistics facilities under development which are expected to have a total GLA of 30.0k sqm.
  - Poland; two mixed-use properties under refurbishment/repositioning.
- Acquired the first small business units logistic facility in Romania (Bucharest), with a total area of 7.1k sqm.
- Overall standing portfolio footprint net increase of 7.9% to 1.4m sqm of GLA in 71 standing properties.
- Leasing transactions of 206.9k sqm of commercial space at an average WALL of 4.4 years, despite continued challenging market conditions.
- Average standing occupancy of 85.6% (85.9% including tenant options), 2.9% lower compared to 31 December 2021.
  - Addition of seven properties with an average occupancy of 54.2%, some of which are in the lease-up phase, negatively impacted the overall combined standing occupancy.
  - Like-for-like standing occupancy adjusted for Warta Tower in Warsaw (property held for sale and now effectively vacant), of 90.5% (+0.2% compared to 31 December 2021).
- Total annualised contracted rent up by 3.0% to €189.2 million
- Rate of collections invoiced and due remained high at 99.3% for 2022.

Sustainability:

- €2.6 billion in 53 green certified properties.
- 45 properties were certified or recertified with BREEAM Very Good or higher certifications during the year.
- Committed to reduce our carbon footprint based on a science-based approach to align with a 1.5°C trajectory.
- Issued the third sustainable development report and our second Green Bond Report.
- Maintained low-risk rating by Sustainalytics and our MSCI rating to "A".
- Contributed to over 25 social initiatives in Romania and Poland.


Tryton

Financial Highlights

Portfolio Open Market Value
€3.2bn
€3.2bn (2021)

EPRA Earnings per Share
32 cents
27 cents (2021)

Shareholders' Equity
€1.7bn
€1.7bn (2021)

EPRA NRV per Share
€8.29
€8.66 (2021)

IFRS Earnings Before Tax
€(11.2)m
€62.1m (2021)

Net Operating Income
€139.7m
€144.3m (2021)

Adjusted Normalised EBITDA
€126.0m
€130.2m (2021)

Dividend per Share Paid
27 cents
30 cents (2021)

IFRS Earnings per Share
(8) cents
21 cents (2021)

At a Glance

Creating environments where businesses can flourish

We own 71 standing buildings in prime locations within their respective sub-markets in 13 of the largest and most liquid sub-markets in Poland and Romania.

Our portfolio primarily comprises 30 Class "A" offices (89.4% by value). It also includes a number of landmark and strategic investments mainly in mixed-use (office/commercial) as well as some logistics and light-industrial properties.

Our Portfolio

€3.2bn
Combined Portfolio Value (GAV)
€3.2bn (2021)

85.6%
Standing Commercial Occupancy
88.5% (2021)

1,405.6k sqm
Standing GLA
1,302.3k sqm (2021)

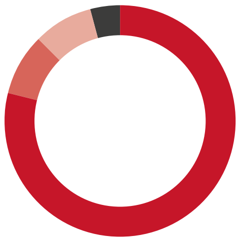
71
Standing Properties
66 (2021)

€189.2m
Contracted Rent
€183.7m (2021)

104.9k sqm
GLA Under Development/Refurbishment
98.9k sqm (2021)

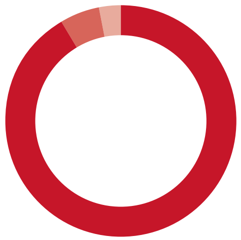
Read more about our portfolio on **pages 22 to 30**

Property type (% GAV)



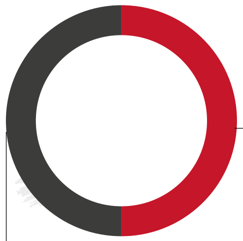
- Office: **79.0%**
- Mixed-use: **8.5%**
- Industrial: **8.6%**
- Other: **3.9%**

Properties by status (% GAV)

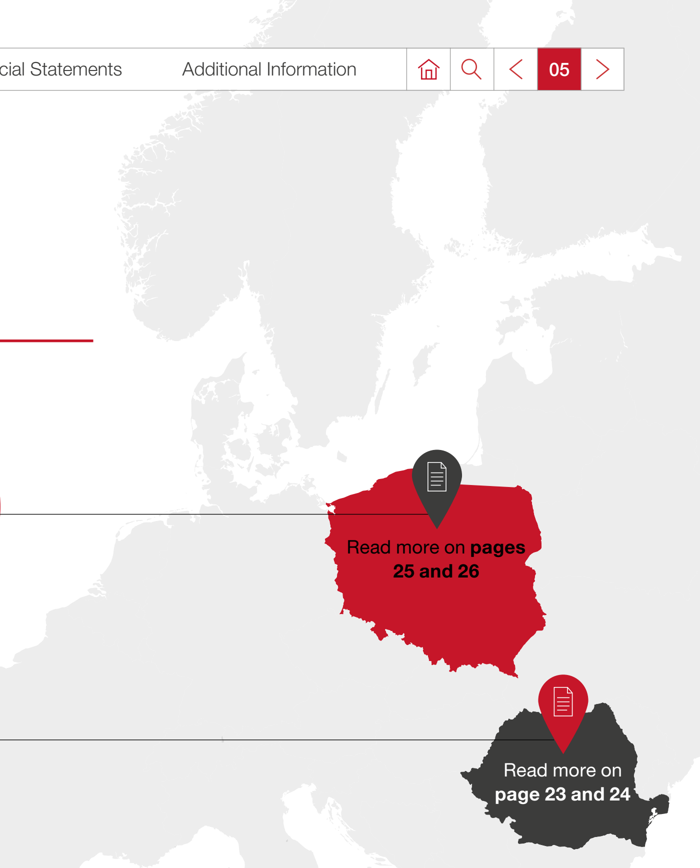


- Standing properties: **91.6%**
- Developments (includes assets under refurbishment): **5.4%**
- Land for future development: **3.0%**

Locations (% GAV)



- Poland: **50.2%**
- Romania: **49.8%**



Acting Responsibly

People

Our team of 260 professionals aims to create value for our shareholders, our tenants and the local communities by acting consistently in an ethical, socially responsible manner.

Read more about our people on **pages 56**

Places

Creating an environment in which people want to work and be associated with is a key objective for us, and the way to achieve it is by building a modern, greener, environmentally-friendly portfolio.

Read more about our sustainability on **pages 52 to 53**

Technology

We firmly believe that technology can positively impact real estate, as such, we invest directly or indirectly in selected opportunities and initiatives, to improve the quality and impact of our services and properties.

Read more about our technology on **page 55**

Investment Case

Six reasons to invest

Our local landlord approach to managing our real estate platform offers sustainable real estate solutions to our partners and is supported by a diverse supply chain.

Sustainable Solutions

89.8% of our standing commercial portfolio is environmentally certified, with several of our properties holding additional ESG-related certifications.

Read more on **page 07**

Local Landlord Approach

Our team of 260 experienced professionals on-the-ground combines local insight with an international approach, offering premium services to our partners, efficiently managing our portfolio, and creating value for our stakeholders.

Read more on **page 08**

Our Supply Chain

Our supply chain consists of a diverse range of suppliers, service providers and business partners, who range from small businesses to multinational companies. Effectively and responsibly managing our third-party suppliers, service providers and business partners is key to the success of our operations.

Read more on **page 09**

1 Focus on the largest real estate markets in the CEE

Poland and Romania, our two markets of focus, offer compelling macroeconomic and real estate fundamentals with broad opportunities for value creation.

€3.2bn

Open Market Value

Read more about our markets on **pages 13 to 15**

2 Strong management platform with local presence

We are a multi-skilled platform, with substantial on-the-ground operations in our focus markets, with a team of 260 experienced professionals combining local insight with an international approach.

968.2k sqm

Internally managed spaces

Read more about our people on **page 56**

3 High-quality real estate portfolio

We own a sizeable and modern real estate portfolio in 13 of the largest and most liquid sub-markets in Poland and Romania which primarily comprises Class A offices, and select landmark and strategic investments mainly in mixed-use and industrial properties.

1,405.6k sqm

GLA

Read more about our portfolio on **pages 22 to 26**

4 Strong cash flows with further upside

Our portfolio is predominantly leased to a diverse and international tenant base on triple-net, long-dated, annually indexed, Euro-denominated leases.

Our assets and liabilities are principally Euro-denominated, minimising local currency exposure.

Further cash flow creation potential from future take-up and development pipeline.

€239.3m

Consolidated revenues

Read more in our Financial Review on **pages 44 to 50**

5 Track record of capital discipline and access to both public and private capital markets

We take a conservative and sustainable approach to financing with diversified sources of capital and debt. We secured our first green loan from IFC in May 2022.

€1.7bn

Share capital

Read more in our Capital Markets Review on **pages 41 to 43**

6 Multiple growth drivers to our business

We continuously explore our markets for value-added investment opportunities in Poland and Romania.

We proactively seek asset management initiatives for our portfolio and operations, targeting enhanced revenue streams and improved efficiency.

€35.2m

Investment in renovation and upgrades

Read more about our strategy on **page 16**

Sustainable Solutions

We remain committed to investing in energy-efficient properties, with 53 properties green certified valued at €2.6 billion.

Globalworth Square – technology

Renewable Resources
98% of the energy used in our portfolio is from renewable sources.

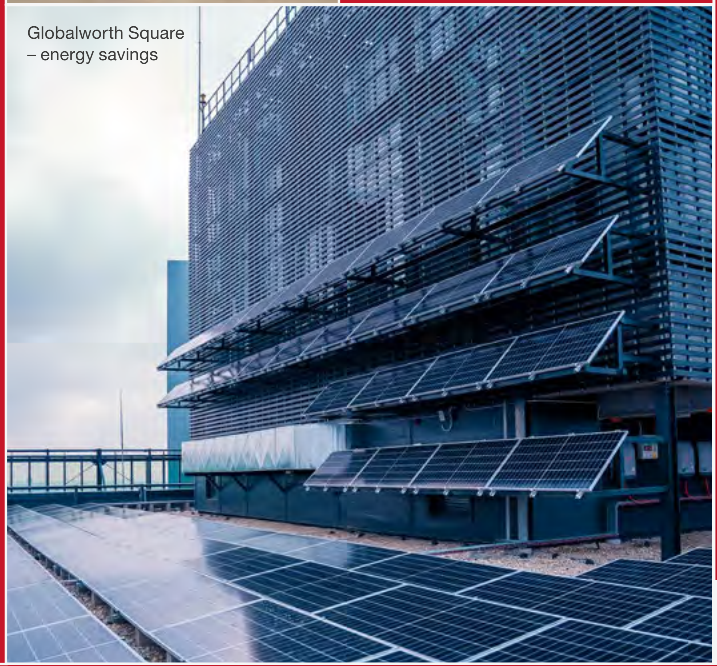
Health & Safety
Maintaining a healthy and safe environment for our people and for those who work at or visit our properties, as well as the wider communities to which we belong.

Wellness & Accessibility
All our office buildings are WELL Health-Safety certified and 10 of our Romania office buildings obtained "access4you" certification.

Technology
We invest directly or indirectly in selected opportunities and initiatives, including technology-related venture capital funds.

Green Certified Properties (by value)

- BREEAM Very Good: 4%
- BREEAM Excellent: 64%
- BREEAM Outstanding: 6%
- LEED Platinum: 14%
- EDGE: 2%



Globalworth Square – energy savings

Our Accreditations
BREEAM-accredited properties account for 82.6% of our green-certified standing portfolio by value, with the remaining properties being holders of other certifications (LEED Gold or Platinum and Edge).

Click here to learn more about our certified properties

MSCI ESG RATINGS A | SUSTAINALYTICS a Morningstar company | BREEAM

Read more about our sustainable places on **pages 52 to 53**

Local Landlord Approach

We are a team of 260 professionals. Predominantly based in Poland and Romania, we respond with agility and use our robust knowledge of our markets to deliver value for all our stakeholders.

A Team of Dedicated Professionals

Our most important asset is our team of dedicated professionals, who have been selected by employing the best available candidates for every position, regardless of gender, ethnic group or background.

Read more about our people on **page 56**

Constanta Business Park – in action

In-house Capabilities

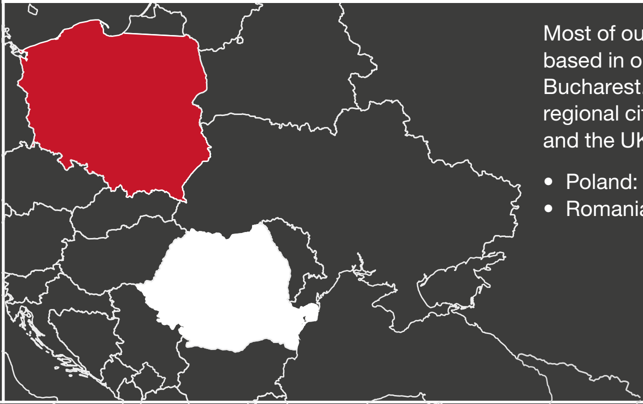
We are structured to advance the experience of our team members and our in-house capabilities in areas including investment, leasing, project management, asset and property management.

We internally manage:

- 968.2k sqm of high-quality standing GLA with total value of €2.5 billion
- all our 100% owned developments projects and land bank

Constanta Business Park – Development

Local Knowledge



Most of our team of 260 professionals are based in our two main offices in Warsaw and Bucharest. Team members are also located in regional cities in Poland and Romania, Cyprus and the UK.

- Poland: 151 team members
- Romania: 101 team members

Our Supply Chain

Effectively and responsibly managing our Supply Chain, is key to the success of our operations.

Our Relationships

We believe that our ability to perform most of our core activities internally is one of our competitive advantages. However to be able, to execute our "local" landlord approach to our operations and portfolio, and our "international" approach to the Group's affairs, we need to manage a supply chain consisting of a diverse range of suppliers, service providers and business partners, who range from small businesses to multinational companies.

We consider the risk profile of our supply chain to be low, as when we are selecting our suppliers, service providers and business partners, we perform:

- a multi-criteria operational evaluation which includes criteria such as know-how, credentials, pricing, and past performance with the Group (where applicable),
- individual checks to ensure that we share the same ethical values and to confirm that no new relationship exposes Globalworth to compliance risks.

Suppliers (by value of services)

International: **5%**
National: **95%**

Lubicz lobby

Green Horizon

How We Engage

Our partners are required to follow the part of the Code of Conduct applicable to them (which is also introduced in our new agreements). In addition, we ask our team members to report internally, to their superiors or compliance officers, if they become aware that any of our suppliers infringes upon the law or our Code of Conduct.

Furthermore, we review our suppliers' list on a regular basis, and should any areas of concern arise, we directly reach out to our partner(s) for clarifications, prior to further internal review.

Overall, we collaborate with c.1.5k third-party suppliers, service providers and business partners, with c.40 partners in Poland and Romania considered as "significant", as these can influence our daily operations and the success of our property and asset management activities.

c. 1.5k
Third-party suppliers, service providers and business partners

c. 40
"Significant" partners in Poland and Romania

Read more about our partnerships on **page 18**

CEO Statement

Adapting our strategy to tumultuous macro and property markets

"At Globalworth we focus on providing our business partners with high-quality spaces in Poland and Romania that are sustainable, technologically advanced, and tailored to their unique needs. Our premium spaces and services are geared towards ensuring the success of our tenants' and our business.

Dennis Selinas
Chief Executive Officer

Dear Stakeholders,

As we move forward, we remain committed to improving our services and providing a platform for growth that is sustainable and at the forefront of building technology. At Globalworth, we strive to offer our business partners and their employees the best possible experience, and we are proud to be a trusted partner for their ongoing success.

Navigating Our Business Through Challenging Market Conditions

The year 2022 began with a sense of hope that, after two years of the COVID-19 pandemic, the world was ready to start returning to normality. However, fresh challenges soon surfaced, largely linked to macroeconomic/geopolitical risks and the war in Ukraine. These hurdles have given rise to supply chain disturbances, hikes in fossil fuel prices, increased costs for transportation and construction materials, and higher levels of inflation and interest rates, which have put a strain on consumer incomes and businesses. As a result, the outlook for everyone has become more uncertain.

As a result, the economic outlook in our regions has been revised, with slower growth predictions for 2022 and beyond than had been previously anticipated. However, a recession in the Eurozone is not currently expected. Another positive note is that inflation appears to be gradually returning to more normalised levels over the next 18-24 months.

Amidst these challenging circumstances, Globalworth's performance demonstrated remarkable resilience, as we adhered to our steadfast commitment to the "local landlord" approach to managing our business.

This involved undertaking a series of carefully calibrated initiatives including:

- Strategic investments in existing and new high-quality properties
- Managing our portfolio to preserve and enhance operational performance
- Maintaining a flexible capital structure that can adapt to evolving market conditions

At the core of all our endeavours was an unwavering commitment to providing a safe and healthy environment that nurtured both work and leisure for our tenants and for our communities.

We are confident that the extensive work carried out by our team throughout 2022, while not fully reflected in this year's financial results, has served to consolidate our position as the pre-eminent landlord in our home markets of Poland and Romania and will set us to a trajectory towards even greater performance as the markets gradually return to a more normalised state in the future.

At this juncture, and despite my relatively short tenure at Globalworth, I would like to extend my sincere gratitude to all of our team members for their resolute and optimistic attitude, unwavering commitment and efficiency, as well as our shareholders, partners and communities for their steadfast support, all of which have enabled us to achieve results of which we can be rightfully proud.

Evolving Real Estate Portfolio

Our portfolio predominantly comprises Class "A" offices. Nonetheless, following the delivery of our Class "A" Globalworth Square office and in response to changing market dynamics, we have in the past 12 months shifted our development focus towards high-quality logistics facilities in Romania as well as the ambitious redevelopment of two mixed-use properties in Poland.

Throughout the course of 2022, we successfully completed the construction of six logistics facilities, which collectively encompassed 104.4k sqm of GLA. Five of these facilities represent subsequent phases of development within existing established projects which are owned directly by us, or through JV partnerships.

In addition, we also established a new strategic partnership with an experienced local developer with the aim of investing in the lucrative "small business units" segment of the logistics and warehouse facilities market in Romania. Under this partnership, in which we hold a controlling majority (75%) stake, we acquired our first small-business-units project (standing) in the north-western part of Bucharest, and we are in the process of developing a second project which is executed in phases and is located in the north-eastern part of the capital city.

As of 31 December 2022, Globalworth's high-quality combined standing portfolio reached a total of 1.4m sqm. The Company anticipates continued growth in 2023, with the finalisation of two mixed-use properties in Poland and two industrial facilities in Romania, adding another 104.9k sqm of GLA.

Globalworth's investment programme has also included investment in existing properties aimed at preserving and enhancing their value, generating long-term income and offering best-in-class real estate space to our business partners. As a result, the Company continues to (re)invest in all of its properties, improving the quality of our buildings and services across the board.

Overall, the addition of new properties to Globalworth's standing portfolio has resulted in a combined portfolio value of €3.2 billion as at 31 December 2022, representing a +0.2% increase compared to the end of 2021.

CEO Statement continued

Our Leasing and Occupancy

The ability to lease spaces within our portfolio is a critical factor in both our short- and long-term success. In 2022, despite the persistently challenging market conditions, we were able to successfully negotiate the take-up or extension of 206.9k sqm of commercial space, within an average WALL of 4.4 years. It is worth noting that the majority (52.4% by GLA) of our leasing activity involved new take-up of available spaces.

As at 31 December 2022, the standing occupancy of our combined commercial portfolio was 85.6% (85.9% including tenant options), representing a 2.9% decrease from the previous 12 months. However, this decline can be primarily attributed to the addition of several new properties in our portfolio, most of which are in their lease-up phase, and Warta Tower in Warsaw which is now effectively vacant and is being sold.

- Like-for-like standing occupancy of our combined commercial portfolio adjusted for Warta Tower was 90.5% (+0.2% compared to 31 December 2021).

Despite the uncertainty in the market and the cautious approach of tenants, headline market rental levels across our portfolio remained relatively stable. We attribute this to the quality of our properties, our active asset management initiatives, and our commitment to sustainable development.

The total annualised contracted rent of our combined portfolio increased by 3.0% to €189.2 million, compared to year-end 2021, with like-for-like annualised commercial contracted rents in our combined standing commercial portfolio increasing by 1.7% to €177.5 million.

It is noteworthy that most of our tenants are large multinational or national corporations and their operations within our portfolio had no significant exposure to Ukraine or Russia. Therefore, our business has not been directly impacted by the war. Nevertheless, it is important to recognise that no business is entirely immune to the war's effects on the macro economy through its impact on inflation and interest rate transmission mechanisms.

In both Poland and Romania, the COVID-19 pandemic has resulted in increased construction costs and reduced office development activity thereby limiting new supply. We anticipate that this will result in fewer new, high-quality offices being available for lease in central locations over the next few years.

Furthermore, the disparity between A-grade properties with robust ESG credentials and B-grade properties has been growing from both an investment and a leasing perspective. This trend is expected to work in favour of our portfolio of high-quality properties in the future.

Given these factors, and the quality of our services and properties, we are confident that we will be able to lease the available spaces in our portfolio in due course.

However, it is important to note that competition between landlords for high-quality tenants remains intense, particularly in regional cities in Poland. This is likely to impact the level of effective rents achieved or attainable in the market and in our portfolio.

Our Financial Results

In a year fraught with numerous challenges, our unwavering operational focus and business expansion have been partly reflected in our annual results.

Despite market conditions, our rental income for the year remained virtually unchanged compared to the previous year. The positive effect of our operating initiatives and the addition of new standing properties were counterbalanced by relatively higher amortisation expenses in 2022, active leases and fluctuations in occupancy.

Moreover, our Net Operating Income and EBITDA decreased by 3.2% annually. This decline was due to an increase in the cost of non-recoverable service charges (including the impact of Warta Tower being effectively empty during the year) and property operating costs covered by the Group as part of our ESG commitment for spaces used in response to the Ukrainian refugee crisis.

Over the past 12 months, property values in our markets have come under pressure, due to the challenging macroeconomic and geopolitical environment. Furthermore, a combination of operating performance, expanding yields, higher discount rates and capex invested in our portfolio, which are fully reflected in valuations and operations, contributed to negative revaluations of €89.5 million in our consolidated portfolio as of 31 December 2022.

As a result, the Group recorded a net loss for the year of €16.1 million (2021: €47.5 million gain). It is worth noting, however, excluding the impact of revaluation and exceptional items, our net profit would be €72.9 million.

Dividend

Throughout the year, we disbursed two interim dividends, one in relation to the 2021 financial year and the first interim dividend of 2022, amounting to €0.13 per share and €0.14 per share respectively. In summary, dividends paid to our shareholders during 2022 totalled €0.27 per share or €59.8 million. Both dividends were at least 90% of the EPRA Earnings for their corresponding half-year periods, as stipulated by our Articles of Incorporation.

Balance Sheet

Ensuring ample liquidity has always been a key area of focus for us, and we are pleased to report that during the year, we were able to repay the remaining €323 million of Globalworth's inaugural €550 million bond, which had been due to mature in June 2022. As a result, Globalworth has no material debt maturing until March 2025.

Additionally, we secured new financings for a total of €266 million during the year, with the most noteworthy being:

- the six-year term loan agreement for €85 million with the International Finance Corporation , which is a member of the World Bank; and
- the €160 million for two new facilities (secured and unsecured) signed with the Erste Group (undrawn at the end of 2022)

In the context of negative revaluations and recently completed or ongoing projects, which have yet to fully realise their value uplift, our LTV increased from 40.1% to 42.7% at year-end. Furthermore, our EPRA Net Reinstatement Value (NRV) at the end of the period was €1.8 billion, or €8.29 per share, representing a 4.3% decline from €8.66 on 31 December 2021, mainly due to dividends paid that offset operating performance and negative revaluations.

Despite these developments, we maintained a flexible liquidity position at year-end, with €164 million in cash and cash equivalents, and a further €300 million in undrawn debt facilities. Moreover, we maintained an investment grade rating from all three rating agencies in the 2022 review. However, the outlook was updated to negative, reflecting a higher interest-rate environment, deteriorating real estate market conditions, future refinancing considerations and a more negative outlook of rating agencies towards the real estate sector. In March 2023 S&P updated their rating to BB+ (stable outlook).

Sustainable Development

Our strategy for sustainable development revolves around the fundamental tenets of "People, Places and Technology". We are committed to delivering environmentally sound, safe buildings that cater to our occupiers' requirements while ensuring that we continue to make positive contributions to the communities we serve.

To that end, in 2022, we have accepted the challenge of proactively managing the consumption and associated carbon emissions produced during the construction and operation of our properties. This effort is aimed at further reducing our carbon footprint throughout the value chain, from areas within our control to those under the purview of our tenants.

Our environmental target is to reduce GHG emissions intensity by +40% by 2030 compared to our 2019 baseline levels (for Scope 1 and 2) and to commit to measuring and reducing Scope 3 emissions.

CEO Statement continued

We also certified or recertified 45 of our properties during the year, with our green portfolio comprising 53 environmentally friendly properties valued at €2.6 billion. I am delighted that 89.8% of our standing commercial portfolio has been awarded high-level green certifications. Moreover, all of the offices within our portfolio have received the WELL Health-Safety Rating, and several other properties have received additional certifications.

However, sustainable development is not merely restricted to green buildings. Our comprehensive approach to ESG was further acknowledged by Sustainalytics where our "Low Risk" rating improved to 13.9 (compared to 14.8 last year and 16.0 two years ago) and MSCI, where we maintained our "A" rating.

Additionally, we continued to support our communities, where we supported over 15 initiatives in Romania and Poland.

Management Changes

In 2022, there was a change in executive leadership, wherein Mr D. Raptis and Mr A. Papadopoulos relinquished their roles as CEO and CFO respectively. Subsequently, Mr S. Sapkas and myself assumed these positions. I would like to express my utmost appreciation to the departing individuals for their invaluable contributions to the trajectory of Globalworth. As previously communicated upon my appointment, I am eagerly anticipating the prospect of progressive expansion, pioneering asset management innovation and an unwavering commitment to improving our tenants' experiences, all while delivering optimal returns to our esteemed shareholders.

Outlook

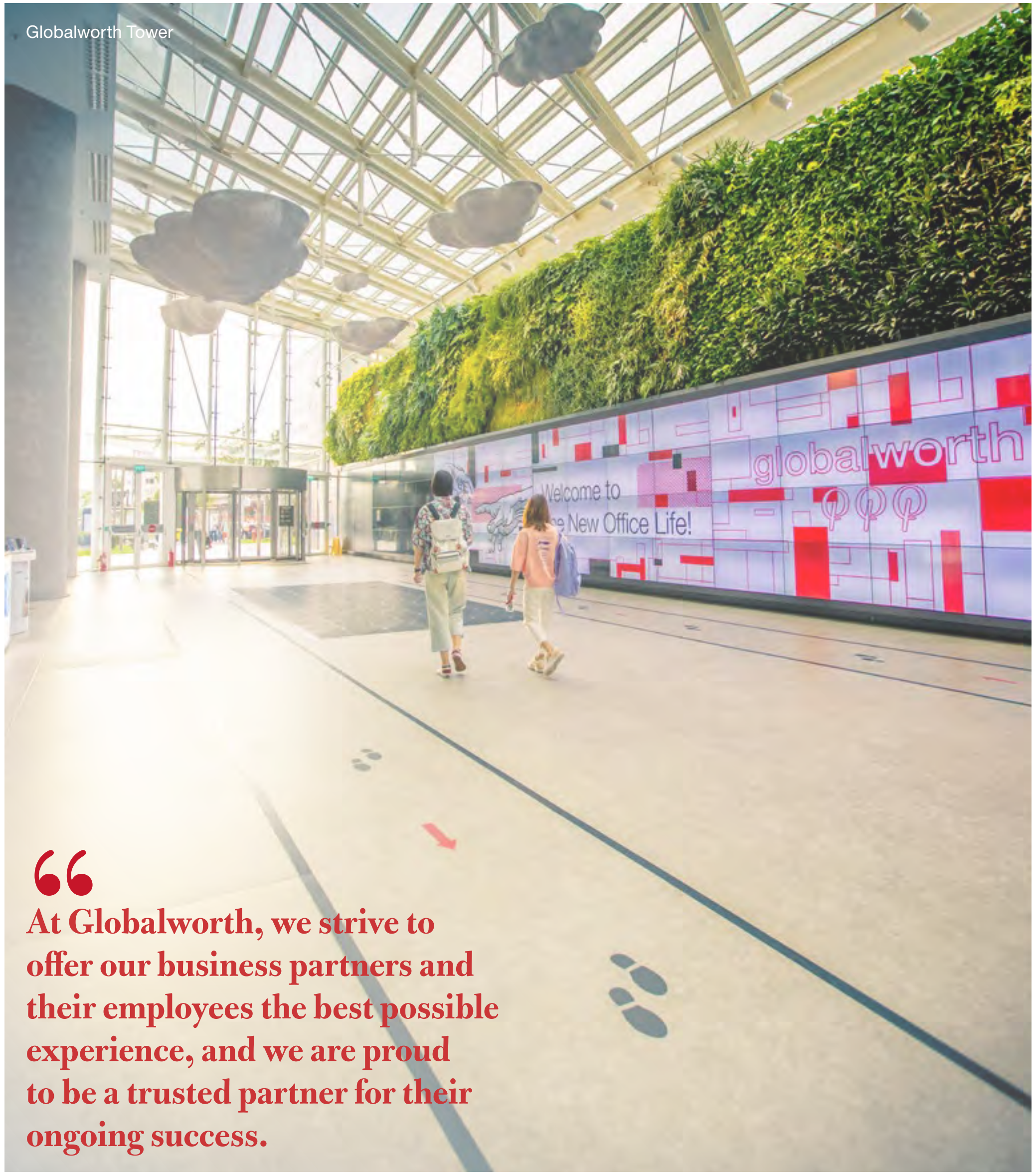
In 2023, we anticipate that macroeconomic developments, specifically the trajectory of inflation and the response of central banks, will have the most significant impact on the performance of the real estate market. Despite the prevailing market uncertainty, our Company remains steadfast in its focus on liquidity initiatives, which provide us with the resources we need to seize emerging opportunities.

Our unwavering commitment to providing sustainable office space that is highly appealing to the employees of our tenants, and adheres to the strictest environmental standards, continues to be a top priority. We are confident that this commitment, combined with the flexibility we offer our clients, will enable us to maintain robust leasing activities in 2023, irrespective of any challenges posed by the market's fluctuating conditions.

In conclusion, I have complete faith in the resilience of Globalworth in the face of market turbulence, and I believe that our prospects are bright. Our focus on liquidity and sustainability, coupled with the flexibility we offer our clients, positions us well to navigate any challenges that may arise and to continue to thrive. We look forward to the opportunities that the future holds, and we are eager to achieve greater success in the coming years.

Dennis Selinas

23 March 2023



Globalworth Tower

“At Globalworth, we strive to offer our business partners and their employees the best possible experience, and we are proud to be a trusted partner for their ongoing success.

2022 Market Review

Continuing to operate in dynamic markets despite challenging market conditions

Our markets' recovery from the COVID-19 pandemic was further impacted by the war in Ukraine, increased volatility partially driven by higher inflation and interest rates, and more moderate GDP forecasts, all of which have led to a more uncertain outlook.

Poland and Romania, our two markets of operation, remain among the most dynamic in both the CEE and European contexts.

At the beginning of 2022, as our markets had begun to move on after two years of the COVID-19 pandemic, new challenges emerged associated with geopolitical risk and the war in Ukraine, further supply chain disruptions, an increase in fossil fuel prices, the rising cost of transport and construction materials, higher inflation and interest rates which increased pressure on consumer incomes and business, all of which have led to a more uncertain outlook.

Even with these challenging conditions, GDP in Poland and Romania is still expected to grow, albeit at a lower rate compared to prior estimates, at 4.9% and 4.5%, according to the most recent European Commission (EC) forecasts for 2022.

GDP is expected to expand further in 2023 and, although the pace of growth is expected to be slower than in the past, the long-term forecasts still show GDP growth higher than the Eurozone average
EC – European Economic Forecast Winter 2023.

Select Macroeconomic Figures

- EC estimates European Union GDP growth of 3.5% in 2022 and forecasts 0.8% growth for 2023 and 1.6% for 2024.
- Poland and Romania maintain growth forecasts for 2023.
- Inflation rates in the EU, Poland and Romania expected to gradually decrease in the short-medium term at 6.4%, 11.7% and 9.7% in 2023.
  - Annual inflation rates for 2022 of 9.2%, 13.2% and 12.0% for the EU, Poland and Romania respectively.

Select Real Estate Findings/Office

- Demand for office space increasing with total take-up of 1.8 million sqm in Poland and Romania.
- Office supply:
  - In 2022, for the first time, office supply in eight major regional cities in Poland exceeded that of Warsaw.
  - Limited supply of new offices in Bucharest.
  - Increasing construction and transportation costs negatively impact overall development costs, thus resulting in lower levels of new office supply in the future.
- Rental levels remained stable, however there is pressure for ERVs in higher-quality and environmentally friendly properties as a result of inflation, relatively lower occupational costs (in the context of rising energy costs across the board) and the growing ESG awareness of tenants.
- Vacancy in Bucharest and Warsaw at year-end 2022 of 14.1% and 11.6%, respectively.
  - Average vacancy in regional cities in Poland increased to 15.5% (14.2% in 2021).
- Investor demand remained healthy in 2022, with total investment volumes of €6.6 billion in our markets of interest.

West Link

Select Real Estate Findings/Industrial

- Industrial (logistics, light-industrial, warehousing etc) remained very dynamic in 2022 in Romania.
- Total take-up of 1.3 million sqm.
- Vacancy remained low at 5.9% in Bucharest and 5.6% on average for Romania.
- Improvements in large infrastructure projects in Romania, supported by EU funding, aiming at increasing/improving railway and highway networks and connectivity expected to further benefit the sector.

Poland	Romania
4.9% GDP growth in 2022	**4.5%** GDP growth in 2022
1.5m sqm Total take-up of office space	**0.3m sqm** Total take-up of office space
€5.8bn Total investment volumes	**€0.8bn** Total investment volumes

2022 Market Review continued

Our markets in Poland and Romania continue to evolve, with a number of key themes changing the way we operate and shaping the services and spaces that we provide.

At Globalworth, since our inception c. ten years ago, we have been focusing on creating sustainable value and delivering positive risk-adjusted returns over the long term.

We achieve this by being a "local" and hands-on landlord who is quick to identify and respond to market trends to build opportunities for the future, while at the same time managing the challenges to the business effectively and in the interest of our shareholders and other stakeholders.

Our office markets provide corporations with the necessary infrastructure to operate and offer people exciting opportunities to grow professionally and personally. At the same time our logistics/light-industrial properties benefit from locations that are easily accessible, on or next to major road arteries, connecting our facilities to major hubs in Romania and abroad.

We remain very well placed to address new emerging challenges and take advantage of the opportunities that arise.

The Office of the Future/The Future and Demand for Office Spaces

The pandemic transformed the way we live and work, and how business is conducted in our markets of operation and globally. The temporary work-from-home solutions utilised as a response to the COVID-19 pandemic are becoming the new normal.

We remain firm believers that the office will continue to be the primary workplace for the majority of businesses, however it is clear that hybrid solutions will continue to be applied as many people over the past couple of years have adapted their way of life and are able to work virtually.

As such, the office of the future is evolving, and it will need to accommodate both in-person and remote/virtual working, adopting a hybrid approach to achieve the optimal output from an efficiency and operations point of view for the businesses using it.

How we are responding:
The type of office spaces offered to corporates and their teams is becoming increasingly important, with office spaces transforming into dynamic social and business incubators.

The best offices need to provide an environment where people want to visit and work. They have to be safe, support the health and wellbeing of employees, promote sustainability and be connected to the communities of which they are an integral part.

Also, to the extent possible, they need to be well connected to high-quality public transport to minimise the impact of the commute and contribute to a lower carbon footprint.

In 2022, we continued investing in our high-quality office portfolio in Poland and Romania, improving the quality of our office spaces and the services offered to tenants.

- Our office (and mixed-use) portfolio is now almost exclusively managed by the Globalworth team in-house.
- WELL Health-Safety credential received in 2022 for all our office properties in Poland and Romania.
- Repositioning/refurbishment of two of our mixed-use properties in Poland to increase their office component and offer a more vibrant and attractive destinations progressed in 2022.
- Access4you accreditation for Disabled Persons Certification for offices in Romania.

> **"The best offices need to provide an environment where people want to visit and work. They have to be safe, support the health and well-being of employees, promote sustainability and be connected to the communities of which they are an integral part.**

2022 Market Review continued

Business Park Chitila

Continued Focus on Industrial Properties

Manufacturers, retailers (traditional and online) and distributors require efficient, reliable distribution networks and supply chains to compete effectively, meet their customers' ever-increasing demands, and reduce costs.

To achieve this, they need to occupy modern/high-quality facilities well-located in the sub-markets they serve or within distribution networks which allow them to suit their needs best.

This demand has increased in the past several years due to the COVID-19 pandemic and rising transportation costs, with companies looking for a wide range of facilities to improve efficiencies. Facilities can significantly vary depending on location, purpose and occupier, with larger buildings typically located in regional hubs. In contrast, buildings used as 'last-mile' distribution centres are relatively small in size.

How we are responding:

In 2022 we continued investing directly or via joint ventures in the acquisition, development and active management of high-quality facilities in Romania. We added seven facilities with 111.5k sqm GLA during the year to our portfolio and have two other projects currently under construction.

Our industrial portfolio, although it accounts for 8.6% of our total portfolio value, has increased in size since the end of 2018 from €106.8 million and 189.5k sqm to €270.7 million and 402.6k sqm at the end of 2022.

We have over 53 tenants in our industrial portfolio, which is principally let to large multinational or national corporates such as the Dacia Renault Group, Valeo Lighting, Continental, Huf and Havi.

Globalworth Square

Environmentally Friendly and Sustainable Solutions

Tenants, partners, corporates and other stakeholders are increasingly focused on the environmental impact of their operations and are seeking environmentally friendly and sustainable solutions.

In the real estate sector, minimising the environmental footprint of properties and creating workplaces that positively impact human health and well-being are becoming key areas of focus.

As a result, the gap between A-grade properties, with strong ESG credentials, and B-grade properties has been widening both from an investment and a leasing perspective.

How we are responding:

Sustainability is becoming an increasing differentiator between buildings and spaces offered.

We principally target properties with BREEAM Very Good, LEED Gold or higher green certification or the potential to achieve this.

At year-end 2022, we had 53 environmentally-certified properties in our portfolio with an appraised value of €2.6 billion.

- 95.5% of our office (and mixed-use) standing commercial portfolio was environmentally certified.
- 89.8% of our commercial standing portfolio was environmentally certified.

In addition, following an analysis of our portfolio performance over a four-year period, we have committed to reducing our carbon footprint by over 40% compared to our 2019 base year and in line with SBTi methodology.

We see this commitment as an opportunity, as we are an experienced landlord and developer with an extensive track record of delivering the highly sustainable buildings that customers demand. Our track record includes Globalworth Square, which received BREEAM Outstanding accreditation, with a 99% scoring, placing this Class "A" office in third place worldwide at the time of its accreditation in 2022.

We also know how to improve building sustainability credentials through investment, and since 2020 we have improved the green credentials in 30 buildings, while certifying or recertifying 45 properties in 2022 and 38 properties in 2021, allowing us to improve both the attractiveness and performance of our portfolio.

Our Strategy

Focused on operational excellence and sustainable growth

Strengthened Our Position in Core Markets of Operation

We further enhanced our presence in our two countries of operation:

Acquisitions & Deliveries:

- Completed the development of six high-quality logistic facilities, adding 104.4k sqm of spaces to our portfolio
- Acquired a 75% stake in our first small business units logistic facility in the Bucharest Greater Area (7.1k sqm of GLA) at a 100% valuation of €5.5 million
- Acquired a 50% stake of an industrial and logistics project with a total land area of 37.9k sqm in Târgu Mureș with the possibility to develop up to 17.0k sqm of warehouse space

Investment in Standing Portfolio:

- Continued investing and upgrading our standing portfolio, and implementing portfolio wide software solutions that maximise energy efficiency and occupant wellbeing

In Progress:

- Developments focused on high-quality logistic facilities in Romania (30.0k sqm) and the refurbishment/repositioning of two mixed-use properties in Poland aiming at increasing their Class “A” office space and improving their retail/commercial offering
- Total investment in 2022 of 30.2 million

Effectively Asset and Property Managing our Real Estate

- We signed contracts with 198 tenants for 206.9k of commercial space to be taken-up or extended, at an average WALL of 4.4 years
  - new leases accounted for 52% (up from 46% in 2021) of total leasing, providing encouraging signs for future take-up
- Like-for-like occupancy effectively unchanged (0.2% lower) at 88.4% despite the very challenging market conditions and the WARTA Tower now effectively vacant and under sale process
  - Excluding Warta Tower like-for-like occupancy improved to 90.5%
- Overall average standing occupancy of our combined commercial portfolio of 85.6% (85.9% including tenant options),
  - Seven industrial properties added had average occupancy of 54.2% (with the two largest facilities being in the lease up phase).
- Total annualised contracted rent up by 3.0% to €189.2 million
  - Like-for-like annualised rent in our standing commercial portfolio up 1.7% to €177.5 million
  - 92.3% from office and industrial properties

Preserved and/or Protected Operational Efficiency

- Most of our contracted rent from office and industrial spaces (91.1% of annualised contracted rent) and 97.0% in active leases
- Rate of collections for rents invoiced and due remained high at 99.3% in 2022 as a result of our high tenant quality and low single tenant dependency
- Continued to internalise property management, with 97.1% of office and mixed-use standing properties by value managed in-house driving enhanced customer focus

Flexible Capital Structure

High liquidity of €164 million plus €300 million in undrawn debt facilities (€205 million in RCF’s expiring in 2024/25 and €95 million in secured facility)

- Secured more than €265 million in new medium-long term financings in 2022
- No material debt maturity until March 2025, following the repayment of the remaining outstanding principal amount of €323m of our inaugural GWI bond which matured in June 2022
- LTV increased to 42.7% at 31 December 2022
- Continued to benefit from the support of the existing shareholders
- Maintained investment grade rating by all three major rating agencies throughout 2022
  - S&P updated their rating to BB+ (stable outlook) in March 2023

Investment in Sustainable Environment & Communities

Continued upgrading our active ESG programme throughout 2022

- We certified or recertified 45 properties with BREEAM Very Good or higher certifications
  - WELL and other property certifications received for our portfolio during the year
- €2.6 billion in environmentally friendly properties:
  - 53 green standing certified properties, accounting for 89.8% of our standing commercial portfolio by value
  - 18 other properties in certification or re-certification process
- Committed to reduce GHG emissions intensity by +40% by 2030 versus our baseline 2019 levels (for Scope 1 and 2)
- Issued the fourth sustainable development report for the Group for the FY-2021, and our second Green Bond Report
- Maintained our low-risk rating by Sustainalytics and our MSCI rating to “A”
- Supported over 15 social initiatives in Romania and Poland

Resilient Operating Performance

- Rental income marginally lower by €0.5 million at €149.8 million
- Net Operating Income and Adjusted Normalised EBIDTA lower by 3.2% compared to 2021 at €139.7 million and €125.9 million (excluding share of minority interests) negatively impacted by higher utility costs and vacancy in the portfolio (including the impact of Warta Tower)
- Net profit (excl. revaluations) of €74.4 million for 2022, 38% higher compared to 2021
- EPRA EPS up by 21.2% to €71.6 million or €0.32 per share
- €89.5 million negative revaluations in our consolidated properties due to challenging macroeconomic and geopolitical environment and capex invested in our portfolio not fully reflected in valuations
- Net loss (incl. revaluations) of €16.1 million, however excluding impact of revaluation and exceptional items would result in Net profit of €72.9 million (€2.2 million lower compared to 2021)
- EPRA NRV of €1,835.5 million or €8.29 per share
- Cash dividend paid to shareholders of €0.27 per share during 2022 (for H2-2021 and H1-2022)

Our Business Model

Driven by our purpose

Our purpose

Our Resources and relationships

We aim to manage our resources to deliver attractive returns to shareholders and value to other stakeholders.

Skilled team
In-house team of professionals with strong functional and local knowledge of their markets.

Read more on **page 56**

Financial strength
Conservative financing policy, with simple debt structure and Euro-denominated assets, liabilities and revenues, and a supportive shareholder base.

Read more on **pages 41 to 43**

Scale and reputation
Trusted brand and scale creating new opportunities and business efficiencies.

Read more on **page 16**

Valued relationships
Longstanding partnerships with leading real estate industry specialists and credible financial institutions.

Read more on **page 35**

What we do to create value

Our proven investment model

Locations
Prime locations in fast-growing regions of Poland and Romania

13
Cities

Sector
Primarily Class A office, with mixed-use and industrial a secondary focus

79.0%
Office % of GAV

Properties
Modern high-quality standing properties with environmental certification, or with potential to gain it

100%
of standing GAV with or under certification

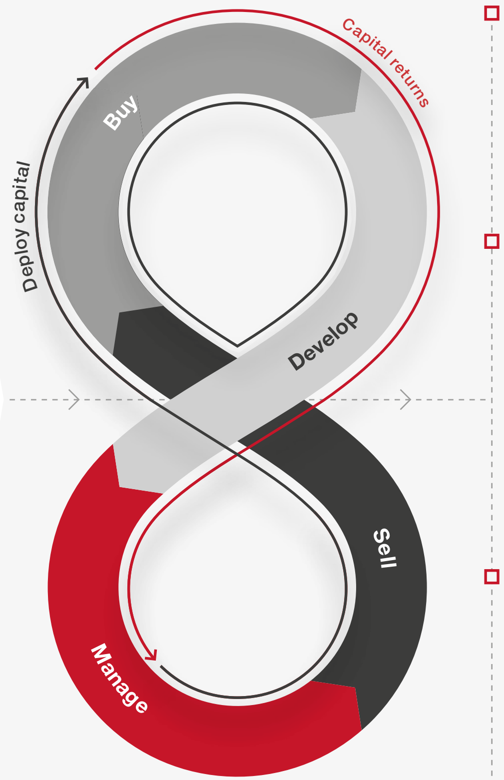
Tenants
Diversified base of large or established national and multinational corporations

77.5%
of contracted rent from multinational tenants

Lease terms
Revenue streams backed by long-term, Euro-denominated, triple net, inflation-linked leases

94.6%
contracted GLA secured with triple net contracts

Our core activities



Invest in real estate opportunities
- Acquire standing properties and land
- Develop (or refurbish) new properties
- Allocate capital to deliver growth and risk-adjusted returns

Manage our portfolio
- Offer best-in-class asset and property management services
- Enhance the attractiveness and performance of our properties and satisfy our partners' requirements
- Create sustainable and efficient properties reflecting what matters to both our occupiers and the people who work in and use our premises

Create communities
- Create an environment in which people want to work in and be associated with
- Connect with the local communities
- Improve quality of life, interaction and communication, and promote, simplify and advance business

Creating sustainable long-term value

Financial
Generate long-term sustainable and attractive, risk-adjusted returns through yield and capital appreciation, allowing us to create the capacity to distribute dividends for our shareholders.
- Rental growth
- Portfolio value appreciation
- EPRA NRV growth
- Sustainable and recurring dividend

Read more about our Financial KPIs on **pages 44 to 50**

Non-Financial
Create a Group and an environment in which people want to work, do business, and be associated with.
- Invest in sustainable and environmentally friendly buildings which help businesses grow
- Create safe and healthy spaces where people want to work and be associated with
- Assist and improve the communities we are part of by creating opportunities and making a positive contribution

Read more about our sustainable development on **pages 52 to 53**

Underpinned by our values

Stakeholder Engagement

Engaging with our stakeholders

In a world in which businesses are interrelated, engaging with our shareholders and other stakeholders to understand their interests, priorities, and expectations is key for shaping our strategy for the future and the success of our business.

This engagement has been ever more vital since the COVID-19 pandemic outbreak in 2020 which created great uncertainty about the future and the way we live and operate.

For us at Globalworth and the Globalworth Foundation, the safety and wellbeing of our people, partners, communities, and other stakeholders was, and will continue to be, our top priority as we shape and implement our strategy and seek to achieve our objectives as a responsible landlord.

Employees

Our stakeholders and why we engage

We believe that our most important asset is our team of dedicated professionals, who have been instrumental in driving the Group's performance over the years.

Our team is responsible for offering premium services to our partners, efficiently managing our high-quality portfolio, facilitating growth and creating value for our shareholders and other stakeholders.

Creating a safe, friendly, fair, and productive workplace, of which people are happy to be a part, and having the freedom to evolve personally and professionally, we believe inspires them to give that little bit extra.

Maintaining this positive and safe work environment is a key priority for the success of the Group, as well as retaining our reputation as being a desirable and attractive place for people to work.

Type of communication, engagement and frequency of communication

- F One-on-one dialogue
- F Meetings
- B Team emails
- G Social media
- F Employee surveys and evaluations
- H Events

Key topics and concerns

- Improving water management.
- Safeguarding corporate governance, regulatory compliance and business ethics.
- Promoting green buildings, improving buildings' energy efficiency and investing in green certifications.

Tenants

Our stakeholders and why we engage

Tenants are at the heart of our business operations, and we are committed to offering best-in-class services to them.

We recognise that key for our tenants is to receive good value for the spaces occupied and the overall services received, to work and be associated with safe and environmentally friendly properties, and to be treated fairly and reasonably.

Tenants and potential tenants acknowledge that people increasingly want to spend time in places that have a positive impact on their wellbeing, and so the quality of the overall environment, including the ability to customise the office space and mix of amenities within a development, is increasingly at the front of our minds.

Type of communication, engagement and frequency of communication

- A E One-on-one dialogue
- A D Meetings
- A D Emails
- D Calls
- B Social media
- I Events

Key topics and concerns

- Safeguarding sustainable land use and biodiversity.
- Promoting green buildings, improving buildings' energy efficiency and investing in green certifications.
- Minimising waste and increasing the implementation of circular economy practices.

Partners/Suppliers/Contractors

Our stakeholders and why we engage

Our business partners, suppliers and contractors are important to us and by establishing and maintaining long-term relationships with them, we can build a sustainable future, and maintain our business model and future plans.

By sharing the same values and vision, they allow us to maximise the impact we have in our business, the communities and the environment of which we are part.

They are integral to our supply chain, as our "local" landlord approach to our portfolio in Poland and Romania, and our "international" approach to Group affairs, require a supply chain consisting of a diverse range of partners.

We collaborate with over 1.3k third parties, including international and local providers, ranging from large multinational corporates to smaller businesses.

Type of communication, engagement and frequency of communication

- A D E One-on-one dialogue
- A D E Meetings
- D E Emails
- B Social media
- A E Events

Key topics and concerns

- Safeguarding corporate governance, regulatory compliance and business ethics.
- Safeguarding occupational health, safety and wellbeing.
- Safeguarding diversity, inclusiveness and protection of human rights at work.
- Safeguarding health & safety and wellbeing of those who work and visit the properties (tenants, visitors, contractors).

Frequency of communication key

- A Ad hoc
- B Daily
- C Weekly
- D Monthly
- E Quarterly
- F Semi annually
- G Annually
- H Occasionally
- I 3-6 times per year

Stakeholder Engagement continued

> **We seek to have a positive effect on our communities by maintaining the highest levels of ethical standards and conducting our business in a responsible and sustainable way, committed to our three pillars of "People, Places and Technology".**

	Shareholders/Bondholders	Local Communities	State and Local Authorities
Our stakeholders and why we engage	The support and alignment of interests with our shareholders, bondholders and other providers of finance, as well as equity and credit analysts, are key for the success of our business. We engage with them regularly, both directly (with meetings (face to face and/or via calls), investor conferences and so on) and indirectly (through our financial reporting cycle, sustainability updates, regulatory and other updates during the year) to ensure that they are properly informed of our progress, as we firmly believe that through proper engagement and transparency we can receive the greatest level of support from them.	Our leading position in CEE's real estate market, with over 1.4m sqm of high quality space on offer and more than 250k people working in or visiting our buildings on a daily basis (under normal conditions), means our role in the local communities, as well as in the wider community of which we consider ourselves to be an integral part, is increasingly important. Through the Globalworth Foundation and the wider Globalworth team, we are committed to making a positive contribution to these communities. Our ongoing dialogue with these communities allows us to be able to identify the areas where we can have the greatest impact and to adapt our strategy accordingly. We seek to have a positive effect on our communities by maintaining the highest levels of ethical standards and conducting our business in a responsible and sustainable way, committed to our three pillars of "People, Places and Technology".	We are members of a number of key industry initiatives, and through our participation and interaction in such task groups with leading professionals, developers, consultants, engineers and manufacturers, we gain practical insights into innovative solutions for effective property management and access to information on upcoming legislation and the process of EU law transposition as it is implemented or comes into force by region. We believe that through an open and transparent dialogue with the regulatory and industry bodies in the countries in which we operate, we will improve public trust in the real estate sector through raising industry standards. Creating a sustainable environment for visitors, occupiers, landlords, investors and other stakeholders is fundamental to our business.
Type of communication, engagement and frequency of communication	A D One-on-one dialogue/meetings A Calls A Emails H Roadshows H Conferences and industry events A F Corporate publications C Website, social media A G Shareholders' meetings (AGM/EGM)	B One-on-one dialogue/meetings/calls/emails B Website, social media C Press releases, interviews pitching, Q&A A Events (corporate, consumer and internal), both owned and via sponsorships A Media buying, sponsorships, newsletters	A One-on-one dialogue/meetings A Social media
Key topics and concerns	• Promoting green buildings, improving buildings' energy efficiency and promoting green certifications. • Identifying financial and operational risks and opportunities from climate change. • Safeguarding corporate governance, regulatory compliance and business ethics.	• Safeguarding diversity, inclusiveness and protecting human rights at work. • Engaging and investing in local communities. • Assessing business partners (including suppliers/ contractors) against ESG criteria.	• Safeguarding occupational health, safety and wellbeing. • Safeguarding diversity, inclusiveness and protecting human rights at work. • Safeguarding health & safety and wellbeing of those who work and visit the properties (tenants, visitors, contractors).

Frequency of communication key

- A Ad hoc
- B Daily
- C Weekly
- D Monthly
- E Quarterly
- F Semi annual
- G Annually
- H Occasionally
- I 3-6 times per year

Key Performance Indicators

Five-year portfolio evolution

Strengthened Our Position in Core Markets of Operation | Effectively Asset and Property Managing our Real Estate | Preserved and/ or Protected Operational Efficiency | Flexible Capital Structure | Investment in Sustainable Environment & Communities | Resilient Operating Performance

GAV (€m)

3,158.9

2022	3,158.9
2021	3,152.3
2020	3,032.9
2019	3,045.1
2018	2,462.1

Link to strategy

Total Standing GLA (000s)

1,405.6

2022	1,405.6
2021	1,302.3
2020	1,271.3
2019	1,213.7
2018	1,042.0

Link to strategy

Total Standing Commercial GLA (000s)

1,383.2

2022	1,383.2
2021	1,272.0
2020	1,238.9
2019	1,180.1
2018	1,004.8

Link to strategy

Occupancy Commercial Standing (%)

85.6%

2022	85.6%
2021	88.5%
2020	90.9%
2019	94.7%
2018	95.1%

Link to strategy

Green Buildings (GAV €m)

2,559.2

2022	2,559.2
2021	2,665.7
2020	2,349.7
2019	2,262.0
2018	1,633.2

Link to strategy

Green Buildings (Number of buildings)

53.0

2022	53.0
2021	55.0
2020	48.0
2019	43.0
2018	30.0

Link to strategy

Contracted Rent (€m)*

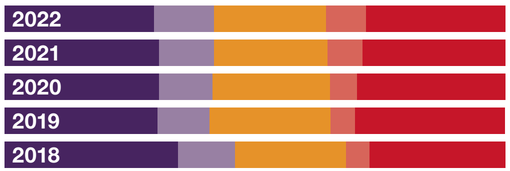
189.2

2022	189.2
2021	183.7
2020	183.4
2019	191.0
2018	159.5

Link to strategy

* Showing Romania and Poland split

GAV concentration (% GAV - €m)



Link to strategy

Key Performance Indicators continued

Five-year financial performance

Rental Income (€m)

€149.8m

2022	149.8
2021	150.3
2020	160.5
2019	151.5
2018	137.6

Adjusted Normalised EBITDA (€m)

€126.0m

2022	126.0
2021	130.2
2020	141.6
2019	129.0
2018	119.0

Green Court

EPRA Earnings/Share (cents)

32 cents

2022	32
2021	27
2020	37
2019	44
2018	46

Dividends Declared for the Year (cents)

29 cents

2022	29
2021	28
2020	34
2019	60
2018	54

LTV (%)

42.7%

2022	42.7
2021	40.1
2020	37.8
2019	34.7
2018	43.9

EPRA NRV/Share (€)

8.29

2022	8.29
2021	8.66
2020	8.68
2019	9.30
2018	9.04

Total Annual Shareholder Return (%)

-25.2%

2022	-25.2
2021	-13.3
2020	2.73
2019	21.3
2018	-3.5

Cost of Debt (%)

2.89%

2022	2.89
2021	2.73
2020	2.73
2019	2.83
2018	2.91

Portfolio Snapshot

A high-quality portfolio in Romania and Poland

We own and manage a high-quality portfolio in prime real estate markets in Poland and Romania, offering our investors an efficient gateway to the two largest markets in Central and Eastern Europe.

Our portfolio is in 13 of the largest and most liquid sub-markets in our countries of focus. It primarily comprises 30 Class "A" offices (50 properties in total), with other investments including three mixed-use assets (one standing and two under refurbishment / repositioning), 10 industrial parks, land for further development and partial ownership in a residential complex.

As of 31 December 2022, our portfolio had an overall aggregate value of €3.2 billion.

Combined Portfolio

41
Standing Investments[1] (71 standing properties)

€3,159m
GAV[2]

€2,894m
Standing GAV

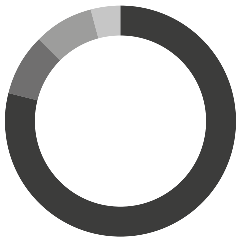
1,405.6
Standing GLA[4] (sqm)

85.6%
Occupancy (85.9% including tenant options)

€189.2m
Contracted Rent

4.4 years
WALL[3]

GAV Split by Asset Use



- Office: 79.0%
- Mixed-use: 8.5%
- Industrial: 8.6%
- Other: 3.9%

GAV Split by Location

- Bucharest: 41.9%
- Regional Romania: 6.3%
- Warsaw: 22.3%
- Regional Poland: 27.7%

Romanian Portfolio

22
Standing Investments[1] (34 standing properties)

€1,574m
GAV[2]

€1,471m
Standing GAV

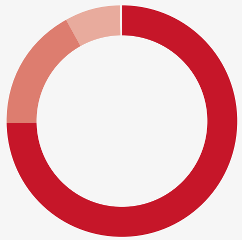
863.5k sqm
Standing GLA[4]

88.4%
Occupancy (89.0% including tenant options)

€95.9m
Contracted Rent

5.0 years
WALL[3]

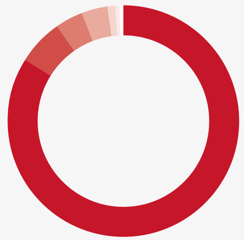
GAV Split by Asset Use



- Office: 75.0%
- Industrial: 17.2%
- Other: 7.9%

49.8%
GAV as % of Total

GAV Split by Location



- Bucharest: 84.0%
- Timisoara: 6.3%
- Constanta: 4.0%
- Pitesti: 3.7%
- Arad: 1.1%
- Oradea: 0.4%
- Tg. Mures: 0.5%

Polish Portfolio

19
Standing Investments[1] (37 standing properties)

€1,584m
GAV[2]

€1,423m
Standing GAV

542.1k sqm
Standing GLA[4]

81.3%
Occupancy

€93.3m
Contracted Rent

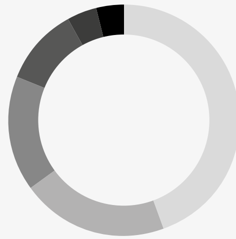
3.8 years
WALL[3]

GAV Split by Asset Use

- Office: 83.0%
- Mixed-use: 17.0%

50.2%
GAV as % of Total

GAV Split by Location



- Warsaw: 44.6%
- Krakow: 20.7%
- Wroclaw: 16.0%
- Katowice: 10.8%
- Lodz: 4.3%
- Gdansk: 3.7%

Note:

1. Standing Investments representing income producing properties. One investment can comprise multiple buildings, e.g. Green Court Complex comprises three buildings or one investment.
   Seven other investments include properties under development and lands for future development.
2. Includes all property assets, land and development projects valued at 31 December 2022.
3. Includes let, pre-let commercial standing and development/ redevelopment assets.
4. Including 22.4k sqm of residential assets in Romania.

Portfolio Snapshot continued / **Romania**

In Romania we expanded to a seventh sub-market

We own and manage 48 high-quality real estate investments in Bucharest, Warsaw and 11 regional markets/cities in Poland and Romania.

Our principal focus is on Class "A" environmentally friendly offices, which we acquired or developed, offering a diverse mix of high-quality space. These properties accommodate front-office and support operations in seven cities in Poland and Romania, accounting for 79.7%[1] of our combined portfolio by value.

Our presence in offices also extends through our ownership in three highly recognisable, mixed-use, multifunctional properties in Poland, which combine a high-quality retail and leisure experience with Class "A" offices. As of 31 December 2022, two of these properties are under refurbishment/repositioning, aiming further to increase their Class "A" office space and improve their retail/commercial offering in response to current market conditions.

We also invest in industrial properties – typically logistics and light-industrial facilities – in markets where we identify strong tenant demand.

Our industrial portfolio is in Romania, where we acquired or developed 10 high-quality parks directly or together with selected partners, and as of year-end 2022, we had two projects under construction.

In addition, we have partial ownership of a residential complex with a retail component adjacent and complementary to our office properties in the new CBD of Bucharest.

Bucharest and Warsaw are the cities where we have our largest concentration, with 29 investments, including 27 Class "A" office buildings, three industrial parks (two fully developed) and other auxiliary investments, accounting for 64.2% of our combined portfolio value.

Bucharest is the city where the Group started operating in 2013 and the most significant real estate market in Romania, while Warsaw is Poland's and the CEE's largest and most mature real estate market. Our regional portfolio spans over 11 major markets in Poland and Romania, with our most significant regional presence being in Krakow and Wroclaw, accounting for 10.4% and 8.0% of our combined portfolio value, respectively.

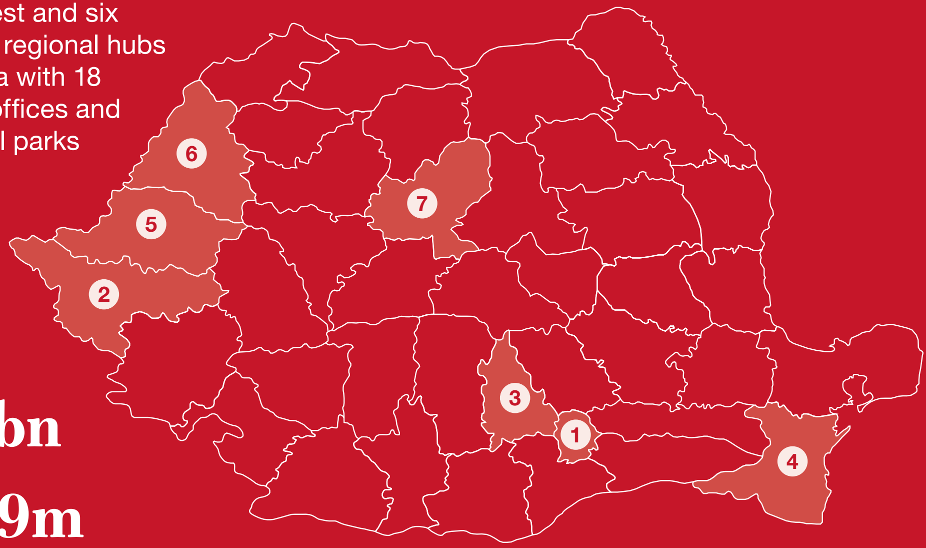
Key

- GAV
- Standing Properties
- Standing GLA
- Standing Occupancy
- Standing Contracted Rent
- Standing 100% Potential Rent
- Future GLA
- Future ERV

1 including land to be developed in the future as offices.
* incl. land for future development.

Romania

22 high-quality investments in Bucharest and six significant regional hubs in Romania with 18 class "A" offices and 9 industrial parks



€1.6bn
GAV

€95.9m
Contracted rent

1 Bucharest

GAV	€1,322.6m
Standing Properties	22
Standing GLA	580.1k sqm
Standing Occupancy	86.5% (87.2% incl. tenant options)
Standing Contracted Rent	€81.9m
Standing 100% Potential Rent	€91.3m
Future GLA	90.2k sqm
Future ERV	€15.1m

Romania continued

2 Timisoara

- **€99.0m**
- **6**
- **140.3k sqm**
- **84.8%**
- **€5.6m**
- **€6.6m**
- **165.2k sqm**
- **€6.7m**

Industrial: 88.9%
Other*: 11.1%

4 Constanta

- **€63.5m**
- **2**
- **40.9k sqm**
- **93.3%**
- **€2m**
- **€2.2m**
- **525.8k sqm**
- **€27.7m**

Industrial: 41.4%
Other*: 58.6%

5 Arad

- **€16.7m**
- **1**
- **20.1k sqm**
- **100.0%**
- **€1.2m**
- **€1.2m**
- **–**
- **–**

Industrial: 100%

3 Pitesti

- **€58.4m**
- **2**
- **75.2k sqm**
- **100.0%**
- **€4.2m**
- **€4.2m**
- **–**
- **–**

Industrial: 100%

6 Oradea

- **€5.8m**
- **1**
- **6.9k sqm**
- **100.0%**
- **€0.4m**
- **€0.4m**
- **–**
- **–**

Industrial: 100%

7 Tg Mures

- **€8.4m**
- **16.7k sqm (4.2k sqm contracted)**
- **€1.1m (€0.4m contracted)**

Industrial: 100%

* (incl. land for future development.

Poland

We are present in the largest and most significant office markets in Poland

21 high-quality investments in Warsaw and the five largest regional markets in Poland, with 32 Class “A” offices and seven mixed-use properties.

€1.6bn
GAV

€93.3m
Contracted rent

Key
- GAV
- Standing Properties
- Standing GLA
- Standing Occupancy
- Standing Contracted Rent
- Standing 100% Potential Rent
- Future GLA
- Future ERV

1 Warsaw

- €706.0m
- 14
- 210.9k sqm
- 77.3%
- €38.6m
- €49.1m
- –
- –

Office: 83.4%
Mixed-Use: 16.6%

2 Krakow

- €328.0m
- 12
- 150.1k sqm
- 73.2%
- €20.0m
- €27.0m
- 17.7k sqm
- €3.1m

Office: 100.0%

Poland continued

3 Wroclaw

- €253.8m
- 3
- 56.7k sqm
- 99.4%
- €9.6m
- €9.7m
- 48.2k sqm (27.8k sqm contracted)
- €8.5m (€4.4m contracted)

Office: 57.4%
Mixed-use: 42.6%

4 Katowice

- €170.8m
- 5
- 63.3k sqm
- 87.4%
- €9.1m
- €10.4m
- 26.7k sqm (16.5k sqm contracted)
- €4.0m (€2.3m contracted)

Office: 74.0%
Mixed-use: 26.0%

5 Lodz

- €67.7m
- 2
- 35.5k sqm
- 85.8%
- €4.9m
- €5.7m
- –
- –

Office: 100.0%

6 Gdansk

- €58.3m
- 1
- 25.6k sqm
- 99.6%
- €4.4m
- €4.5m
- –
- –

Office: 100.0%

Portfolio Development / Evolution

Investment activity principally focused on developing and repositioning of 178.6k high-quality GLA in Romania and Poland

"In 2022, we continued with our active investment programme focusing on high-quality logistics/light-industrial facilities in Romania and the refurbishment/repositioning of two mixed-use properties in Poland, investing over €52.2 million in their acquisition and development during the year.

Dimitris Pergamalis
Group Head Globalworth Workplaces

Investment in Industrial Properties

Tenant demand for industrial properties, specifically for warehouses, logistics and light-industrial buildings, has significantly accelerated in recent years, supported by strong demand for e-commerce and last-mile logistics.

In this market segment, we have been growing our footprint, especially since the COVID-19 pandemic outbreak, where we have added over 180k sqm of high-quality real estate spaces to our portfolio, most of which we developed ourselves and the remainder added through select acquisitions.

Review of New Acquisitions

In April 2022, we formed a new strategic partnership with CATTED focusing on the "small business units" segment in logistics and warehouse facilities in Romania. As part of this partnership in which we own a majority (75%) stake, we acquired our first small business units project in the north-western part of Bucharest, close to our Chitila Logistics Hub. The project, developed by CATTED, has been rebranded as "Business Park Chitila" and comprises 13 small units, offering 7.1k sqm of GLA and was 98.2% occupied on 31 December 2022.

We also acquired a 45k sqm land plot in the north-eastern part of Bucharest (Stefanesti) where, together with CATTED, we are currently constructing "Business Park Stefanesti", also focused on small business units.

In addition, and to facilitate further the success and development of future phases of the Constanta Business Park project, we acquired a 34.5k sqm plot to secure a future railroad connection for the entire park.

Business Park Chitila

Portfolio Development / Evolution continued

Review of Developments

In 2022, we continued developing high-quality logistics/light-industrial facilities in Romania. At the beginning of the year, we had five logistics facilities under construction (98.9k sqm). In addition, we commenced the construction of four other facilities with 34.4k sqm of GLA during the year.

The new facilities we commenced construction on in 2022 included:

- our first development of small business units facilities (three phases) in the north-eastern part of Bucharest, and
- the first phase of the Mures City Logistics in the central northern part of Romania.

Business Park Stefanesti, located in the north-eastern part of Bucharest, offers easy access to the Bucharest ring road and allows for a quick connection to the centre of Bucharest via the A2 motorway. The location is considered very advantageous for housing small business units. The project comprises three buildings to be delivered in phases with a total of 17.7k sqm GLA, offering up to 24 units for rent, ranging from 500 to 1,500 sqm. As of 31 December 2022, the first building was already delivered and fully let to Delivery Solutions SRL.

Mures City Logistics, located in the central northern part of Romania, involves the development of a new facility which, on completion, will offer 16.7k sqm of high-quality space. Targu Mures is the seventh Romanian region we have invested in, and we elected to expand in this sub-market due to its strategic location and connectivity. The project is being developed with a joint venture partner, and we own a 50% interest in the venture. As of 31 December 2022, the facility was partially pre-let to Friesland Campina, a multinational holding the leading position in dairy products in Romania, on a +10 years contract.

Projects Delivered

We delivered six new logistics facilities offering 104.4k sqm of GLA. All facilities represented subsequent phases of development in existing established projects which we directly own or through JV partnerships.

These new facilities are in Bucharest (58.8k) and three regional locations, in Timisoara (19.0k sqm), Pitesti (6.7k sqm), and Constanta (19.8k sqm).

In Bucharest, deliveries were dominated by the completion of the second and third (final) phase of the Chitila Logistics Hub, which now offers in total 77.8k sqm of high-quality last-mile logistics spaces close to the Bucharest ring road, providing easy access to the capital. The first phase was delivered in Q3-2020 and is 100.0% occupied, with the second and third phases delivered in Q1 and Q3-2022, respectively and 90.7% and 23.8% occupied.

At the end of December 2022, the six facilities, some of which are in their lease-up phase, were 51.2% contracted by multinational or large national tenants like HAVI Logistics, Caroli, Linde, Phylosophy Design and Delivery Solutions. They had a total annualised contracted rent of €3.2 million at an average WALL of 7.5 years. Total annualised rent could increase to €5.7 million at full occupancy.

Developments in Progress

We currently have two projects under construction expected to be completed in the first half of 2023, further expanding our industrial footprint by 30.0k sqm of high-quality GLA and at full occupancy are expected to generate €2.4 million of annualised rent.


Timisoara Industrial Park

	Developments – Delivered					Developments – Under Construction	
	Pitesti Industrial Park (Phase II)	Chitila Logistics Hub (Phases B and C)*	Constanta Business Park (Phase B)*	Timisoara Industrial Park II (Phase B)	Business Park Stefanesti (Phase A)	Business Park Stefanesti[2]	Mures City Logistics[1]
Location	Pitesti	Bucharest	Constanta	Timisoara	Bucharest	Bucharest	Tg. Mures
GLA (k sqm)	6.7	54.4	19.8	19.0	4.4	13.2	16.7
Occupancy (%)	100.0%	43.9%	86.7%	6.1%	100.0%	4.4%	25.2%
Development Cost (€ m) / Estimated CAPEX to Go	5.9	28.3	9.4	8.3	3.0	9.4 / 1.5	11.6 / 1.9
GAV (€ m)	7.7	32.4	13.3	10.9	4.0	8.5	8.4
Contracted Rent (€ m)	0.6	1.2	1.1	0.1	0.3	0.0	0.4
100% Rent (€ m)	0.6	2.7	1.2	0.9	0.3	0.9	1.1
Estimated Yield on Development Cost	9.6%	9.6%	13.1%	11.0%	9.6%	9.7%	9.3%

* Joint venture in which Globalworth owns 50%; figures shown on 100% basis.
1 50:50 joint venture; figures shown on 100% basis.
2 75% owned by Globalworth; figures shown on 100% basis.

Portfolio Development / Evolution continued

Refurbishment/Repositioning of Mixed-Use Properties

Following the review back in 2020 of our portfolio and in response to market conditions, we commenced refurbishing/repositioning two of our three mixed-use properties in Poland. Aiming to increase their Class "A" office space and improve their retail/commercial offering, work started at our Renoma landmark property in Wroclaw in H2-2020 and our centrally located Supersam property in Katowice in H2-2021.

- At Renoma, the refurbishment will increase the offer of Class "A" office space on the higher floors. It will also reposition the property's retail offer towards a more attractive food court and a selected fashion mix on the ground floor and convenience facilities, including a supermarket, gym and drugstore located on the -1 level.
- At Supersam, we are redeveloping the entire level 1 into an office function. On level -1, we are repositioning selected retail modules into high-quality retail and commercial spaces with food and entertainment.

In 2022 we invested €12.6 million in the two properties, and we expect to deliver the properties within 2023.

Ongoing Investment & Upgrade Programme of Our Standing Properties

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

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

To be able to provide spaces for our current and future business partners' requirements, we keep (re)investing in our properties, maintaining and, where required, improving the quality of our buildings and our services.

We manage all our properties in Poland internally, and in Romania, we manage all but one of our offices in-house. This translates to 968.2k sqm of high-quality office and mixed-use space with an appraised value of €2.5 billion internally managed by our team.

Our Upgrade Programme has resumed at a more normalised pace since last year, following its scaling back for part of 2020 due to COVID-19. In 2022, we invested €35.2 million in select improvement initiatives in our standing commercial portfolio. As a result of our ongoing in-house initiatives and property additions, we hold a modern portfolio with 53 of our standing commercial properties, accounting for 77.1% by GLA and 76.2% by commercial portfolio value, having been delivered or significantly refurbished in or after 2014.

Also, in Q3-2022, we chose Honeywell Forge to help us lower maintenance costs and reduce energy consumption in our portfolio.

Properties Under Refurbishment/Repositioning

	Renoma	Supersam
Location	Wroclaw	Katowice
Status	Refurbishment/ Repositioning	Refurbishment/ Repositioning
Expected Delivery	Q2/Q3-2023	H1-2023
GLA – on Completion (k sqm)	48.2	26.6
CAPEX to 31 Dec 22 (€ m)	14.6	3.4
GAV (€ m)	108.0	44.4
Estimated Capex to Go (€ m)*	12.1	2.7
ERV (€ m)	9.8	4.2
Estimated Yield on Completion of Project**	9.9%	11.2%

* Estimated Capex to Go partially excludes tenant contributions which are subject to tenant negotiation and may impact the final yield on completion of the project.

** Estimated Rental Value increase versus current Contracted rent + ERV on vacant spaces divided by total Development Capex.

Internally Managed Commercial Portfolio as at 31 Dec. 2022

	Poland	Romania	Group
GLA (k sqm)	542.1	426.1	968.2
% of Commercial GLA	100%	51%	70%
% of Office and Mixed-Use GLA	100%	92%	96%
GAV (€ m)	1,422.6	1,088.6	2,511.2
% of Commercial GAV	100%	76%	88%
% of Office and Mixed-Use GAV	100%	93%	97%

Portfolio Development / Evolution continued

Future Developments

We own, directly or through JV partnerships, other land plots in prime locations in Bucharest, regional cities in Romania and Poland, covering a total land surface of 1.2 million sqm (comprising 2.8% of the Group's combined GAV), for future developments of office, industrial or mixed-use properties. When fully developed, these land plots have the potential to add a total of a further 785.7k sqm of high-quality GLA to our standing portfolio footprint.

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


Green Court

Future Developments

	Podium Park III	Green Court D	Globalworth West	Constanta Business Park (Phased)*	Timisoara Industrial Park I and II (Phased)	Luterana
Location	Krakow	Bucharest	Bucharest	Constanta	Timisoara	Bucharest
Status	Constr. Postponed	Constr. Postponed	Constr. Postponed	Planned	Planned	Planned
GLA (k sqm)	17.7	17.2	33.4	525.8	165.2	26.4
CAPEX to 31 Dec 22 (€ m)	8.5	2.5	5.2	12.3	7.0	7.4
GAV (€ m)	9.6	8.6	7.4	37.2	11.0	13.6
Estimated CAPEX to Go (€ m)**	29.7	23.9	38.5	243.6	63.5	39.7
ERV (€ m)	3.1	3.3	5.1	27.7	6.7	5.8
Estimated Yield on Development Cost	8.1%	12.6%	11.5%	10.8%	9.6%	12.3%

* 50:50 joint venture; figures shown on 100% basis.

** Initial preliminary development budgets on future projects to be revised prior to the permitting.

Portfolio Development / Evolution continued

Case Studies

Chitila Logistics Hub

The Chitila Logistics Hub ("CLH"), completed in three phases, offers 77.8k sqm of high-quality last-mile logistics spaces, including frozen and chilled facilities.

The first two phases were delivered in Q3-20 and Q1-22, respectively, with an average occupancy of 96.2%. The third and largest phase of 38.0k sqm was delivered in Q3-22 and is currently in the lease-up stage. CLH is located close to Bucharest ring road and provides easy access to the capital.

54.4k sqm

Two phases delivered in Q1 and Q3-22

Click here to learn more about Chitila Logistics Hub

Constanta Business Park

Constanta Business Park ("CBP"), our largest mixed-use (logistics, retail & offices) project in Romania, is being developed on a 100 hectare land plot in Constanta (south-eastern Romania).

The project, developed in phases on completion, is expected to offer industrial, logistics, production and service spaces, as well as offices and an intermodal hub. The business park provides several unique advantages due to its strategic location, adjacent to Romania's most important port, and very good connectivity (through A4 highway and railroad).

In March 2022, we delivered the second phase, involving a logistics/light-industrial facility with 19.8k sqm of high-quality GLA. The project has already attracted significant tenant interest, as CBP aims to become a new industrial and commercial hub in the eastern part of the country. The two warehouses already delivered had a 93.3% average occupancy at the end of 2022.

19.8k sqm

Second phase delivered in Q1-22

Click here to learn more about Constanta Business Park

Pitesti Industrial Park

Pitesti Industrial Park ("PIP") is a modern warehousing complex located in Pitesti's larger area, 100 km west of Bucharest, in the vicinity of the Bucharest-Pitesti A1 motorway.

In February 2022, we delivered the second phase of the park, which involved a build-to-suit warehouse offering 6.7k sqm of GLA, including frozen and chilled facilities, and is 100% leased to Caroli Foods.

6.7k sqm

Delivered in Q1-22

Click here to learn more about Pitesti Industrial Park

Portfolio Development / Evolution continued

Case Studies continued

Timisoara Industrial Park II

The Timisoara Industrial Park II ("TIP II") is located in Timisoara, Western Romania, close to the international airport.

The park aims to provide companies space for production, storage and logistics operations that align with the highest quality and environmental standards. In April 2022, we delivered the second phase of TIP II, offering 17.9k sqm of high-quality GLA.

17.9k sqm

Delivered in Q2-22

Click here to learn more about Timisoara Industrial Park II

Business Park Stefanesti

Business Park Stefanesti ("BPS"), located in the north-eastern part of Bucharest, offers easy access to the Bucharest ring road and allows for a quick connection to the centre of Bucharest via the A2 motorway.

The location is considered very advantageous for housing small business units. The project comprises three buildings to be delivered in phases with a total of 17.7k sqm GLA, offering up to 24 units for rent, ranging from 500 to 1,500 sqm. As of 31 December 2022, the first warehouse of 4.4k sqm of GLA was already delivered and fully let to Delivery Solutions SRL, one Romania's leading courier services providers.

17.7k

First phase delivered in Q4-22

Click here to learn more about Business Park Stefanesti

Portfolio Development / Evolution continued

Case Studies continued

Renoma is a landmark property strategically located at the entrance of the historical centre of Wroclaw. It first opened its doors to the public in 1930 and since then has become a reference point for the city.

Its unique architecture and impressive façade with portrait sculptures of faces of people from different continents resulted in the property entering the historic monument registry in 1977 as a flagship example of European modernism.

Renoma was last renovated in 2009, and in 2020 we embarked on an extensive refurbishment and reconfiguring of a large part of its indoor areas aiming at increasing the overall leasable area in the property and its Class "A" office space, while improving its commercial mix offering.

We expect works to be completed in 2023, with the total investment at €29 million.

We believe that on delivery, Renoma will offer a combination of high-quality office, retail and restaurant experience in historical premises that will be highly appealing to tenants and visitors.

Click here to learn more about Renoma

Total GLA
48.4k sqm
16% increase

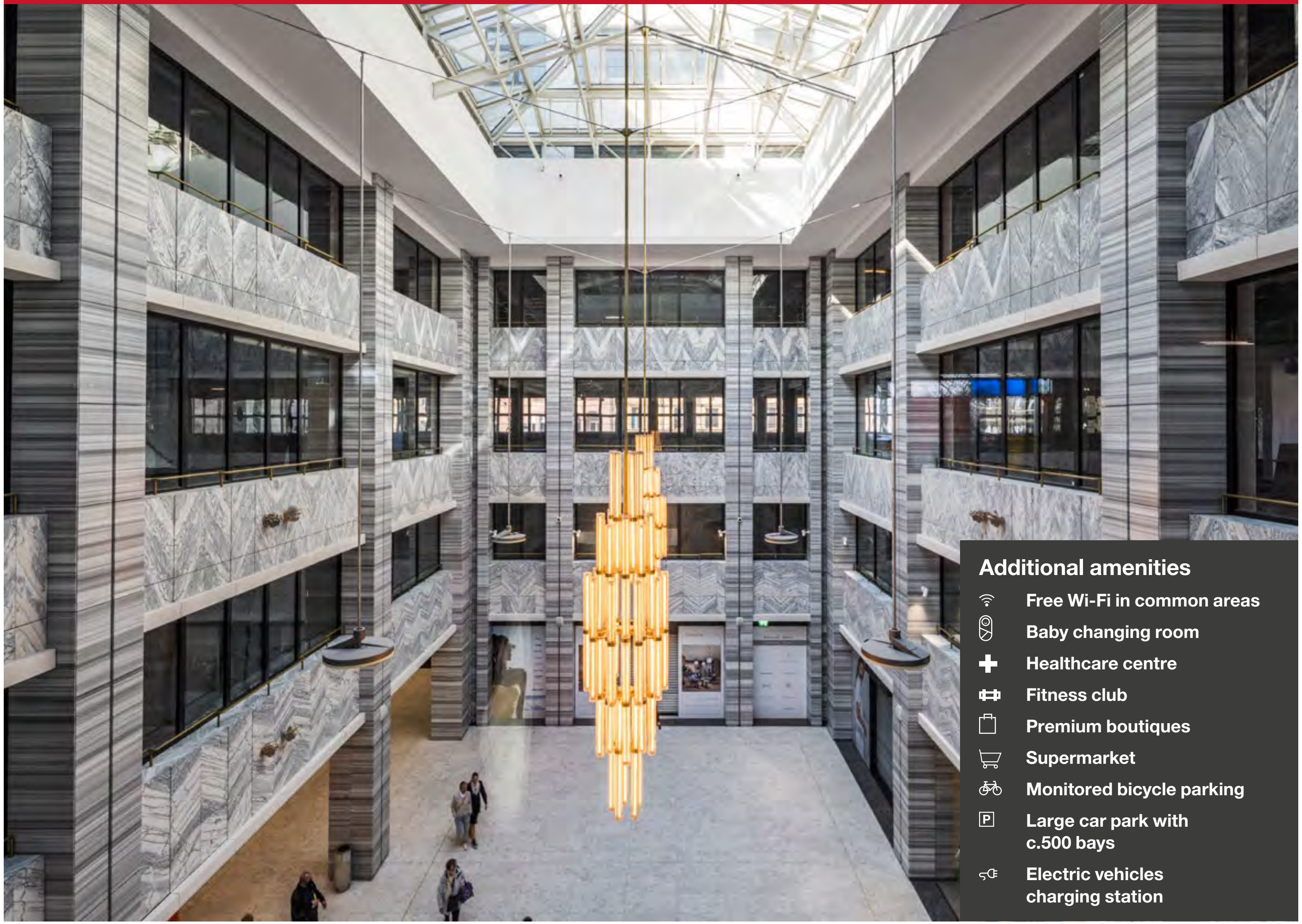
Office GLA
32.0k sqm
+3x increase

Retail GLA
14.5k sqm
50% reduction

Indoor parking
c.500 spaces

Bicycle parking
c.100 spaces

Renoma



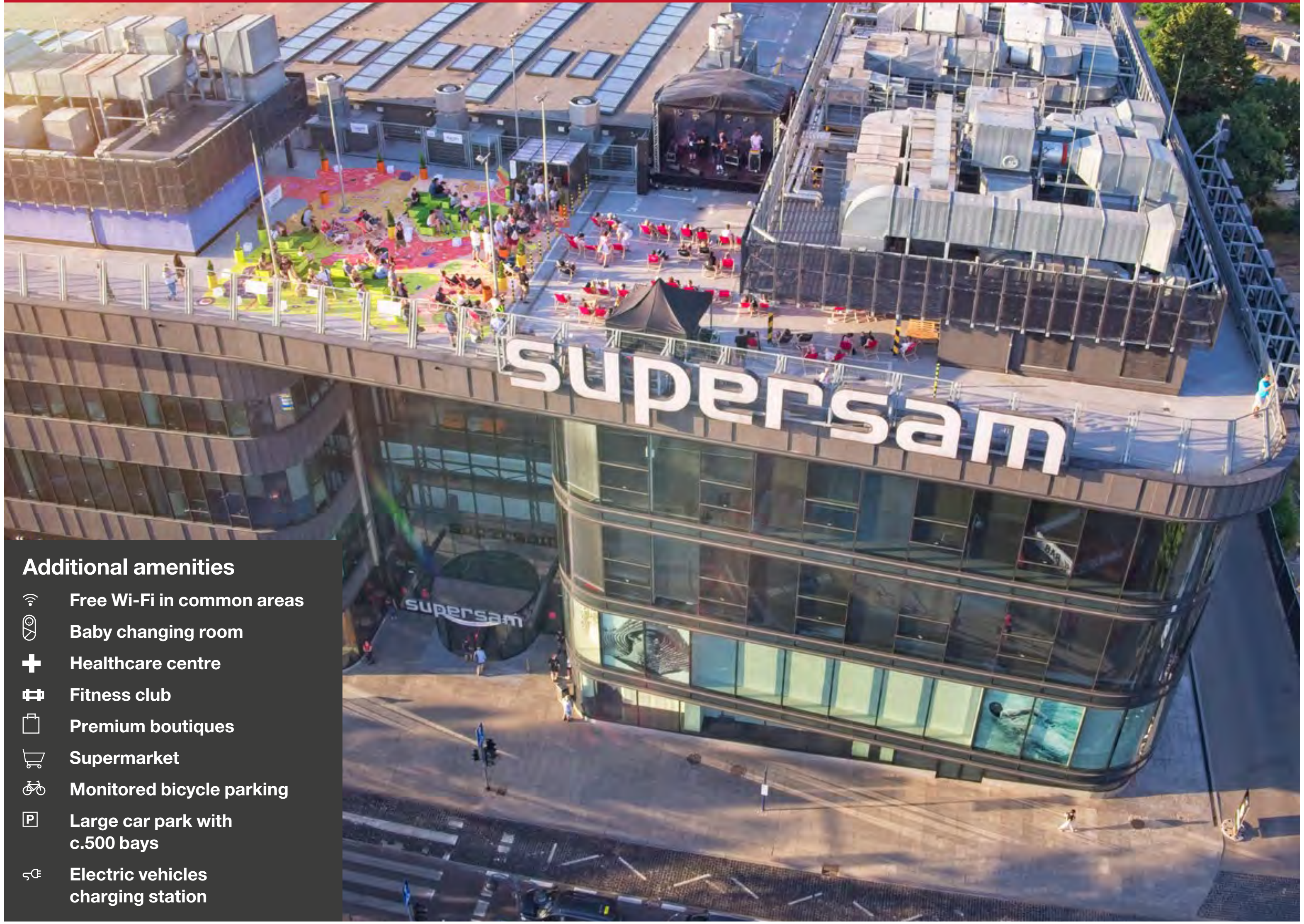
Additional amenities

- Free Wi-Fi in common areas
- Baby changing room
- Healthcare centre
- Fitness club
- Premium boutiques
- Supermarket
- Monitored bicycle parking
- Large car park with c.500 bays
- Electric vehicles charging station

Portfolio Development / Evolution continued

Case Studies continued

Supersam



Additional amenities

- Free Wi-Fi in common areas
- Baby changing room
- Healthcare centre
- Fitness club
- Premium boutiques
- Supermarket
- Monitored bicycle parking
- Large car park with c.500 bays
- Electric vehicles charging station

Supersam is a centrally located high-quality mixed-use property in Katowice. It opened in the 1930s, quickly becoming one of the most significant points on the commercial map of the city. It has been operating in its current format since the end of 2015, hosting nearly 100 stores and service units and offices on 24.3k sqm of GLA.

The property benefits from its central location, local character, convenient commercial offer and excellent connections to other parts of the city, as it is near a train station and the Spodek venue, one of the hallmarks of Katowice and Silesia.

In the second half of 2021, responding to market trends and to enhance Supersam's long-term value, we initiated its refurbishment/repositioning, which will:

- redevelop the entire first level into office space
- reconfigure select retail units/areas on the lower level into high-quality retail & commercial spaces with food and entertainment
- increase overall the overall GLA by 7.7% to 26.2k sqm

We expect works to be completed in 2023, with the total investment at €6.4 million.

We believe that on delivery, Supersam, through its updated configuration and leveraging from its location, being in a traditionally commercial part of town and close to one of the main high streets, will increase its commercial footfall and office demand.

Click here to learn more about Supersam

Total GLA
26.2k sqm
8% increase

Retail GLA
11.8k sqm
30% reduction

Office GLA
13.4k sqm
+2x increase

Storage GLA
1.0k sqm

Asset Management Review

Continuing to actively manage our real estate portfolio

Lubicz Park B

Leasing Review

We are present in six of the seven largest office markets in Poland, and in the largest office market and some of the most attractive logistics/light-industrial hubs of Romania too.

Our office markets provide corporations with the necessary infrastructure for them to operate and offer people interesting opportunities for them to grow professionally and personally, while our logistics/light-industrial properties benefit from locations that are easily accessible, on or next to major road arteries, connecting our facilities to major hubs in Romania and abroad.

The COVID-19 pandemic triggered a change in the way we work, and how business is conducted, and, as our markets were recovering and absorbing these changes, there was a further negative impact on the economic and business environment from the Ukraine war, resulting in a more uncertain outlook. The changes in market conditions became more apparent in the second half of 2022, impacting our overall operating performance.

As such, signing new leases, typically for large multinational and national corporates, is taking longer in the current market environment as tenants continue to assess their future occupational plans and adapt to the new conditions.

In both Poland and Romania, increased construction costs and reduced development activity, mainly as a result of the COVID-19 pandemic, limited new supply in these markets. This means that the supply of high-quality offices in central locations in the coming years will be lower than the average levels recorded in the past, which may result in higher tenant demand for such properties.

In addition, we observed a widening gap between A-grade properties with strong ESG credentials and B-grade properties, both from an investment and a leasing perspective, which should benefit our portfolio in the future as we actively manage our high-quality properties with the aim of improving our operational metrics.

Headline rental levels have remained stable, and the combination of lower supply and higher inflation should be a strong mitigant against the negative effects of a potential slowdown in tenant demand as a result of the weakening economic conditions.

New Leases

Our principal focus continued to be the prolongation of leases with existing tenants in our portfolio and the take-up of available spaces in standing properties and developments.

In the 12 months of 2022, the Group successfully negotiated the take-up (including expansions) or extension of 206.9k sqm of commercial spaces in Poland (42.3% of transacted GLA) and Romania (57.7% of transacted GLA), with an average WALL of 4.4 years. Between 1 January and 31 December 2022, the majority of our leasing activity, involved new take-up of available spaces, with such leases accounting for 52.4% of our total leasing activity and were signed at a WALL of 5.4 years, while renewals accounted for 47.6% signed at a WALL of 3.8 years.

In total, we signed new leases for 108.5k sqm of GLA, with the majority involving spaces (+65.0%) leased to new tenants, and the remaining areas being taken up by existing tenants which were expanding their operations.

- New leases were signed with 82 new tenants for 75.2k sqm of GLA at a WALL of 5.5 years. The majority were for office spaces, accounting for 61.3%, with the remainder involving industrial (31.4%) and retail/other commercial spaces.
- In addition, 52 tenants signed new leases, expanding their operations by 33.2k sqm at an average WALL of 5.2 years.

Also, in response to the Ukrainian refugee crisis in this period, we offered 14.9k sqm (8.1k sqm already returned to us) of GLA in our properties in Poland and Romania to local authorities and organisations, which we include in our performance.

During 2022, 52 of our tenants expanded their operations, taking-up an additional 33.2k sqm at an average WALL of 5.2 years.

We also renewed leases for a total of 98.4k sqm of GLA with 97 of our tenants at a WALL of 3.8 years. It is important to note that c.68.1% (by GLA) of these renewals were for leases that were expiring in 2023 or later.

Summary Leasing Activity for Combined Portfolio in 2022

	GLA (k sqm)	No. of Tenants*	WALL (yrs)
New Leases (incl. expansions)	108.5	125	5.4
Renewals/Extensions	98.4	97	3.8
Total	**206.9**	**198**	**4.4**

* Number of individual tenants.

Asset Management Review continued

Selected New Leases Signed in 2022

	City	Property	Use	GLA
Phylosophy Design	Bucharest (RO)	Chitila Logistic Hub	Industrial	10.8k
OVT Logisticzentrum	Timisoara (RO)	Timisoara Industrial Park II	Industrial	5.8k
Delivery Solutions	Bucharest (RO)	Business Park Stefanesti	Industrial	4.4k
Max Bet	Bucharest (RO)	City Offices	Office	4.3k
Coherent Solutions	Wroclaw (PL)	Renoma, Retro Office House	Office	3.8k

Selected Lease Extensions Signed in 2022

	City	Property	Use	GLA
Automatic Data Processing Romania	Bucharest (RO)	Gara Herastrau	Office	8.3k
Litens Automotive	Timisoara (RO)	Timisoara Industrial Park I	Industrial	8.1k
Carrefour	Bucharest (RO)	Green Court Complex	Office	5.3k
Olympus Business Services	Wroclaw (PL)	Retro Office House	Office	4.6k
Delivery Solutions	Bucharest (RO)	Globalworth Square	Office	4.3k


Retro

Average Portfolio Headline Rents in Standing Portfolio (€/sqm/m)

	31 Dec. 2022	31 Dec. 2021	Change (%)
Office	14.2	14.0	1.8%
Industrial	4.0	3.8	4.6%
Retail/Commercial	14.2	13.9	2.1%

Average Headline Rents of New Leases Signed (€/sqm/m)

	31 Dec. 2022	31 Dec. 2021	Change (%)
Office	14.8	13.9	6.8%
Industrial	3.7	3.9	-4.9%
Retail/Commercial	14.1	12.7	11.0%
Average:	**11.9**	**12.1**	**-0.9%**

Rental Levels

Headline market rental levels have remained relatively stable in our portfolio, despite the uncertainty in the market and the cautious approach of tenants. This reflects the quality of our properties, our active asset management initiatives, and our approach to sustainable development.

Our leases typically adjust annually in the first quarter of the year, with eligible leases indexed at an average of 3.8% in 2022. However, this positive impact is not fully reflected in our averages, as the rates at which leases were renewed or new leases signed were at their respective ERV rates.

Rental levels can vary significantly between type of spaces, buildings and sub-markets. Leases signed in 2022 were at €11.9/sqm/m, 0.9% lower than their prevailing group averages.

Contracted Rents (on annualised basis)

Total annualised contracted rent across our portfolio in Poland and Romania increased by 3.0% to €189.2 million compared to year-end 2021, driven by active asset management, indexation, a new acquisition and lease-up in our development projects (completed or in-progress).

Total annualised contracted rents in our standing commercial portfolio were €181.3 million on 31 December 2022, up by 3.9% compared to 31 December 2021, increasing to €182.0 million when including rental income generated by renting 147 residential units and other auxiliary spaces in Upground, the residential complex in Bucharest which we partially own.

Like-for-like annualised commercial contracted rents in our standing commercial portfolio also increased by 1.7% to €177.5 million at the end of December 2022 compared to the same period in 2021, mainly as a result of rent indexation.

Asset Management Review continued

Annualised Contracted Rent Evolution 2022 (€m)

	Poland	Romania	Group
Rent from Standing Commercial Properties ("SCP") 31 Dec. 2021	**87.9**	**86.6**	**174.5**
Less: Space Returned	(9.7)	(2.0)	(11.7)
Plus: Rent Indexation	2.5	2.6	5.2
Plus/Less: Lease Renewals (net impact) & Other	0.4	(0.3)	0.1
Plus: New Take-up	5.4	4.0	9.4
Total L-f-L Rent from SCP 31 Dec. 2022	**86.6**	**90.9**	**177.5**
Plus: Standing Commercial Properties Acquired During the Period	–	0.6	0.6
Plus: Developments Completed During the Period	–	3.2	3.2
Total Rent from Standing Commercial Properties	**86.6**	**94.7**	**181.3**
Plus: Residential Rent	–	0.7	0.7
Total Rent from Standing Properties	**86.6**	**95.4**	**182.0**
Plus: Active and Pre-lets of Space on Projects Under Development/ Refurbishment	6.7	0.5	7.2
Total Contracted Rent as at 31 Dec. 2022	**93.3**	**95.9**	**189.2**

Combined Annualised Commercial Portfolio Contracted Rent Profile as at 31 Dec. 2022

	Poland	Romania	Group
Contracted Rent (€ m)	**93.3**	**95.2**	**188.5**
Tenant origin – %			
Multinational	68.2%	86.4%	77.4%
National	30.6%	12.4%	21.4%
State Owned	1.1%	1.3%	1.2%

Note: Commercial Contracted Rent excludes c.€0.7 million from residential spaces as at 31 December 2022

Annualised Contracted Rent by Period of Commencement Date as at 31 Dec. 2022 (€m)

	Active Leases	H1-2023	H2-2023	H1-2024	H2-2024	>2024	Total
Standing Properties	177.4	4.2	0.5	0.0	–	–	182.0
Developments	6.2	0.6	0.3	–	0.1	–	7.2
Total	**183.6**	**4.7**	**0.8**	**0.0**	**0.1**	**–**	**189.2**

Annualised Commercial Portfolio Lease Expiration Profile as at 30 June 2022 (€m)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	>2031
Total	**20.2**	**28.8**	**19.0**	**19.6**	**25.7**	**19.0**	**13.8**	**27.9**	**4.1**	**10.4**
% of total	10.7%	15.3%	10.1%	10.4%	13.6%	10.1%	7.3%	14.8%	2.2%	5.5%

The Group's rent roll across its combined portfolio is well diversified, with the largest tenant accounting for 5.2% of contracted rents, while the top three tenants account for 10.6% and the top 10 account for 24.8%.

Cost of Renting Spaces

Renting spaces typically involves certain costs, such as rent-free periods, fitouts for the space leased, and brokerage fees, which the landlord incurs. These incentives can vary significantly between leases and depend on market conditions, type of lease signed (new take-up or lease extension), space leased (office, industrial, other), contract duration and other factors.

Headline (base) rents present the reference point typically communicated in the real estate market when referring to the level at which lease contracts are expected to be signed or are signed. However, the effective rent is a more useful indicator of a rental agreement's profitability.

In calculating our effective rent, we account for the costs incurred over the lease's lifetime, which we deduct from the headline (base) rent, thus allowing us to assess the profitability of a rental agreement. To analyse the effective rent more accurately in this period, we excluded ESG leases offered as assistance to support Ukrainian refugee initiatives in Poland and Romania.

Overall, in 2022, we successfully negotiated the take-up (including expansions) or extension of 191.0k sqm of commercial spaces in our portfolio (excluding ESG leases). The weighted average effective rent for these new leases was €8.8/sqm/month with a WALL of 4.4 years.

- Industrial leases completed in the period accounted for 24.7% of the total leasing activity, resulting in the lower average headline and effective rent.

The difference between headline (base) and effective rents in 2022 was, on average, 26.1%, which is lower than for FY2021 (average of 29.2%) but reflects the fact that market conditions continued to be challenging.

In total, new leases signed during the year will generate future rental income of €128.9 million (including auxiliary spaces), with leases from office properties accounting for 73.1% of future rental income.

Asset Management Review continued

Weighted Average Effective Rent (€ / sqm / m) – 2022

	Poland	Romania	Group
Headline Commercial Rent	**15.9**	**9.0**	**11.9**
Less: Rent Free Concessions	(2.3)	(0.9)	(1.5)
Less: Tenant Fitouts	(2.2)	(0.8)	(1.3)
Less: Broker Fees	(0.5)	(0.1)	(0.3)
Effective Commercial Rent	**10.9**	**7.2**	**8.8**
WALL (in years)	4.0	5.1	4.4

Collections Review

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

Our rate of collections of rents invoiced and due in 2022 remained high, at 99.3% (over 99% for FY2021). This is due to the long-term partnerships we have established and maintained with high-quality national and multinational tenants since the inception of the Group, which have helped us minimise the impact on rent collections in this period of higher economic uncertainty and ensure sustainable cash flow generation.

Portfolio Valuation

In line with our practice of biannual valuations, we valued our entire portfolio in Poland and Romania as of 30 June and 31 December 2022.

The valuations were performed by CBRE and Knight Frank for our properties in Poland, with Colliers and Cushman and Wakefield valuing our properties in Romania (more information is available under note 4 of the audited annual consolidated financial statements as of and for the period ended 31 December 2022).

Assigning the appraisal of our portfolio to four independent and experienced service providers makes the process of determining the value of our properties transparent and impartial. Through our oversight, we ensure that a consistent methodology, reporting, and timeframe are respected.

The main drivers in the growth of our portfolio since the inception of the Group have been:

- Acquisition or development of high-quality properties in Poland and Romania,
- Active asset management of the properties, and
- The performance of the real estate markets in which we operate.

Overall, our total combined portfolio value was €3.0 billion at the end of 2019, and remained effectively unchanged in 2020 due to the impact of the COVID-19 pandemic, increasing to €3.2 billion at 31 December 2021 due to additions.

In valuing our properties, key market indicators used by the four independent appraisers, although they vary, consider factors such as the commercial profile of the property, its location and the country in which it is situated.

As at 31 December 2022, third-party appraisals were impacted by higher inflation and interest rates, increased market volatility and a more uncertain outlook. This has led to the application of assumed (in several cases) yield expansion and higher discount rates in determining the valuations. As such, the portfolio's overall third-party appraised value on 31 December 2022 was estimated at €3.2 billion, +0.2% higher compared to the end of 2021.

The completion of six high-quality industrial facilities in Romania, the acquisition of a "small business units" facility and the net positive impact from our developments (in progress or under refurbishment) added €75.5 million in portfolio value, which was offset by the like-for-like decrease (€35.6 million/1.3%) in the appraised value of our standing commercial properties compared to 31 December 2021.

Combined Portfolio Value Evolution 31 Dec. 2022 (€m)

	Poland	Romania	Group
Total Combined Portfolio Value at 31 Dec. 2021	**1,612.8**	**1,539.5**	**3,152.3**
Less: Properties Held in Joint Venture *	–	(86.7)	(86.7)
Total Investment Properties ** at 31 Dec. 2021	**1,612.8**	**1,452.8**	**3,065.6**
Plus: Transactions	–	(6.5)	(6.5)
o/w New Acquisitions	–	7.2	7.2
o/w Disposals	–	(13.7)	(13.7)
Plus: Capital Expenditure	39.0	29.3	68.3
o/w Developments	8.1	13.0	21.1
o/w Standing Properties	30.9	16.3	47.2
o/w Future Developments	–	–	–
Plus: Net Revaluations Adjustments	(67.3)	(20.5)	(87.8)
o/w Developments	(11.7)	4.8	(6.9)
o/w Standing Properties	(55.6)	(27.3)	(82.9)
o/w Lands, Future Developments & Acquisitions	–	2.0	2.0
Total Investment Properties ** at 31 Dec. 2022	**1,584.5**	**1,455.1**	**3,039.6**
Plus: Properties Held in Joint Venture *	–	119.3	119.3
o/w Capital Expenditure & Acquisitions	–	24.7	24.7
o/w Net Revaluation Adjustments	–	7.9	7.9
Total Portfolio Value at 31 Dec. 2022	**1,584.5**	**1,574.4**	**3,158.9**

* Properties held through joint ventures are shown at 100%; Globalworth owns 50% stake in the respective joint ventures.
** Excludes adjustments made to investment properties, for sale of real estate assets following the year end.
Note: Certain casting differences in subtotals/totals are due to figures presented to 1 decimal place.

Standing Portfolio Review

We operate best-in-class real estate spaces in Poland and Romania


Nordic

Our high-quality standing portfolio grew by 103.3k sqm to 1.4m sqm, valued at €2.9 billion at year-end 2022.

We provide our business partners with high-quality spaces in some of the most important real estate markets in Poland and Romania, that are sustainable, technologically advanced, and custom fitted to their requirements, offering premium services to allow the businesses to succeed.

By effectively managing our real estate portfolio, we aim to offer our investors an efficient gateway to the two largest markets in Central and Eastern Europe.

Increased Our Footprint to 1.4m sqm

In 2022, our combined portfolio of standing properties grew by 103.3k sqm with the addition of seven logistics facilities in Romania. Four facilities are in Bucharest, including our first small business units facility acquired in April, and three in regional cities of Romania (Pitesti, Constanta and Timisoara).

Overall, our standing portfolio predominantly comprises 30 Class "A" offices (50 properties in total) and a mixed-use investment (with five properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets/cities in Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz), which in total account for 89.4% of our standing portfolio by value.

- During the year, the size of our office and mixed-use portfolio remained unchanged; however, we expect it to grow in 2023 following the completion of the repositioning/redevelopment of two mixed-used properties in Poland.

In addition, in Romania, we fully own two logistics/light-industrial parks with six facilities in Timisoara, one industrial park in Pitesti (two facilities), two modern warehouses in Arad and Oradea, and, since earlier this year, we also own the majority stake (75% ownership) in a small business units facility and another warehouse (delivered in November), both in the Bucharest area. We have 50% ownership through a joint venture of two other logistics/business parks (with three standing facilities) in Bucharest and Constanta. We also own part of a residential complex in Bucharest.

During the year, our standing commercial portfolio's total GLA increased 8.7% to reach 1,383.2k sqm at the end of December 2022 whilst our overall standing portfolio (commercial and other) increased in GLA by 7.9% to 1,405.6k sqm due to the sale of residential units in our Upground residential project.

Standing Portfolio Value at €2.9 billion

The appraised value of our combined standing portfolio as of 31 December 2022 was €2.9 billion (+1.4% in commercial properties). This overall increase is mainly attributable to the addition of new properties through acquisition and completion, partly offset by relatively small revaluation losses of properties held throughout the period (like-for-like) and by the sale of certain units in our Upground residential complex.

The value of like-for-like standing commercial properties decreased by 1.3% as of 31 December 2022 compared to the prior year, as the reduction in value by 1.7% of our like-for-like standing office and mixed-use properties was offset by the increase in value of our industrial properties.

Globalworth Combined Standing Portfolio: 2022 Evolution

GAV – 31 December 2021	**€2,866.3m**
Like for Like Change*	-€34.6m
Acquisitions of Properties	+€7.2m
Delivery of Properties	+€68.3m
Sales	-€13.7m
GAV – 31 December 2022	**€2,893.6m**

* Like-for-Like change represents the changes in GAV of standing properties owned by the Group at 31 December 2021 and 31 December 2022.

Globalworth Combined Standing Portfolio: 2022 Evolution

Total Standing YE 2021	**1,302.3k sqm**
of which Standing Commercial YE 2021	**1,272.0k sqm**
Pitesti Industrial Park (Phase II) / logistics facility developed in Pitesti (RO)	+6.7k sqm
Chitila Logistics Hub (Phase B & C) / logistics facilities developed in Bucharest (RO)	+54.4k sqm
Constanta Business Park (Phase B) / logistics facility developed in Constanta (RO)	+19.8k sqm
Timisoara Industrial Park II (Phase B) / logistics facility developed in Timisoara (RO)	+19.0k sqm
Business Park Stefanesti (Phase A) / logistics facility developed in Bucharest (RO)	+4.4k sqm
Business Park Chitila / logistics and warehouse facilities acquired in Bucharest (RO)	+7.1k sqm
Net Remeasurement Adjustments & Other (RO & PL)	-0.2k sqm
Standing Commercial YE 2022	**1,383.2k sqm**
Upground / residential complex in Bucharest (RO)*	22.4k sqm
Total Standing YE 2022	**1,405.6k sqm**

* In 2022, units with 7.9k GLA were sold in our Upground residential complex.

Standing Portfolio Review continued

Like-for-Like Occupancy Marginally Changed in 2022

Our standing commercial portfolio's average occupancy as of 31 December 2022 was 85.6% (86.0% including tenant options), representing a 2.9% decrease over the previous 12 months (88.5% as of 31 December 2021 / 88.7% including tenant options).

This decrease is mainly attributable to the addition of seven industrial properties (six deliveries and one acquisition), the majority of which are in their lease-up phase and, consequently, at year-end had occupancy lower than the Group average, thus negatively impacting the overall average standing commercial occupancy rate across our portfolio. These facilities have a total GLA of 111.5k sqm and on 31 December 2022 were 54.2% occupied.

On a like-for-like basis, occupancy marginally decreased by 0.2% to 88.4% at the end of the year, mainly due to the expiration of certain ESG leases during the year (from our efforts to help in the Ukrainian refugee crisis) and Warta Tower in Warsaw now being effectively empty.

Like-for-like standing occupancy of our portfolio, adjusted for Warta Tower which was in the process of being sold at year-end, was 90.5% (+0.2% compared to 31 December 2021). We see this relative stagnation as a changing point under normalising market conditions. Therefore, we remain confident that we will be able to lease the available spaces in our portfolio in the future as business conditions return to a more balanced state.

Across our standing portfolio, at 31 December 2022, we had 1,184.6k sqm of commercial GLA leased to more than 600 tenants at an average WALL of 4.4 years, the majority of which is let to national and multinational corporates that are well-known within their respective markets.

Not included in our standing portfolio metrics are: 44.3k sqm leased in our two mixed-use properties which are currently under refurbishment/repositioning, and 4.8k sqm in our industrial properties which are under development in Romania (Bucharest and Targu Mures).

Occupancy Evolution 2022 (GLA 'k sqm) – Commercial Portfolio

	Poland	Occupancy Rate (%)	Romania	Occupancy Rate (%)	Group	Occupancy Rate (%)
Standing Available GLA – 31 Dec. 21	**542.1**		**729.9**		**1,272.0**	
Acquired GLA	–		7.1		7.1	
New Built GLA	–		104.4		104.4	
Remeasurements, reclassifications	0.0		(0.3)		(0.2)	
Standing Available GLA – 31 Dec. 22	**542.1**		**841.0**		**1,383.2**	
Occupied Standing GLA – 31 Dec. 21	**464.1**	**85.6%**	**662.1**	**90.7%**	**1,126.2**	**88.5%**
Acquired/Developed Occupied GLA	–		60.4		60.4	
Expiries & Breaks	(56.8)		(19.7)		(76.5)	
Renewals*	42.7		47.8		90.5	
New Take-up	32.7		40.9		73.5	
Other Adj. (relocations, remeasurements, etc)	0.6		0.0		0.6	
Occupied Standing GLA – 31 Dec. 22	**440.6**	**81.3%**	**743.7**	**88.4%**	**1,184.3**	**85.6%**

Standing Portfolio Snapshot

As of 31 December 2022, our combined standing portfolio comprised 41 investments (39 on 31 December 2021) with 71 buildings (66 on 31 December 2021) in Poland and Romania. The appraised value of the portfolio was €2,893.6 million, of which 88.4% was environmentally certified.

Globalworth Combined Portfolio: Key Metrics

Total Standing Properties	**30 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2022**
Number of Investments	37	39	41
Number of Assets	64	66	71[1]
GLA (k sqm)	1,271.3	1,302.3	1,405.6
GAV (€ m)	2,805.5	2,866.3	2,893.6
Contracted Rent (€ m)	178.7	175.4	182.1

Of which Commercial Properties	**30 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2022**
Number of Investments	36	38	40
Number of Assets	63	65	70
GLA (k sqm)	1,238.9	1,272.0	1,383.2
GAV (€ m)	2,745.9	2,810.3	2,850.3
Occupancy (%)	90.9% (91.7%[2])	88.5% (88.7%[2])	85.6% (86.0%[2])
Contracted Rent (€ m)	177.7	174.5	181.3
Potential Rent at 100% occupancy (€ m)	199.2	201.2	211.4
WALL (years)	4.5	4.7	4.4

1 Following the completion of the third phase of the Chitila Logistics Hub, we have consolidated the three phases in one facility.
2 Including tenant options.

Our awards:

Poland

Golden Award - Marketing Event of the Year - Hala Koszyki

Investment of the Year - Retail Space Market - Renoma

Golden Award - The Best Food Hall in Poland - Hala Koszyki

Golden Award - PR & Employer Branding

Best Interior Concept for Uniqa Polska in WTT

Romania

Best Technology Driven Office Building award at the "The Readers' Choice Realty Awards" gala – Globalworth Square

Office Developer of the Year award at the Real Estate Gala

Logistics Project of the Year at SEE Property Forum 2022 – Chitila Logistics Hub

Best Green Development of The Year at CIJ Awards gala – Globalworth Square

Forbes Best Office Buildings – The New Way of Working Gala - Globalworth Square.

Capital Markets Review

Higher volatility in the economic and business environment negatively impacted capital markets in 2022

> We repaid the remaining €323 million principal of our GWI 17/22 bond during the year and with no material debt maturing until March 2025 and with over €460 million in cash and undrawn facilities at year-end 2022 we have maintained our strong liquidity position.

Mihai Zaharia
Group Capital Markets Director & Head of Investments Romania

Equity Capital Markets Review

2022 was characterised by increased inflation, central bank tightening, supply chain disruption, the war in Ukraine and the continuing impact of COVID-19 (albeit to a lesser extent compared to previous years), all of which led to continued higher volatility in the capital markets.

Direct real estate valuations did not see relatively material changes in 2022; however, equity investors have been reassessing their risk premiums and allocations during the year due to the higher volatility in the market. The higher risk premiums have resulted in higher discount rates, implying lower equity valuations.

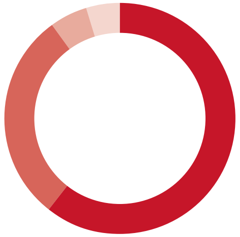
Since 23 July 2021, Globalworth has been controlled by Zakiono Enterprises Ltd, which is jointly and equally owned by CPI Property Group S.A. ("CPI") and Aroundtown SA ("Aroundtown"), holding 60.6% of the share capital of the Group. In addition, Growthpoint Properties Ltd has 29.4% and Oak Hill Advisors 5.3%; thus the effective trading free-float during 2022 was limited to 4.7% of the share capital of Globalworth.

As of 31 December 2022, FTSE EPRA Developed Europe and the FTSE EPRA Global indices recorded a negative performance of 39.1% and 23.3%, respectively, for the 12 months starting on 1 January 2022. Globalworth outperformed the more relevant FTSE EPRA Developed Europe index as its negative performance was 29.8%; however, this can be attributed to the limited free float of the Group.

Total shareholder return including dividends received for 2022 was negative 25.2%.

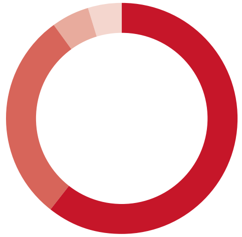
Globalworth's share price in this period has been trading consistently below its latest reported 31 December 2021 and 30 June 2022 EPRA NRV levels of €8.66 and €8.72/share, respectively, reaching its lowest closing price on 19 September at €3.90 per share and its highest price on 14 January at €6.68 per share.

Globalworth Shareholding at 31 Dec. 22



- Together: Zakiono Enterprises (CPI, Aroundtown): **60.6%**
- Growthpoint Properties: **29.4%**
- Oak Hill Advisors: **5.3%**
- Other: **4.7%**

Globalworth Shareholding at 31 Dec. 21



- Together: Zakiono Enterprises (CPI, Aroundtown): **60.6%**
- Growthpoint Properties: **29.4%**
- Oak Hill Advisors: **5.3%**
- Other: **4.7%**

Basic Data on Globalworth Shares
(Information as at 31 Dec. 2022)

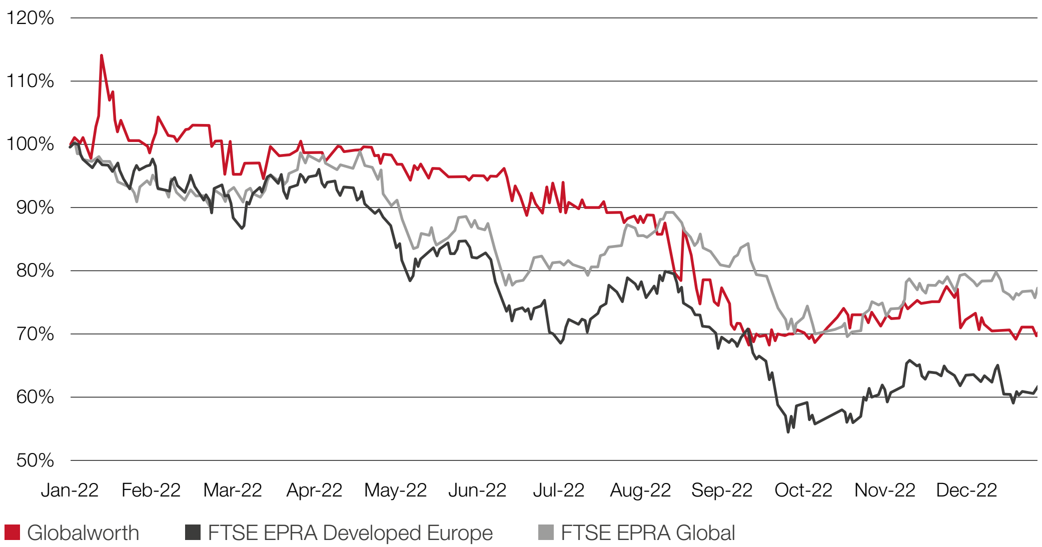
Number of Shares	221.6 million plus 0.8 million shares held in treasury
Share Capital	€1.7 billion
WKN/ISIN	GG 00B979FD04
Symbol	GWI
Free Float	9.9%
Exchange	London AIM

Globalworth Share Performance

	2022	**2021**
Market Capitalisation (€ million) – 31 Dec.	**914**	1,303
31 Dec. Closing Price (€)	**4.13**	5.88
52-week High (€)	**6.68**	7.48
52-week Low (€)	**3.90**	5.60
Dividend Paid per Share	**0.27**	0.30

Capital Markets Review continued

Globalworth FY-2022 Share Price Performance



Bonds Update

We finance ourselves through a combination of equity and debt, and we compete with a large number of other real estate companies for investor trust to support our initiatives.

At the beginning of the year, we had three Eurobonds outstanding for a total of €1.3 billion with a weighted average maturity of 3.0 years. In June our inaugural GWI 17/22 bond was maturing, and we are pleased to have completed the repayment of the remaining principal of €323.1 million, which was the outstanding balance of the 17/22 notes following the partial tender and settlement of €226.9 million 17/22 notes in July 2020.

As at 31 December 2022, we have two Eurobonds outstanding, issued in March 2018 and July 2020 (inaugural green bond) and expiring in 2025 and 2026, respectively, with a weighted average cost of 3.0%, and, together with the €85.0 million unsecured facility raised in June 2022 from the International Finance Corporation (member of the World Bank Group) and the €265.0 million unsecured revolving credit facilities (out of which €205.0 million remained available as of 31 December 2022), these provide us with a simplified capital structure and improve the efficiency of our capital allocation.

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

Capital Markets Review continued

Globalworth is rated by all three major agencies, with each of Moody's, S&P and Fitch maintaining their investment credit rating throughout 2022, and despite the volatile and challenging market environment. Moody's and S&P updated their "Outlook" to "Negative" (from "Stable") during the year, reflecting a higher interest-rate environment, deteriorating real estate market conditions, future refinancing considerations and a more negative outlook of rating agencies towards the real estate sector. In March 2023 S&P updated their rating to BB+ (stable outlook).

In 2022, our bonds' performance has been impacted by the higher volatility in the market and rising interest rates. On average, our 18/25 and 20/26 bonds traded at 94.6% and 89.2%, respectively, during the period. However, yield to maturity has been increasing as the year progressed, closing at 9.3% and 10.1% on 31 December 2022.

Rating

	Moodys	S&P	Fitch
Rating	Baa3	BBB-/BB+ (Mar 2023)	BBB-
Outlook	Negative (from Stable)	Negative (from Stable)/ Stable (Mar 2023)	Stable

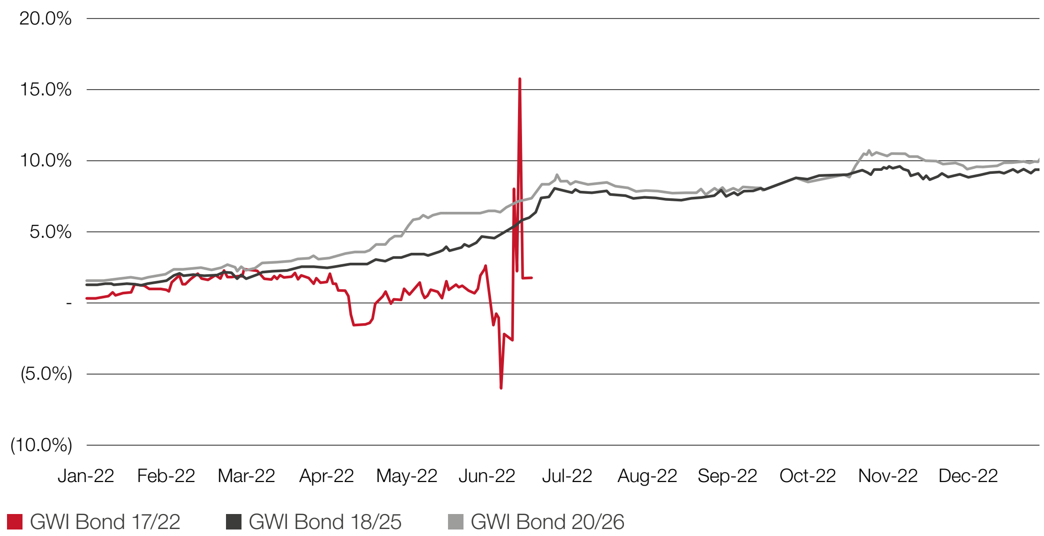
Basic Data on the Globalworth Bonds

	GWI bond 17/22	GWI bond 18/25	GWI bond 20/26
ISIN	XS1577957837	XS1799975922	XS2208868914
SEDOL	BD8Q3P6	BD9MPV	–
Segment	Euronext Dublin, BVBI	Euronext Dublin, BVB	Euronext Dublin
Minimum Investment Amount	€100,000	€100,000 and €1,000 thereafter	€100,000 and €1,000 thereafter
Coupon	2.875%	3.000%	2.950%
Issuance Volume	€550 million	€550 million	€400 million
Outstanding 31 Dec. 2022	–	€550 million	€400 million
Maturity	20 June 2022 (€323 million paid on maturity)	29 March 2025	29 July 2026

Performance of the Globalworth Bonds

	2022	2021
GWI bond 17/22		
31 Dec. Closing Price	–	101.2
Yield to Maturity at 31 Dec.	–	0.245%
GWI bond 18/25		
31 Dec. Closing Price	**87.7**	105.4
Yield to Maturity at 31 Dec.	**9.317%**	1.291%
GWI bond 20/26		
31 Dec. Closing Price	**79.4**	105.9
Yield to Maturity at 31 Dec.	**10.085%**	1.527%

Globalworth FY-2022 Eurobond Yield Performance



Financial Review

Resilient performance despite global challenges

“Our strong operational focus and business expansion partly reflected in our annual results, as we navigate through challenging market conditions.

Stamatis Sapkas
Chief Financial Officer

1. Introduction and Highlights

Our 2022 performance was resilient despite the global challenges, as we continued implementing our “local landlord” approach in managing our business.

To help explain our performance, we use a number of measures typically observed in our sector. These include quoting several measures on a consolidated basis (including our joint ventures), as it best describes how we manage our portfolio and overall business, like-for-like measures and measures prescribed by EPRA.

The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector.

2. Revenues and Profitability

Our main source of revenue is rent that we receive from leasing spaces available in our properties to our partners. We also receive other income including that from service charges to cover the costs of communal or shared spaces and services in our properties, however this income is netted off against our total service charge cost.

Revenues
€239.3m
9.1% on 2021

NOI[1]
€139.7m
(3.2)% on 2021

IFRS Earnings per Share[2]
(8) cents
21 cents in 2021

Combined Portfolio Value (OMV)[1]
€3.2bn
0.2% on 31 Dec. 2021

EPRA NRV[1,3]
€1,835.5m
(4.3)% on 31 Dec. 2021

EPRA NRV per Share[1,3]
€8.29
(4.3)% on 31 Dec. 2021

Adjusted Normalised EBITDA[1,4]
€126.0m
(3.2)% on 2021

EPRA Earnings per Share[1,2]
32 cents
18.5% on 2021

LTV[1,5]
42.7%
40.1% at 31 Dec. 2021

Dividends Paid in 2022 per Share
27 cents
(10.0)% on 2021

Total Revenue & Net Operating Income

Year ended 31 Dec.	2022 €'m	2021 €'m
Contracted rent	**180.9**	176.4
Adjustment for lease incentives	**(31.1)**	(26.1)
Rental income	**149.8**	**150.3**
Service charge income	**86.9**	63.2
Other income	**2.6**	5.9
Total Revenue	**239.3**	219.4
Operating Expenses	**(99.6)**	(75.1)
Net Operating Income	**139.7**	144.3

1. See Glossary (pages 152-154) for definitions.
2. See note 12 of the consolidated financial statements for calculation.
3. See note 23 of the consolidated financial statements for calculation.
4. See page 46 for further details.
5. See note 25 of the consolidated financial statements for calculation.

Financial Review continued

Globalworth generated total consolidated revenue of €239.3 million during 2022, up by 9.1% compared to €219.4 million generated during 2021.

Gross rental income which accounts for the majority of our revenue was €180.9 million, 2.6% higher compared to the year prior. Decreasing however to €149.8 million when accounting for costs associated of renting spaces in our portfolio, and which are amortised during the life of the leases. As such our year-on-year (net) rental income was marginally lower (0.3% lower) compared to 2021.

Year ended 31 Dec.	2022 €'m	2021 €'m
Office	**126.9**	128.7
Mixed-Use	**10.4**	10.6
Industrial	**11.1**	9.5
Other	**1.4**	1.4
Rental Income by Segment	**149.8**	**150.3**

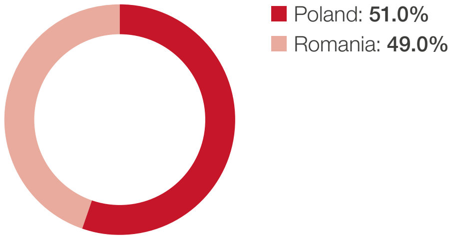
Like-for-like rental income on standing properties decreased by 2.8%, or €4.0 million, to €138.8 million in 2022. However, rental income from standing properties owned in Romania by the Group throughout 2021 and 2022 was higher by 2.7% at €68.1 million. In Poland, like-for-like rental income was lower by 7.6% at €70.7 million; however, the majority of this decrease (€5.2 million or 6.8%) was associated with Warta Tower (one of the properties held for sale) where TUIR Warta, the principal tenant in the building, vacated its premises at the end of 2021 and the building remaining only partially occupied in 2022. Excluding Warta Tower, rental income on our remaining Polish properties was marginally lower by €0.5 million or 0.8%.

Rental income received during the year from properties acquired or delivered in 2021 and 2022 was €11.0 million. This income was received from Globalworth Square, Supersam and Renoma (both under refurbishment) and three industrial facilities which were added to our portfolio in 2021 and had only partially contributed to the year prior, and three other industrial facilities that were acquired or delivered in 2022.

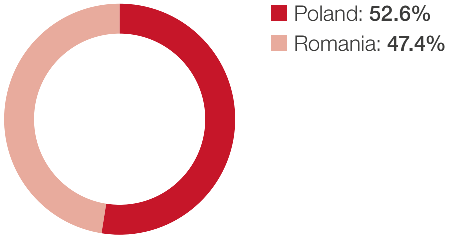
In 2022, we recorded a service charge income of €86.8 million, 37.6% higher compared to €63.1 million in 2021, due to the inclusion of new properties in the portfolio and an increase in service charge rate per square metre of 19.5% across our standing portfolio. This income is mainly linked to ancillary expenses that are typically reimbursed by tenants as the vast majority of our leases are triple-net, and include utility costs (energy, heating, water, electricity, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.).

In addition, we received €2.6 million for other services provided to tenants and partners which included fit-out services, marketing fees and other.

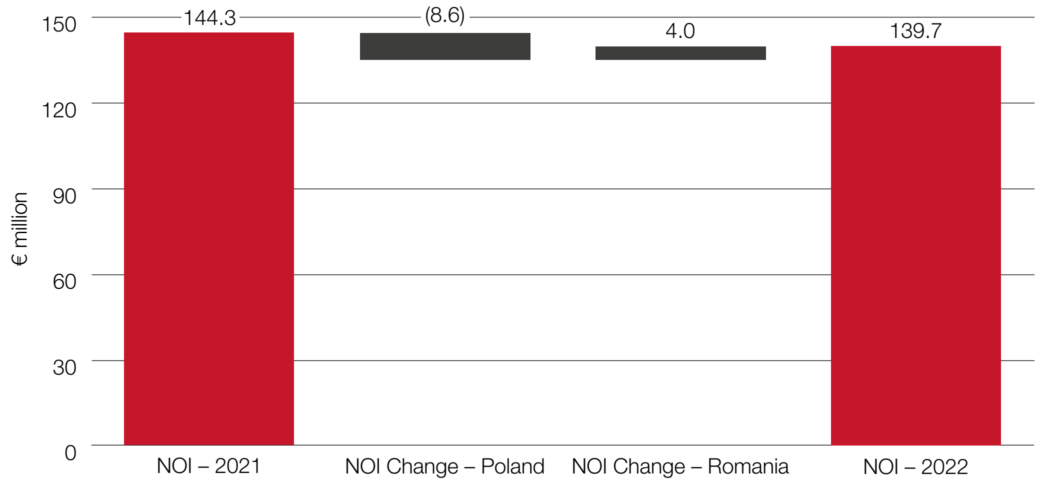
Revenue Share per Country
Year ended 31 Dec. 2022 (€'m)



Revenue Share per Country
Year ended 31 Dec. 2021 (€'m)



Net Operating Income Build Up Year ended 31 Dec.

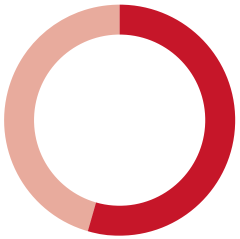


Net Operating Income ("NOI"), for the 12 months of 2022 was €139.7 million, after taking into account property and fit-out costs, lower by 3.2% compared to 2021. Overall operating expenses in our portfolio increased by €24.5 million to €99.6 million of which 89.8% were re-invoiced to tenants. The portion of our operating expenses not re-invoiced by tenants typically involved spaces available to be leased.

Financial Review continued

Net Operating Income Share per Country
Year ended 31 Dec. 2022 (€'m)

Net Operating Income Share per Country
Year ended 31 Dec. 2021 (€'m)



Adjusted Normalised EBITDA
We use Adjusted Normalised EBITDA as a key performance measure to evaluate our recurring operational results. As such, we exclude from the calculation non-operational and non-cash items including revaluation or capital gains, exceptional income or costs and other adjustments.

Our Adjusted Normalised EBITDA was €126.0 million (excluding share of minority interests EBITDA was €125.9 million), lower by 3.2% compared to 2021 (€130.2 million), as a result of lower NOI which was only partially offset by lower administrative and other expenses.

Adjusted Normalised EBITDA

Year ended 31 Dec.	2022 €'m	2021 €'m
Profit before net financing cost	**35.4**	**110.9**
Plus: Fair value loss/(gain) on investment property	**89.5**	5.7
Plus: Depreciation on other long-term assets	**0.7**	0.5
Plus: Other expenses	**2.0**	2.4
Plus: Acquisition costs	**0.0**	–
Plus: Other income	**(0.5)**	(1.1)
Plus: Foreign exchange (gain)/loss	**(0.9)**	(0.2)
Plus: Loss/(Gain) from fair valuation of financial instrument	**(0.2)**	0.4
Plus: Non-recurring expenses	**–**	11.5
Adjusted Normalised EBITDA	**126.0**	**130.2**
Share of minority interest	**(0.1)**	–
Adjusted Normalised EBITDA (excluding minority share)	**125.9**	**130.2**

Property Valuation
Over the past 12 months, property values in our markets have come under pressure, given the challenging macroeconomic and geopolitical environment. Also, operating performance, expanding yields, higher discount rates and capex invested in our portfolio, which is fully reflected in valuations and operations, further contributed to recording €89.5 million in negative revaluations in our consolidated property portfolio on 31 December 2022. Approximately 75.9% of the net fair value loss was in our office and mixed-use properties in Poland, while in Romania €24.1 million (or 26.9%) of net fair value loss in our standing portfolio was partially offset by 2.8% net fair gains in our industrial properties.

Year ended 31 Dec.	2022 €'m	2021 €'m
Fair value (loss) on investment property	**(89.5)**	(5.7)

Finance Costs and Income
Our finance costs mainly include net interest on bonds, bank loans and other financing sources such as a Revolving Credit Facility. In 2022 our total finance cost was €52.5 million, lower by €3.0 million compared to the prior year, a result of net lower indebtedness following the repaying of the remaining GW 17/22 bond in June, reducing the interest cost by €4.5 million, which was partially offset by the increase in EURIBOR base rates particularly in the second half of the year on existing and new financing facilities.

In addition, finance income was €2.7 million, higher by €1.0 million compared to 2021. Higher interest received from shareholder loans provided to finance our joint ventures and higher finance income (by 170% or €0.5 million) as a result of higher/positive interest rates collected on Euro, Romanian Leu (RON) and Polish Zloty deposits and current accounts balances were partially offset (€0.2 million) by changes in the fair value in financial instruments during the year.

Overall, net finance costs were €49.8 million for the twelve months of 2022, lower by 7.3% or €4.0 million compared to 2021.

Finance Cost & Income

Year ended 31 Dec.	2022 €'m	2021 €'m
Finance Cost	**52.5**	55.5
Finance Income	**2.7**	1.7
Net Finance Cost	**49.8**	**53.8**

Share in Joint Venture
We hold interests in three joint ventures in Romania which principally focus on developing and managing industrial parks. In 2022 the share of profit in our joint ventures was €3.2 million, compared to €5.0 million in 2021, mainly due to the negative impact of the properties' revaluation. We have to note, however, that operating performance improved by €1.2 million, with losses excluding revaluations recorded lower by €2.7 million, to €2.4 million for the year, as we continue to invest in the three joint ventures and lease the available spaces in the facilities which are in their lease-up phase.

Financial Review continued

IFRS and EPRA Earnings

To measure our profitability, we measure both IFRS and EPRA Earnings. The latter, we consider as a more appropriate measure for real estate companies as it excludes non-cash or non-recurring items such as revaluation, capital gains, fair value adjustments and related deferred tax impact of adjustments made to profit after tax.

We recorded negative IFRS Earnings of €16.1 million (-8 cents per share) for 2022, compared to positive earnings of €47.5 million (21 cents per share) in 2021. This decrease is mainly attributed to the €89.5 million of revaluation losses recorded for the period compared to revaluation losses of €5.7 million in 2021.

Adjusting for revaluation losses with related deferred tax and the €11.5 million exceptional and non-recurring costs associated with the offer for Globalworth shares initiated in May 2021, the adjusted IFRS profit after tax for 2022 was marginally lower by €2.2 million compared to 2021, at €72.9 million for the year.

EPRA Earnings for 2022 were €71.6 million (or 32 cents per share), up by 21.2% from the prior year due to improved operating results, as lower operating performance was offset from lower cost base, net finance costs and income tax expenses (excluding deferred tax expense on investment property) compared to the same period in 2021.

IFRS Earnings Vs EPRA Earnings

	Total €'m	Per Share cents
IFRS Earnings	**(17.0)**	**(8)**
FV loss on properties	**89.5**	40
Losses on disposal of investment properties	**1.9**	
FV gain on financial instrument	**(0.2)**	0
Deferred Tax	**(1.0)**	0
JVs & Others	**(1.6)**	0
EPRA Earnings	**71.6**	**32**

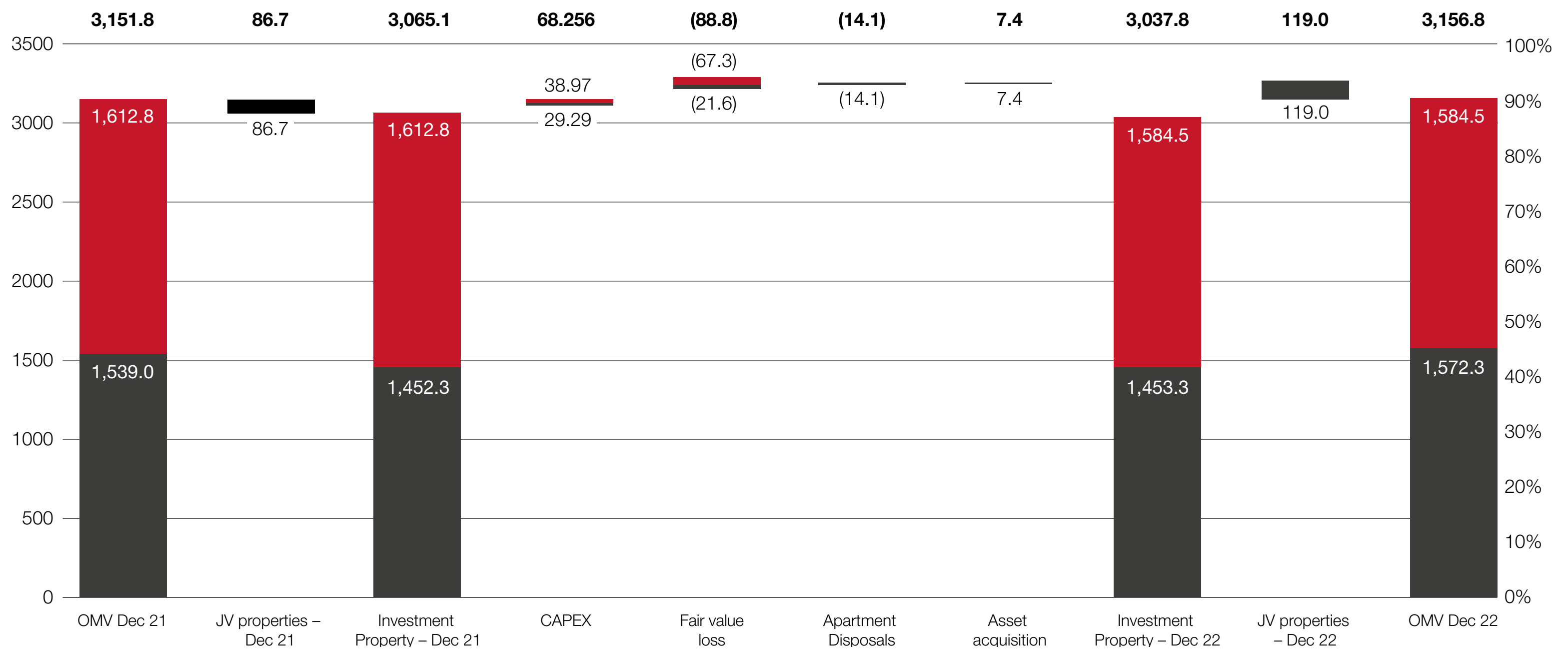
3. Assets

Assets	Note to the financial statements	31 Dec. 2022 €'m	31 Dec. 2021 €'m
NCA – Investment property	3	**2,945.5**	2,966.1
CA – Investment property held for sale		**126.0**	130.5
Total Investment Property		**3,071.5**	**3,096.6**
NCA – Investments in joint ventures	27	**68.0**	48.9
Cash and cash equivalents	19	**163.8**	418.7
Other Assets		**65.7**	63.2
Total Assets		**3,368.9**	**3,627.5**

The two largest assets in our balance sheet are real estate/investment property and cash and cash equivalents, which account for over 96% of our total assets.

The balance sheet value of our investment property (freehold and properties held for sale) was €3,071.5 million as of 31 December 2022, €25.1 million or 0.8% lower compared to year-end 2021. This decrease was mainly due to the negative revaluations of real estate properties (€89.5 million) and disposal of residential units (€14.1 million), which offset the positive impacts mainly from the acquisition of our first small business units project in the north-west of Bucharest (€5.5 million), the purchase of land for future development (€1.8 million), and investments made in properties under development and other value accretive investments on standing properties (€70.3 million).

IP Movement Freehold €'m



Financial Review continued

Cash and cash equivalents at the end of the year were €163.8 million (€418.7 million on 31 December 21), mainly as a result of the repayment of the remaining €323.2 million of our inaugural €550 million bond at the end of June and the distribution of €59.8 million of dividend to shareholders during the year.

Our investment in joint ventures increased by €19.1 million, reaching €68.0 million on 31 December 2022, due to an €8.4 million investment in a new/third joint venture company mainly to finance the acquisition of new standing investment facility and facilitate further development, and a €6.7 million further investment in two other companies mainly to finance subsequent phases in the Constanta Business Park and Chitila Logistic Hub projects. In addition, for 2022 our share of profit in our joint ventures was €3.2 million and we received €0.8 million of net interest income.

Other assets mainly comprised trade and other receivables and equity investments (where we have a right of first offer) and accounted for 1.9% (€65.7 million) of our total assets as of 31 December 2022.

Total assets at the end of the period were €3,368.9 million, lower by 7.1% compared to 31 December 2021 (€3,627.5 million).

4. Liabilities

Liabilities	Note to the financial statements	31 Dec. 2022 €'m	31 Dec. 2021 €'m
NCL – Interest-bearing loans and borrowings	14	**1,433.6**	1,285.6
CL – Interest-bearing loans and borrowings	14	**21.6**	348.3
Total Interest-bearing loans and borrowings		**1,455.2**	**1,633.9**
Deferred Tax Liabilities (including liabilities associated with the assets held for sale)	11.1	**159.9**	156.3
Other Current Liabilities		**69.5**	72.4
Other Non-Current Liabilities		**26.8**	26.2
Total Liabilities		**1,711.5**	**1,888.9**

Total Liabilities for the Group were €1,711.5 million at year-end 2022, €177.4 million lower compared to 31 December 2021. This decrease is mainly due to Interest-bearing Loans and Borrowings of the Group, which accounted for 85.0% of Total Liabilities, and were lower by €178.7 million on 31 December 2022.

Deferred Tax Liabilities were €159.9 million on 31 December 2022, €3.6 million higher compared to the prior year, mainly due to improved fiscal profits and the transition of certain subsidiaries to a taxable profit position.

Other Current and Non-Current Liabilities accounted for 5.6% of the Total Liabilities and included items such as tenant deposits, lease liabilities, and other trade and other payables. During the year, such amounts overall decreased by €2.3 million.

5. Interest-bearing Loans and Borrowings

Overview and Select Initiatives

The total consolidated debt for the Group at 31 December 2022 was €1,455.2 million (31 December 2021: €1,633.9 million) comprising mainly of medium to long-term debt, denominated entirely in Euro.

Our largest debt-related activity in 2022, involved the repayment from our own cash resources of the remaining €323.2 million of our inaugural €550 million bond that was due to mature in June 2022, thus resulting in Globalworth having no material debt maturing until March 2025.

In addition, during 2022 we:

- repaid the coupon on the 2022 bond and also the annual coupons of the 2025 and 2026 bonds,
- entered into a six-year term loan agreement for €85 million with IFC,
- drew down on part of the RCF available to us until April 2024,
- entered into a 10-year term loan agreement for €110 million with BCR/Erste Bank (both part of Erste Bank Group) for the refinancing of the logistics portfolio, not drawn at end of year 2022. Out of this amount, the Group is entitled to €95 million and the remainder will refinance one of our joint venture companies, and
- entered into a three-year term new RCF for €50 million with Erste Bank, not drawn until end of year.

Interest-bearing Loans and Borrowings Profile

The total consolidated debt for the Group on 31 December 2022 was €1,455.2 million (31 December 2021: €1,633.9 million).

Most of the debt remained in unsecured facilities, which accounted for 75.4% (31 December 2021: 77.9%) of the total debt outstanding. Unsecured facilities included the two bonds maturing in March 2025 and July 2026 accounting for €950.0 million, the €85.0 million facility from the IFC, and €60.0 million from a Revolving Credit Facility. The remainder debt (24.6%) is secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

The weighted average interest rate cost for the Group remained low throughout the year, despite the higher inflationary and interest rate environment, as 80.7% of our debt carries a fixed interest rate charge and 4.1% of debt facilities are hedged through interest rates caps, therefore the weighted average cost of debt on 31 December 2022 increased marginally by 16 basis points to 2.89% compared to 2021 despite EURIBOR increasing by over 200 basis points during the year.

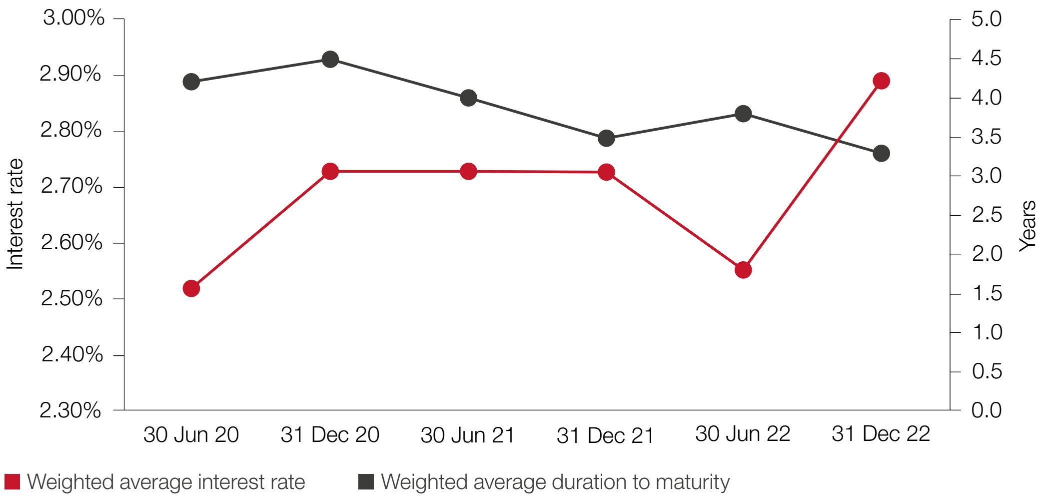
The high level of fixed interest rate debt ensures natural hedging to the Euro, the currency in which the most significant part of our liquid assets (cash and cash equivalents and rental receivables) is originally denominated and the currency for the fair market value of our investment property. Based on the Group's debt balances on 31 December 2022, an increase of 100 basis points in the EURIBOR would result in a higher interest expense of €2.8 million per annum.

The average maturity period of our debt remained above 3.0 years at 3.3 years (2021: 3.5 years), not including the 10-year term loan facility from BCR/Erste Bank undrawn on December 2022.

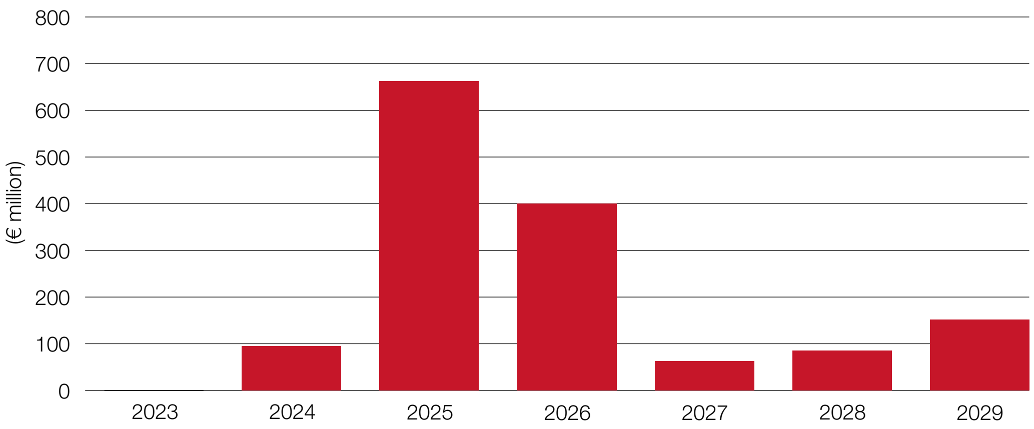
- All our debt facilities are Euro denominated.
- Interest is based either on one month, three months or six months EURIBOR plus a margin (19.3% of the outstanding balance compared to 8.5% at 31 December 2021).

Financial Review continued

Weighted Average Interest Rate Versus Debt Duration to Maturity



Maturity Profile (by year) of the Principal Loan Outstanding at 31 Dec. 2022 (€ million)



During 2022, we repaid €2.8 million in bank debt principal amounts, the entire remaining balance of the 2022 Eurobond (€323.1 million) and €45.7 million of accrued interest on the Group's outstanding debt facilities, including €37.6 million in relation to the full annual coupon for the Eurobonds of the Company.

Debt Covenants

As of 31 December 2022, the Group was in compliance with all of its debt covenants.

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable as at 31 December 2022 being the following:

Unsecured Eurobonds, Revolving Credit Facility and IFC loan

- the Consolidated Coverage Ratio, with minimum value of 200% (150% applicable for the Revolving Credit Facility and IFC loan);
- the Consolidated Leverage Ratio, with maximum value of 60%;
- the Consolidated Secured Leverage Ratio with a maximum value of 30%; and
- the Total Unencumbered Assets Ratio, with minimum value of 125% (additional covenant applicable for the Revolving Credit Facility and IFC loan).

Secured Bank Loans

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

There have been no breaches of the aforementioned covenants occurring during the period ended 31 December 2022.

6. Liquidity & Loan-to-Value Ratio ("LTV")

Managing our resources has been a key area of focus for the Group, especially since the COVID-19 pandemic outbreak, and this careful management has carried on throughout this period of higher volatility.

As of 31 December 2022, the Group had cash and cash equivalents of €163.8 million (31 December 2021: €418.7 million), of which €7.8 million was restricted due to various conditions imposed by the financing banks.

In addition, the Group at year-end 2022 had undrawn €95.0 million (plus €15.0 million undrawn to be allocated to joint ventures) in secured committed debt facilities and a further €205 million in unsecured revolving credit facilities.

The Group's loan-to-value ratio on 31 December 2022 was 42.7%, compared to 40.1% on 31 December 2021, mainly due to the impact of negative revaluations in our standing properties, and capex invested in our portfolio which was not fully reflected in valuations and operations.

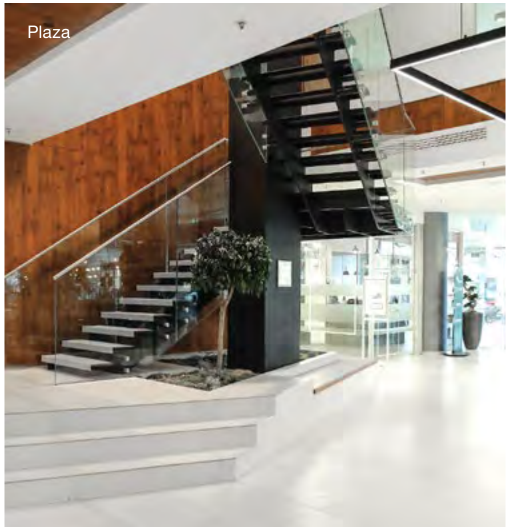
Financial Review continued

7. EPRA NRV

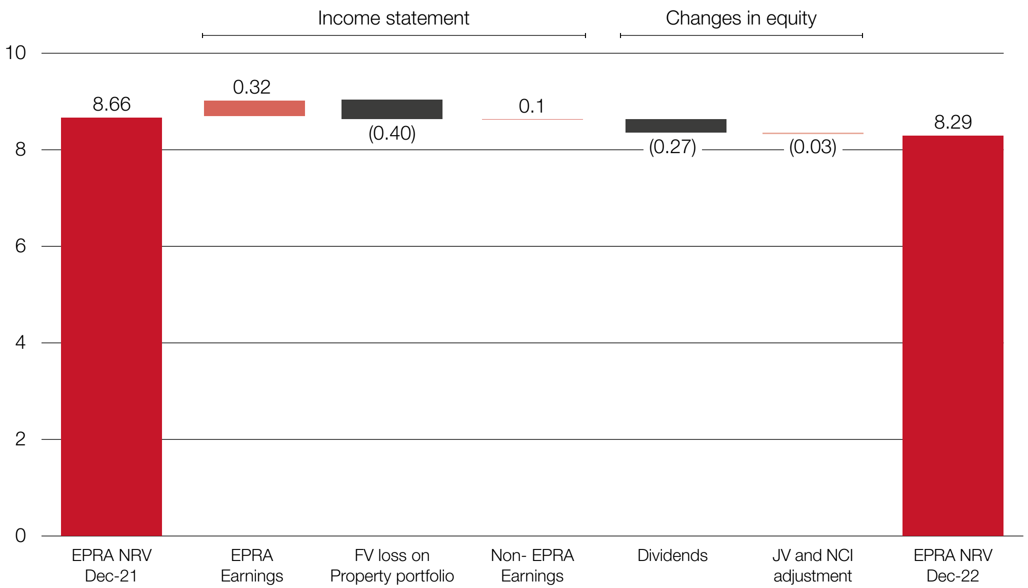
The EPRA Net Reinstatement Value ("NRV") is a measure used to highlight the value of a company's net assets on a long-term basis, on the assumption that the entities do not sell their assets.

EPRA NRV was €1,835.5 million as at 31 December 2022, lower by 4.3% compared to 31 December 2021 (€1,917.5 million). As a result, EPRA NRV per share also decreased to €8.29 per share (31 December 2021: €8.66 per share).

The decrease in EPRA NRV over the 12 months of 2022 was largely due to the negative revaluations of €89.5 million on our real estate property portfolio and the €59.8 million of dividends paid during the year to shareholders which offset the €12.5 million positive effect in our EPRA Earnings (€71.6 million for the year).


Plaza

EPRA NRV per Share (€)



8. Cash Flows

Year ended 31 Dec.	2022 €'m	2021 €'m
Operating Profit before Changes in Working Capital	**126.4**	119.4
Changes in Working Capital	**(63.3)**	(54.1)
Cash Flows from Operating Activities	**63.1**	65.3
Cash Flows used in Investing Activities	**(73.8)**	(101.4)
Cash Flows used in Financing Activities	**(243.9)**	(72.8)
Net Increase in Cash and Cash Equivalents	**(254.6)**	**(108.9)**
Cash and Cash Equivalents at Year End	**163.8**	**418.7**

Cash flows from operating activities before working capital changes during 2022 was €126.4 million, higher by €7.0 million or 5.8% compared to 2021. Lower administrative expenses, also associated with the exceptional and non-recurring expenses incurred in 2021, and lower finance interest cost due to lower net lower indebtedness of the Group, which offset the lower net operating income.

Overall, cash inflow from operations for the 12 months of 2022 was €63.1 million, lower by 3.4% (or €2.2 million compared to 2021 as a result of higher interest and taxes paid by €1.2 million and negative changes in working capital by of €1.0m.

During the year, cash used in investments was €73.8 million, €27.6 million lower compared to €101.4 million in 2021. Despite a decrease in new acquisitions by €12.4 million compared to 2021, investment in 100% owned properties (standing and developments) reached €71.2 million (€2.4 million higher compared to 2021). Proceeds from sales, mainly from non-core residential units and ROFO assets, were €13.8 million higher compared to 2021, reaching €16.9 million for 2022.

Cash used in financing was €243.9 million in 2022 (€171.1 million higher compared to 2021), mainly associated with the repayment of €323.2 million for the 17/22 bond, the drawdown of €146.8 million from IFC and RCF facilities in the second half of the year and reduction of dividend distribution by €6.5 million to €59.8 million in 2022.

9. Dividends

Year ended 31 Dec.	2022 €'m	2021 €'m
Dividends Paid – € m	**59.8**	**66.3**
Dividends Paid per Share – Cents	**27**	**30**

Globalworth distributes bi-annually at least 90% of its EPRA Earnings to its shareholders. As a result, in March 2022, it paid an interim dividend of 13 cents per share (€28.8 million) in respect of the six-month period ended 31 December 2021. In addition, in September 2022, it paid the first interim dividend in respect of the six-month period ended 30 June 2022 of 14 cents per share (€31.0 million).

In total in 2022 the Group paid €59.8 million or 27 cents per share in dividends.

The results for the period are set out in the consolidated statement of comprehensive income on page 84.

EPRA Performance Measures Snapshot

Our performance under the EPRA guidelines

The European Public Real Estate Association ("EPRA"), is a widely recognised market standard guidance and benchmark provider for the European real estate industry.

The following performance indicators have been prepared in accordance with best practices as defined by EPRA in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

Figures in € million, unless otherwise indicated	2022	2021	Definition	Purpose	Pages
EPRA NRV	**1,835.50**	1,917.46	EPRA Net Reinstatement Value.	Metric making adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, assuming that entities never sell assets and aims to represent the value required to rebuild the entity.	50
EPRA NRV per share (€)	**8.29**	8.66	EPRA Net Reinstatement Value per share.		50
EPRA Earnings	**71.6**	59.10	Earnings from operational activities.	Metric measuring a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	47
EPRA Earning per share (€)	**0.32**	0.27	Earnings from operational activities per share.		47
EPRA Net Initial Yield ("NIY") (%)	**5.2%**	5.0%	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations.	149
EPRA Topped-up NIY (%)	**5.8%**	5.7%	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations.	149
EPRA Vacancy (%)	**14.0%**	13.0%	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	149

Sustainable Development Review

Committed to creating a sustainable future

We believe that it is our duty to responsibly manage the Environmental ("E"), Social ("S"), and Governance ("G") impacts of how we do business. This duty requires us to have a clear understanding of the ESG issues relevant to our business, which we must balance and manage effectively to create long-term sustainable value for our shareholders and other stakeholders.

Creating Sustainable Long-term Value (as presented in "Our Business Model")

Financial

Generate long-term sustainable and attractive, risk-adjusted returns through yield and capital appreciation, allowing us to create the capacity to distribute dividends for our shareholders.

- Rental growth
- Portfolio value appreciation
- EPRA NAV growth
- Sustainable and recurring dividend

Non-Financial

Create a Group and an environment which people want to work in, do business in, and be associated with.

- Invest in sustainable and environmentally friendly buildings.
- Create safe and healthy spaces where people want to work and with which they want to be associated.
- Assist and improve the communities which we are part of.

This forward-thinking, integrated approach allows us to better assess the long term, reduce risk and maximise value for our shareholders and other stakeholders.

Our Values

One Team

Act with Integrity

Respect, Diversity and Inclusion

Build an Environmentally Friendly & Sustainable Future

Globalworth's ESG Focus

Environmental ("E")

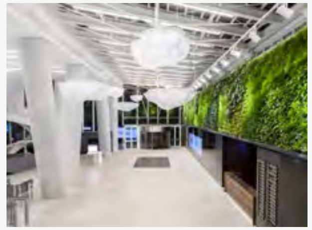
- Invest in and create high quality, sustainable and environmentally-friendly real estate spaces, in which people and business can flourish.
- **Committed to reducing our carbon footprint through to 2030.**

Read more about our environmental approach on **pages 54 to 55**

Social ("S")

- Attract, inspire, support and maintain a talented team of professionals, proud to work for Globalworth.
- Support our communities, of which we are an integral part, and intensify our efforts in this challenging environment.

Read more about our social approach on **page 56**



Governance ("G")

- Operate by applying the highest standards of governance, and supporting the principles of the QCA Corporate Governance Code, thus providing confidence to our shareholders and other stakeholders.

Read more about our governance approach on **page 57**

Understanding Our Impact:

As part of our sustainable development strategy, we focus on topics that substantively influence our business, the judgement and decisions of our stakeholders, and those that are directly related to our significant economic, social and environmental impacts.

For this reason, we performed our initial materiality analysis in 2018 based on GRI standards, and since then we have been regularly reviewing this analysis.

We believe that through our three main pillars of "People, Places and Technology" we can achieve a balance, that will result in creating long-term and sustainable value for the Group, our shareholders, our people, our community, the environment, and other stakeholders.

Sustainable Development Review continued

Reporting

We believe that through robust performance monitoring and reporting, we can support and properly manage our ESG performance. It is very important that we accurately measure our performance and that our data is detailed, relevant, and transparently reported on.

Since 2018, we have been annually reporting the results of our sustainable development activities. In May 2022, we published Globalworth's "2021 Sustainable Development Report". This is the fourth such report we have published and it was prepared in accordance with the GRI Standards: Core Option and with the European Public Real Estate Association's Sustainability Best Practice Reporting Recommendations (EPRA sBPR).

In addition, in May 2022 and in line with our commitment as part of the issue of our inaugural €400 million Green Bond financing in July 2020, we issued our "2021 Green Bond Report" which received independent limited assurance from EY on the allocations of the net proceeds.

As of 31 December 2021, 100% of the Net Proceeds of the Green Bond had been allocated.

During 2022, Renoma, our property in Wroclaw which is currently under refurbishment (due to be completed in the first half of 2023) lost its green certification for technical reasons (essentially because more than 20% of its surface was under re-development). We are aiming to recertify this property once the works have been completed and expect it to achieve its previous level accreditation (BREEAM Excellent) or better by the end of 2023, thus meeting the eligibility criteria of our Green Bond Framework. As such, we believe that we do not need to reallocate those funds. However, if we cannot recertify Renoma in line with eligibility criteria by that time, we are committed to updating our green allocation proceeds with another eligible property.

2022 Ratings

SUSTAINALYTICS
a Morningstar company

Sustainalytics ESG Risk Rating

13.9% Low risk

(December 2022)

MSCI ESG RATINGS
CCC | B | BB | BBB | A | AA | AAA

MSCI ESG Rating

A

(27 January 2022)

Globalworth Square

Linking Our ESG Priorities to "People, Places and Technology":

Following the review of the sustainable development topics related to our business industry from international publications and relevant standards, we linked them to the relevant SDGs.

Safeguarding occupational health, safety and wellbeing	3 Good health and well-being
Safeguarding health, safety and wellbeing of those who work and visit the properties (tenants, visitors, contractors)	3 Good health and well-being
Generating and distributing direct and indirect economic value	8 Decent work and economic growth
Creating and retaining employment/Safeguarding diversity, inclusiveness and protecting human rights at work	4 Quality education; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
Promoting green buildings, improving buildings' energy efficiency and investing in green certifications	7 Affordable and clean energy; 11 Sustainable cities and communities; 13 Climate action
Safeguarding corporate governance, regulatory compliance and business ethics/Ensuring business continuity and emergency preparedness	8 Decent work and economic growth; 16 Peace, justice and strong institutions
Engaging and investing in local communities	2 Zero hunger; 3 Good health and well-being; 4 Quality education; 17 Partnerships for the goals

Environmental Review

Our "Places"

Consistent with our commitment to energy-efficient properties, during 2022 we certified or recertified 45 of the properties in our portfolio with BREEAM Very Good or higher certifications.

In January 2022, we certified Globalworth Square which obtained BREEAM Outstanding accreditation, with 99% scoring, placing the building in third place worldwide.

In addition, in Romania, we were able to improve the level of certification, from LEED Gold to LEED Platinum, for four buildings, three of which are part of our Green Court Complex and the fourth being City Offices.

Two buildings in Poland were environmentally certified for the first time during the year, with CB Lubicz accredited with BREEAM Excellent certification.

In total, 40 properties had their certifications updated during the year.

Overall, as of 31 December 2022, our combined standing portfolio comprised 53 green-certified properties, accounting for 88.4% of our standing commercial portfolio by value. BREEAM accredited properties account for 73.0% of our green-certified standing portfolio by value, with the remainder of properties being holders of other certifications (LEED Platinum or Edge).

We remain committed to our green goals, aiming for 100% of our commercial portfolio to be green accredited. We are currently in the process of certifying or recertifying 18 other properties in our portfolio, principally targeting BREEAM certifications.

In addition, in 2022, we maintained our policy of securing 100% of the energy used in our Polish properties and in our Romanian office portfolio from renewable sources. This represents a significant improvement from our base year 2019, where 40% of the energy used in our portfolio was from renewable sources. The switch to green energy is part of our broader preparatory actions for nZEB, which also involves other steps, including introducing intelligent metering and implementing FORGE for monitoring.

To further demonstrate that our properties provide safe and healthy places for corporates to operate and for people to visit and work in, in 2021 we engaged in a process to receive a WELL Health-Safety Rating in all our office buildings in Romania and Poland.

In 2022, we successfully certified all of our office buildings in Poland and recertified all those in Romania. The WELL Health-Safety Rating is an evidence-based, third-party verified rating for all new and existing types of building and space, focusing on operational policies, maintenance protocols, stakeholder engagement and emergency plans to address a post-COVID-19 environment now and into the future.

In September 2022, Globalworth obtained the European certification mark "access4you" for 10 of the office buildings in Bucharest. These are the first buildings to obtain such a certification in Romania.

As part of our ambitious ESG strategy, we are committed to contribute towards the global efforts to limit global temperature rise by reducing our direct and indirect greenhouse emissions in our operations and value chain. As such, in 2022, we performed a detailed review of how we can improve our footprint and we set our environmental target to reduce GHG emissions intensity by +40% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and we committed to measuring and reducing Scope 3 too. In setting this target, we used a science-based approach to align with a 1.5°C trajectory.

These targets were approved and validated by the globally recognised Science Based Targets initiative (SBTi), and will form key stepping blocks to enable Globalworth to deliver on its long-term strategy and ambition to become the first choice in sustainable real estate.

Our Performance

Impact area	Sustainability Performance Measures	Unit	2020	2021	2022
Energy	Building energy intensity	kWh/sqm/year	256.5	265.1	**236.6**
GHG emissions	Greenhouse gas (GHG) emissions intensity from building energy consumption (Scope 1 & Scope 2 Location based & Scope 3)	kg CO_2e/sqm/year	142.9	147.0	**112.8**
GHG emissions	Greenhouse gas (GHG) emissions intensity from building energy consumption (Scope 1 & Scope 2 Market based & Scope 3)	kg CO_2e/sqm/year	121.2	60.7	**31.9**

*Note: Scope 1 emissions from refrigerants will be available in the 2022 Sustainable Development Report.

Globalworth Square

Environmental Review continued

Focus on "Technology"

We are firm believers that technology has a positive impact on real estate, for both tenants and investors. As such, we invest directly and indirectly in selected opportunities and initiatives, including technology related venture capital funds.

Globalworth is currently participating in two venture capital funds, Early Games Venture and GapMinder Venture Partners.

- In 2018 we made a €2.0 million commitment to Early Games Venture, a venture capital fund, focused on innovative companies in Romania, co-funded by the European Regional Development Fund and funded through the Competitiveness Operational Programme (2014-2020). As of 31 December 2022, we have funded c. 75.0% of our total commitment.
- In 2019 we committed €2.4 million to GapMinder Venture Partners, the venture capital fund investing in IT Software and Services start-ups in Romania and Central Eastern Europe and in disruptive projects with regional, European and global ambitions. As of 31 December 2022, we have funded c. 79.2% of our total commitment.

Globalworth Square

In addition, in 2022 we continued with the implementation of several technology initiatives in our properties and are we are exploring several others. We hope that these could find further application in our portfolio in due course, thereby improving our services and performance. These include:

- Green energy solutions, which are at various stages of implementation in our portfolio, including solar photovoltaic panels converting solar energy to cover our buildings' requirements with green electricity and electric chargers to power vehicles in our properties.
- The Property App, which is focused on providing smart touchless solutions in the property, with emphasis on comfort, safer operation and efficiency, whilst preserving the same mandatory security standards which currently exist.
- "Virtual reception" and a visitors' management platform for a digitised, fast and easy to scale check-in process.

Social Review

"People": Our team and communities

Our Team

Our most important asset is our team of dedicated professionals, who have been selected by employing the best available candidate for each and every position, regardless of gender, ethnic group or background.

Over the past few years, this team has been working under exceptionally challenging circumstances (the COVID-19 pandemic and the war in the Ukraine). Throughout, however, they have all maintained a positive attitude, together with resilience, commitment and efficiency, and have been offering premium services to our partners, efficiently managing our high-quality portfolio, facilitating growth and creating value for our shareholders and stakeholders.

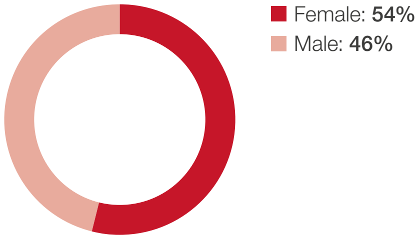
One of our key objectives is for our team to meet the highest standards, and to achieve this (through our Human Resources teams in Romania and Poland), we organise a series of in-house and third-party led training programs, designed to improve our team's skillset, knowledge, operational experience, and interaction with our stakeholders.

Our approach starts with transparent recruiting, an orientation program for new employees, continuous staff support and consulting, training, regular feedback sessions and annual performance appraisals.

All our team members also receive a wide array of benefits that include, inter alia, private health insurance, and experience and sport activities vouchers.

At the end of 2022, our team comprised 260 professionals, most of whom are based in our two main offices in Warsaw and Bucharest. Team members are also located in regional cities in Poland and Romania, Cyprus and the UK.

Gender Diversity



Our Communities

We view our role as increasingly responsible towards the people who work at and visit our properties and the broader community of which we consider ourselves to be an integral part.

Our significant footprint in Poland and Romania, where we are present with over 1.4 million sqm of high-quality space and an additional +104.8k sqm under construction or refurbishment/repositioning, creates this responsibility for us. Our communities include more than 200k daily workers in / visitors to our properties under normal conditions, with the lives of many more people in the broader community also being touched.

Globalworth, independently and together with the Globalworth Foundation, contributed to our community through our personal time, spaces and financial resources (+€370k). We were able to directly or indirectly support over 20k people by participating in more than 25 initiatives in Romania and Poland.

In 2022, we considered our most important contribution, the humanitarian relief support we provided in response to the war in the Ukraine under the SPACE FOR UKRAINE motto, which included offering 14.9k sqm of space in our portfolio in Romania and Poland.

The spaces accommodated refugees and provided them with related logistical support, and for depositing and sorting donations. Our spaces were operated by local authorities, such as the City of Warsaw and the City of Bucharest and NGOs, such as the Red Cross Foundation and Geeks for Democracy.In Romania, we offered two office floors in our BOB office in Bucharest which could host up to 700 refugees, and a logistics space in the Chitila Logistics Hub where donations will be stored and sorted before reaching those in need. In Poland, the Warta Tower office building hosted up to 500 refugees.

Other initiatives included the "2031 NOW - our cities in 10 years" (Igloo Association), the "Butterfly Trail" (Vacaresti Natural Park Association), the "Globalworth Green Urban Robohackathon" (Nextlab.tech - CyberKnowledgeClub Association) and the Poland Business Run (Poland Business Run Foundation).

We are pleased that our communities and peers recognised our, and the Globalworth Foundation's, initiatives with several awards received, including the CSR Community Index award, the Gold Recognition for the best practices in community investment, for the program Hi-Tech Learning Center at the category Tech 4 Good.

We participated in programmes such as "2031 NOW - our cities in 10 years" (Igloo Association), "Butterfly Trail" (Vacaresti Natural Park Association), "Globalworth Green Urban Robohackathon" (Nextlab. tech - CyberKnowledgeClub" Association), "Blood Donation" (Ultrakrew), Poland Business Run (Poland Business Run Foundation), "Royal Charity Concert" (The Royal Margaret Foundation of Romania). Overall 20k people were directly or indirectly supported by the initiatives we participated in.

Our, and the Globalworth Foundation's, initiatives have been recognised with several awards being bestowed, including the CSR Community Index award, the Gold Recognition for the best practices in community investment, for the program Hi Tech Learning Center at the category Tech 4 Good.

Governance Review

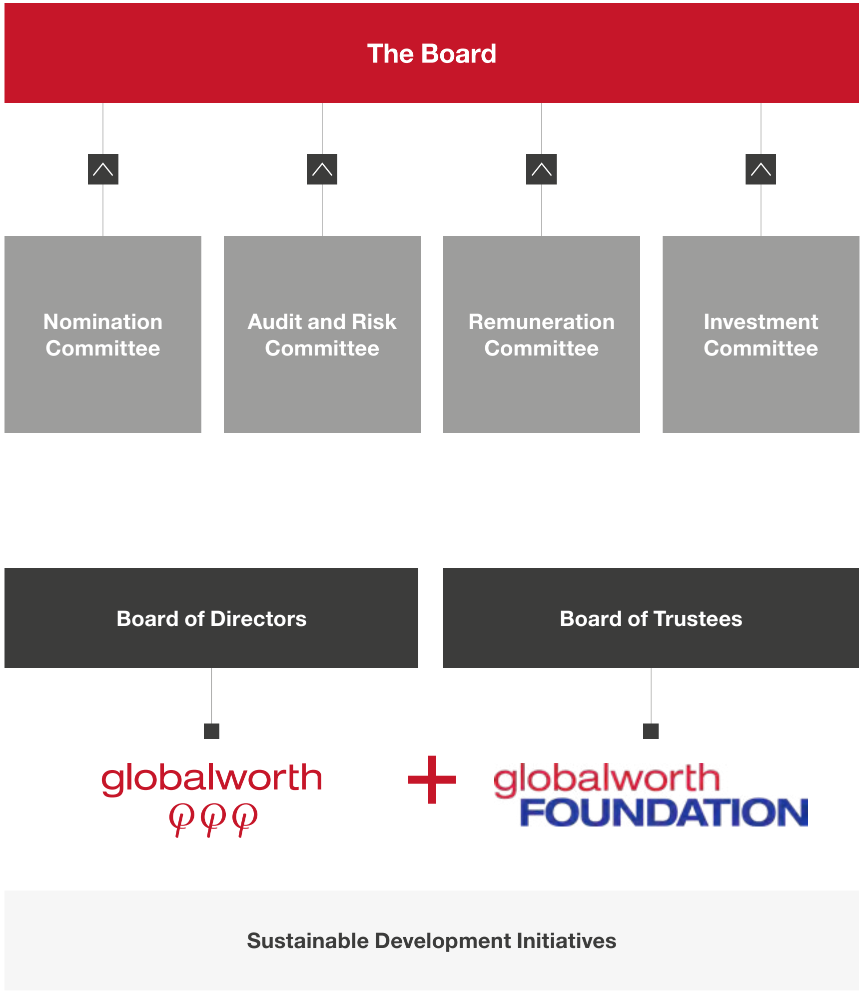
Committed to the highest standards of governance

The Group is committed to the highest standards of governance and, during 2022, adopted the QCA Code of Corporate Governance for the year ending 31 December 2022 onwards. The QCA Code is the governance code applied by the majority of AIM-listed companies.

Ensuring that an effective corporate governance framework is in place gives confidence to our shareholders and other stakeholders that the Board and the Group are committed to providing high governance standards.

We are pleased that due to our efforts in 2022, there were:

- No confirmed incidents of corruption, and no actions were taken
- No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
- No substantiated complaints concerning breaches of customer privacy and losses of customer data



Note: Additional information on the performance of the various Committees in 2022 is available in the Governance section.

Principal Risks and Uncertainties

Effective management of our risks

Globalworth's Risk Management Framework

The Board, represented by the Audit and Risk Committee, is responsible for establishing and maintaining the Group's system of internal control and for maintaining and reviewing its effectiveness. However, on a day-to-day basis risk is managed by each business unit within the Group's risk management framework.

Risk management is embedded within our strategy and culture and plays a significant role in the achievement of our business objectives. However, we believe that we have a conservative risk approach as we only accept risks associated with the nature of our business activities.

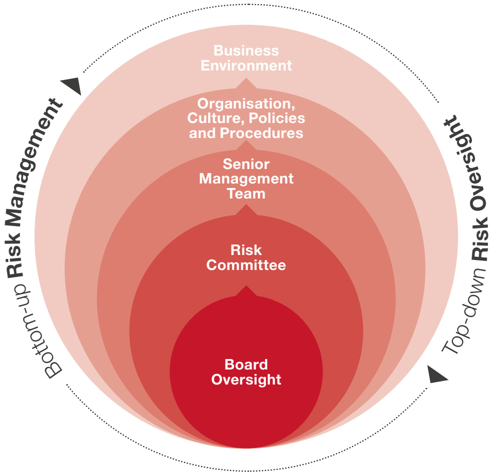
Moreover, the continuous strengthening of risk management is a key element in creating a sustainable business and delivering attractive risk-adjusted returns to our shareholders and value to other stakeholders as part of profitable and sustainable growth.

Our risk management framework and related processes focus on the identification, evaluation, formulation of response, monitoring and reporting on identified principal and other financial and non-financial risks, as well as the identification of emerging risks, as explained in further detail in this section of the report.

Our risk management strategy does not focus on eliminating risk entirely, but instead on striking an appropriate balance between managing our risks and maximising return from our business opportunities, ensuring a viable, profitable and sustainable business under normal and stressed market conditions.

Our risk management approach includes a bottom-up risk management process as well as a top-down risk oversight process, as outlined in the following diagram.

Risk Oversight



Identify

The Board and the Audit and Risk Committee have encouraged the risk ownership concept by business units. Therefore, as part of the bottom-up risk management process, individual business units within our Group are responsible for identifying the risks related to their activities. Identified risks are elevated to the Audit and Risk Committee for overview, comments and feedback.

The risk identification process is complemented by the top-down approach, where the Board and the Audit and Risk Committee, through the setting and approval of business strategy, identify potential additions to risks identified by business units, or emerging risks which are being cascaded down to business units for further assessment.

As part of the process of identification of risks, emerging risks are considered annually and risks that are identified but not assessed as principal risks are still evaluated and monitored. An example of such emerging risks in recent years is associated with the changes in tenants' requirements for flexible, sustainable/green efficient and technologically advanced buildings. Details on actions taken continuously by our Group in these areas are provided on pages 60 to 64 of the Annual Report and in the separate sustainable development report for year 2021 which is available on our website.

As in the prior year and following a careful assessment of the potential threats and impacts that the pandemic may have on our business and its operations, we have increased the level of risk on three of the already identified principal risks, namely: market conditions and the economic environment in which we operate; our counterparty credit risk; and availability of financing. No further changes were considered necessary for the year ended 31 December 2022.

In addition, the Audit and Risk Committee continued the frequent communication with the Board and management in order to continue to manage collectively and swiftly risks as these are identified and communicated.

Evaluate

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

Respond

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

- avoid (eliminate, withdraw from, or not become involved in);
- control (optimise – mitigate);
- sharing (outsource or insure); and
- retention (accept and budget).

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

Risk management by the business units is embedded in the culture of our Group and how policies and procedures are put in place.

Monitor

The initial risk management strategy may not address all issues as expected.

The Executive Management and the Audit and Risk Committee encourage the escalation by business units of risk related matters that may arise from time to time. This is complemented by the oversight of the Audit and Risk Committee, which discusses the risk framework and makes its recommendations to the Board, as considered necessary.

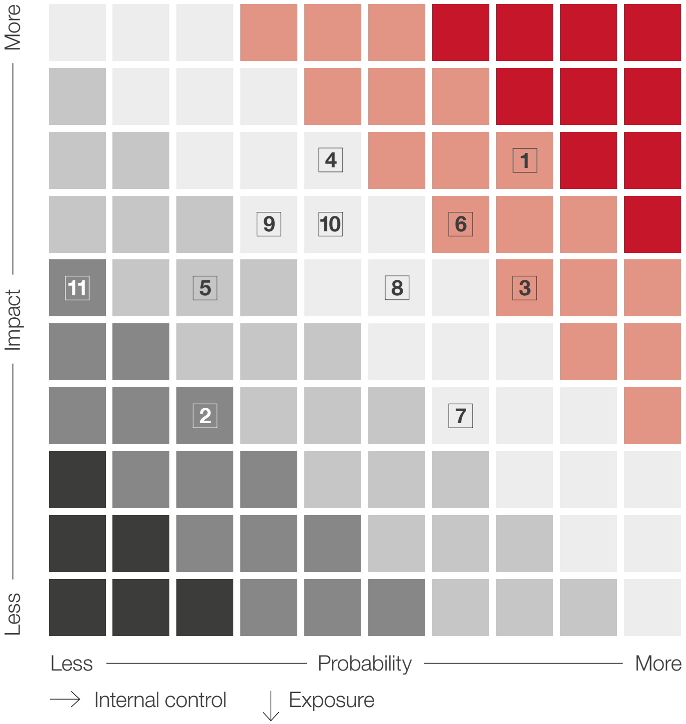
Following reporting by the Audit and Risk Committee, the Board reassesses, at each quarterly meeting, whether the previously selected controls are still applicable and effective, and the possible risk level changes in the business environment.

In addition, since the emergence of the COVID-19 pandemic, and in part due to the urgency of such risk management, there has been frequent and extensive communication between Executive Management and the whole Board regarding the monitoring of risks related to, or affected by, the pandemic.

The Audit and Risk Committee performs an assessment of the internal controls of the Group, which has been in place for the financial year ended 31 December 2022 and up to the date of approval of the Annual Report and Accounts, and in particular the controls over the most significant financial reporting risks.

This review was facilitated through the submission by the Company's Chief Financial Officer of the updated report on controls over identified significant financial reporting risks, as prepared by management. Following its review, the Audit and Risk Committee concluded that the related internal control environment is adequate considering the current size and activities of the Company.

Principal Risks and Uncertainties continued



Business Environment Risks

1 Market Conditions and the Economic Environment, particularly in Romania and Poland

2 Changes in the Political or Regulatory Framework in Romania, Poland or the European Union

Property Portfolio Risks

3 Execution of Investment Strategy

4 Valuation of Portfolio

5 Inability to Lease Space

6 Counterparty Credit Risk

7 Sustainable Portfolio Risk and Response to Climate Change

Financial, Financing & Liquidity Risks

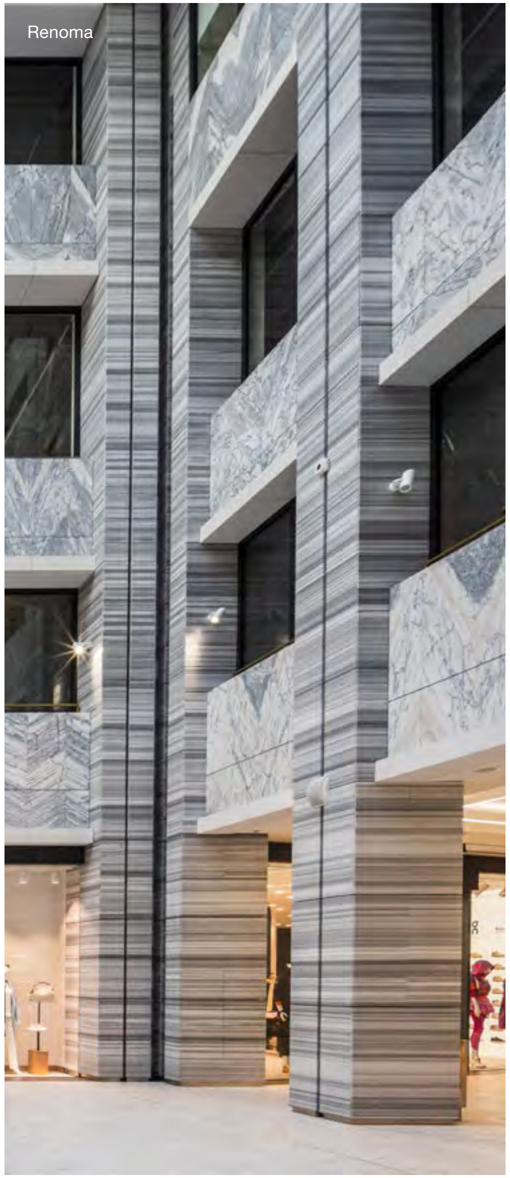
8 Lack of Available Financing and Refinancing

9 Breach of Loan Covenants

10 Changes in Interest and Foreign Exchange Rates

Regulatory Risks

11 Compliance with Fire, Structural, Health and Safety or Other Regulations



Report

The Group presents the principal risks profile on pages 60 to 64 of the Annual Report.

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

The probability of risk occurrence is, by nature, difficult to estimate. Likewise, the impact of the risk, in isolation, is estimated based on the Executive Management's past experience in the real estate industry. Further, both the above factors can change in magnitude depending on the adequacy of risk avoidance and prevention measures taken and due to changes in the external business environment.

Further details on our principal risks are outlined below, linking each risk to our strategic objectives, and explaining our risk mitigation strategies and the rationale for change in risk during the year.

Key

The following key is used in the table below to highlight the changes in risk exposures during the year ended 31 December 2022:

▲ Risk exposure has increased in the current year.

▼ Risk exposure has reduced in the current year.

◀▶ No significant change in risk exposure` since prior year.

Strategic Objectives:

Strengthen our position as the leading investor and landlord in our core markets.

Enhance value of existing investments.

Maintain an efficient and flexible capital structure.

De-risk portfolio.

Investment in sustainable environment & communities.

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Business Environment Risks			
1 Market Conditions and the Economic Environment, particularly in Romania and Poland			
	Negative trends in economic activity, and specifically the real estate markets in Poland and Romania, may affect occupier demand, rental rates and investment valuation in respect of the Group's properties.	The Group is focused on leasing to multinational groups with either moderate exposure to developments in the Polish and Romanian economies and/or with very sound financial standing. The Group also focuses on signing long-term lease agreements with financially sound tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to maintain and improve sustainable revenues.	
2 Changes in the Political or Regulatory Framework in Romania, Poland or the European Union			
	The Group focuses on property investments in Poland and Romania, and is therefore exposed to political and regulatory framework changes that may impact activities in these markets. Adverse changes in taxation provisions and approach of the tax authorities in the jurisdictions the Group's legal entities operate in may negatively affect its net results.	The Group monitors political or regulatory developments in Poland and Romania through its own resources and third-party information. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations. Management believes that both economies continue to have a stable outlook for the medium to long term. The Group, through the Executive Management, the Group Head of Tax and engaging third-party specialist tax advisers on a regular basis in all the jurisdictions where its legal entities operate, monitors very closely the upcoming changes in taxation legislation and ensures that all steps are taken for compliance and tax efficiency of its Group structure. Through regular tax compliance monitoring and conservative policies in this area the Group ensures that the risks associated with potential additional, unexpected tax assessments are minimised. Moreover, the Group is closely monitoring its compliance with changes in EU member states' legislation (mainly for Poland, Romania and Cyprus). Even though there have been significant changes in the Polish and Romanian corporate taxation legislation in recent years, these changes were in line with the EU anti-tax avoidance directive, which is an EU political priority, as opposed to specific initiatives in the countries where the Group operates.	

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks			
3 Execution of Investment Strategy			
	Poor execution of the Group's strategy of investing in high-quality properties at sufficiently attractive valuations would affect the Group's objective of maximisation of NAV and EPS. In addition, inability to deliver pre-leased office space to tenants by the agreed dates due to delays caused by contractors or their possible default could lead to potential cost overruns, penalties and loss of revenues.	The Group's management team have a proven track record of acquiring high–quality properties, most of them at a discount to their fair market values. The team remains in close contact with leading European real estate specialists with presence in its market of focus so as to get immediate access to potential opportunities. The team takes the lead in negotiations with the sellers of properties and puts in place safeguards (involvement of legal, financial, tax and technical third-party reputable and experienced due diligence advisers) and ensures related agreements are concluded within a short period of time. Risks for delay in completion of properties under development are passed on to the main contractors with whom fixed-cost turnkey contracts are signed and from whom good execution guarantees are received. A portion of amounts payable to them, usually ranging from 5% to 15% of contracted value, are retained from the contractor's monthly certified works until after the successful completion of the construction works. Only experienced, reputable and financially sound contractors are selected for the construction of properties under development, which are supervised by our project management teams in Romania and Poland. Further, significant penalties are stipulated in the related construction contracts to minimise any loss due to the delayed completion of the development works.	

Strengthen our position as the leading investor and landlord in our core markets

Enhance value of existing investments

Maintain an efficient and flexible capital structure

De-risk portfolio

Investment in sustainable environment & communities

Increased

Reduced

No significant change

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks continued			
4 Valuation of Portfolio			
	Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group. Changes in occupational trends (e.g. requirement for more flexible space and building management technologies) can impact future revenue generating capacity and hence impact the valuation of properties.	The Group involves reputable third-party valuation specialists to measure the fair value of the investment property portfolio at least twice a year. Management closely monitors the valuation approach for each of its properties and the assumptions used in the valuation. The Group strives to preserve and enhance property values through its property management and leasing initiatives, and where applicable its development strategy. In addition, our property development and leasing strategy anticipates the future needs of our tenants, especially those experiencing continuous growth and additional lease area requirements. Our Group has also initiated an investment programme in the latest building management technologies for upgrading its existing buildings and consequently the services offered to its tenants.	

Strategic Objective	Impact	Mitigation	Change from prior year
5 Inability to Lease Space			
	Potential loss of revenues leading to inability to maximise the EPS and FFO available for distribution of dividends to shareholders. Vacancy contributes to higher unrecoverable costs due to no service charge income. Potential departure from market norms and rates as regards to headline rent and incentives to be provided to new and existing tenants in order to secure new leases or extension of existing leases.	The Group has a proven ability to attract tenants to its properties even before the inauguration of the construction works for properties under development. The Group maintains a relatively low level of vacant space on completed properties, through the effective management of its portfolio, by its very experienced leasing and asset management teams based in Poland and Romania. In addition, the leasing teams cooperate closely with leading real estate specialists in their respective local markets to access new opportunities. The Group's Leasing Policy ensures that the key terms offered in new and/or extended lease agreements comply with the procedures established in order to prevent any significant departure from market norms and rates.	
6 Counterparty Credit Risk			
	Loss of income may result from the possible default of tenants. Possible loss of deposits held with banks.	The Group has a diversified tenant base (over 690 tenants), the vast majority of which are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements. During 2022 the Group continued to strengthen its Asset and Property Management teams in Poland and Romania, including resources dedicated to active monitoring of timely collections from tenants. In accordance with the Group's Treasury Policy guidelines, over the short term and until used in property investments, cash is placed with banks with investment grade rating and any exceptions to this must be approved by the Executive Management and the Board.	

Strengthen our position as the leading investor and landlord in our core markets | Enhance value of existing investments | Maintain an efficient and flexible capital structure | De-risk portfolio | Investment in sustainable environment & communities

Increased | Reduced | No significant change

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks continued			
7 Sustainable Portfolio Risk and Response to Climate Change			
	Overall impact on our portfolio and business due to: • Increase in service charges affecting attractiveness of our properties to tenants and thus profitability of our portfolio. • Reduce the quality of working conditions for the people working in or using our properties. • Increase maintenance requirement of our properties affecting the long-term sustainable value of our portfolio. • Changes in tenants' requirements for sustainable green efficient and technologically advanced buildings may lead to loss of current or potential new tenants to competition.	The Group is committed to responding to the effects of climate change and its Sustainability Policy covers the impact of the Group's operations and processes, the long-term environmental performance of the properties owned and developed, as well as the reduction of energy consumption and greenhouse gas emissions. The Group, therefore, actively invests in properties which are either certified as environmentally friendly or have the potential to be classified as such following our own initiatives. Globalworth principally targets properties which have BREEAM Very Good/LEED Gold or higher green certification or the potential to achieve this, and at the end of 2022 had 53 standing green certified properties, accounting for 89.8% of its standing commercial portfolio by value. As part of our ambitious ESG strategy, in 2022, we set our environmental target to reduce GHG emissions intensity by +40% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and we committed to measuring and reducing Scope 3 too. These targets were validated by the globally recognised Science Based Targets initiative (SBTi), and will form key stepping blocks to enable Globalworth to deliver on its long-term strategy and ambition to become the first choice in sustainable real estate.	No significant change

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks continued			
7 Sustainable Portfolio Risk and Response to Climate Change continued			
		Moreover, the Company conducted a climate change transition and physical risks and opportunities assessment, across its value chain, in alignment with TCFD recommendations. The results of the risk assessment have influenced its strategic decisions and the Company is now working on the development of a low carbon transition plan. The Company recognises that climate change and extreme weather events such as extreme temperatures, extreme winds, floods, sea level rise etc., might pose an extra challenge to the value chain, from upstream to downstream, leading to higher costs and interruptions, disruptions or accidents in the facilities and business operations. In May 2022 and in line with our commitment as part of the issue of our inaugural €400 million Green Bond financing in July 2020, we issued our "2021 Green Bond Report" which received independent limited assurance from EY on the allocation of the net proceeds. At the end of May 2022, the Group entered into a six-year term unsecured green loan agreement for €85 million with IFC based on a Green Loan Framework which is in accordance with the Loan Market Association ("LMA")'s Green Loan Principles 2021.	No significant change

Strategic Objectives:
- Strengthen our position as the leading investor and landlord in our core markets
- Enhance value of existing investments
- Maintain an efficient and flexible capital structure
- De-risk portfolio
- Investment in sustainable environment & communities

Change from prior year:
- Increased
- Reduced
- No significant change

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks			
8 Lack of Available Financing and Refinancing			
	This would negatively affect the Group's ability to execute, to the full extent, its investment plan, maintain an optimal capital structure, and potentially make refinancing of maturing debt difficult.	The Group's management team holds frequent meetings with current and potential equity and debt investors, as well as continuous discussions with leading global, European, and local institutions in connection with its financing requirements. Since admission, the Group has raised c.€5 billion in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries, as well as available facilities) to meet its financing requirements. These fundraisings have been undertaken at various times, when the Group has been unrated/non-investment grade and when it has been investment grade rated by one or more of the major rating agencies. Whilst an investment grade rating is beneficial, we do not consider any change in the rating of the Group would materially impact its ability to finance its activities in the future. It is also noted that the Group also has no significant debt maturity until April 2024. In addition, as part of the €1.5 billion EMTN programme entered into in March 2018 the Group has €0.55 billion available for the issuance of additional bonds and €0.3 billion available to be drawn under loan agreements with banks.	

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks			
9 Breach of Loan Covenants			
	A breach may negatively affect the Group's relationship with financing banks, may have going concern implications, and affect, negatively, its ability to raise further debt financing at competitive interest rates.	The Group monitors on a regular basis its compliance with debt covenants and follows a conservative financing policy, ensuring that sufficient debt covenants headroom is available.	

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Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks continued			
10 Changes in Interest and Foreign Exchange Rates			
	Additional financing costs may be incurred as a result of interest rate increases. Forecasting financing costs could become less accurate. Significant fluctuations, especially in the Polish Zloty to Euro and the Romanian Leu to Euro exchange rates, may lead to significant realised foreign exchange losses.	The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed rate, longer-term financing, as depicted by the fact that out of the outstanding debt at 31 December 2022 which has a weighted average period to maturity of 3.3 years (31 December 2021: 3.5 years), 80.7% bears fixed interest rates and 4.1% of debt facilities are hedged through interest rates caps. As a result, the impact of possible increases in interest rates for the medium term is significant on the finance cost. The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in interest rates and strives to hedge the Group's exposure to rising interest rates by using fixed-variable interest rate swap and interest rate cap instruments. The Group continuously explores financing and refinancing options so as to diversify and potentially reduce its average debt financing costs. The Group's exposure to negative realised foreign exchange fluctuations is limited to cases where the date invoices are issued to tenants or received from contractors and suppliers and the date of their settlement differ significantly. The limited exposure to foreign exchange fluctuations is due to the fact that the pricing in all major contracts entered into (with tenants and contractors/suppliers) is agreed in Euro, hence providing for a natural cash flow hedge to a large extent. The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in the Polish Zloty to Euro and the Romanian Leu to Euro exchange rates and strives to minimise the period between the issuance and settlement of invoices to tenants and by its contractors/suppliers and the potential related, realised foreign exchange losses that may result.	Increased

Strategic Objective	Impact	Mitigation	Change from prior year
Regulatory Risks			
11 Compliance with Fire, Structural, Health and Safety or Other Regulations			
	Non-compliance with related regulations in Poland and Romania may affect our reputation with existing and potential tenants. It may lead to loss of right to operate our properties, and may also lead to severe legal implications for the directors of the property-owning subsidiaries.	The Group has a specialised department dealing on a daily basis with matters related to compliance with such regulations in Poland and Romania, where the Group's properties are located. Apart from in-house expertise, the Group also engages external consultants, when required, on specialised matters related to its compliance with these regulations. Appropriate actions are taken as soon as a potential threat for non-compliance with such regulations is identified.	No significant change

Strategic objectives: Strengthen our position as the leading investor and landlord in our core markets; Enhance value of existing investments; Maintain an efficient and flexible capital structure; De-risk portfolio; Investment in sustainable environment & communities

Increased | Reduced | No significant change

Introduction to Governance

Letter from the Chair of the Board

> **Looking ahead, we are well prepared for the challenges that are coming.**
>
> **Martin Bartyzal**
> Chair of the Board

This has been my first full year in post as Chair of the Board, following the overall Board changes at the end of 2021.

Integrating the Board was our first task. It has been a pleasure to get to know the newer Non-Executive Directors and to lead the Board, overseeing its agenda and focus on key operational and financial issues.

As COVID restrictions fell away, the Board was able to meet with management in person on a regular basis and we were also able to visit the Group's assets in both Romania and Poland. In this regard, we are back to pre-COVID normality.

Dimitris Raptis stepped down as CEO and a member of the Board on 31 December 2022. We are delighted that he will continue to support Globalworth in an advisory role. On behalf of the Board, I'd like to express our thanks and appreciation to him for his drive and dedication over the past 10 years. He has played a key role, especially over the last few challenging years, in delivering resilient performance and in shaping Globalworth's plans for the future. He has also helped to nurture a first-class management team that is now strongly placed to take the business forward, under the stewardship of the new CEO Dennis Selinas.

Dennis took over as CEO on 1 January 2023, having joined the Board as an Executive Director on 21 November 2022 to ensure a smooth handover. His extensive background in CEE property and finance is the right fit for the Company and will be vital to strengthening its dominance in the office market. On behalf of the Board, I would like to welcome Dennis to his new role.

We also welcomed Stamatis Sapkas as our new CFO on 1 May. The Board and I would like to thank his predecessor Andreas Papadopoulos for his invaluable contribution to Globalworth during his tenure as CFO.

As part of our ongoing streamlining of processes, we recombined the separate Audit Committee and Risk Committee into a single Audit and Risk Committee. This is more typical of an AIM-listed company. The Audit and Risk Committee is chaired by Andreas Tautscher. I'd like to thank the former Chair of the Risk Committee, David Maimon, for continuing as part of the merged committee.

With strong governance at the front of the Board's mind, we have adopted the QCA Code of Corporate Governance (the "QCA Code") and are reporting against it for 2022 and future years. When considering its adoption, the Board noted that most AIM-listed companies apply the QCA Code. The Board also took into account the QCA Code's approach to corporate governance – its main goal is to ensure company boards are set up to make robust decisions and manage risk. This means making sure "the right people are in the right roles, working together, and doing the right things to deliver value for shareholders as a whole over the medium to long term". This mantra is integral to Globalworth's approach to governance.

While there has been change in the Company's leadership and the organisation of the Board, the Company's position as the leading office investor in Central and Eastern Europe has remained steady.

That said, during the year 2022, there have been significant events outside our control.

The war in Ukraine has loomed large over Eastern Europe. Both our markets – Poland and Romania – share a border with Ukraine, and the war has caused huge uncertainty.

We are also facing a challenging economic outlook for Europe, with rising inflation, increasing interest rates and the global energy crisis.

The COVID pandemic has changed the pattern of office use. While many companies would prefer their workers back together in person, office use is not back to 100% of pre-pandemic levels. Whilst occupancy levels are largely holding up, we know that companies may be reviewing their needs. We have therefore begun a programme of upgrading properties to help encourage the continued return of employees to the office.

Globalworth's response to the war and the overall economic picture underlines our integrity, strength and resilience.

I am proud to say that we undertook several initiatives to provide shelter for Ukrainian refugees. More information on these initiatives can be found in the section on "Our Communities" on page 56 of this Annual Report.

Financially, we were well-prepared for the economic conditions. We were able to use existing cash resources to repay a Eurobond debt that matured in June. The Chair of our Audit and Risk Committee, Andreas Tautscher, gives more detail about this and our strong debt and cash position on page 74.

Our strategy going forward is to consolidate our position, strive for operational excellence and look for further opportunities to create value for our shareholders. Before the pandemic, we had already begun to diversify into logistics properties, investing in projects in specific key locations in Romania. We are further evolving this strategy, while also investing in upgrading our office spaces.

Introduction to Governance continued

Letter from the Chair of the Board continued

As part of this, we are showing leadership on sustainability and addressing climate change. The European Union is tightening environmental regulations, but we are also driven by our customers' needs, and our determination to be good corporate citizens. In this regard, in December we announced our commitment to further reducing our real estate portfolio's carbon footprint by 2030 and used a science-based approach to set our targets.

The overall expectation is that the challenges will persist in 2023.

Our top three priorities are therefore financial stability, operational excellence and maintaining the flexibility to react nimbly where we see opportunities.

We draw great strength from the continuing support of our three large, reputable shareholders, and we are always mindful of our obligations to all our shareholders as well as our wider stakeholders.

As a Board, we would like to add our thanks to all our employees for their hard work navigating the COVID pandemic, and for their outstanding efforts to help Ukrainian refugees.

Looking ahead, we are well prepared for the challenges that are coming, and we will continue to work to maintain our resilience during the difficult times.

Martin Bartyzal
Chair of the Board

Introduction to Governance continued

Corporate Governance Report

The Directors support high standards of corporate governance. During 2022, the Board formally decided to apply the QCA Code of Corporate Governance (the "QCA Code") for the year ending 31 December 2022 onwards. In reaching this decision, the Board took into account that the majority of AIM-listed companies apply the QCA Code and also noted that the QCA's approach to good corporate governance is about ensuring that the board of a company is set up to make robust decisions and manage risk. As such, the Group's commitment to strong corporate governance and risk management remains central to the business.

Board of Directors

Introduction

In October 2022, the Board of Globalworth and Dimitris Raptis agreed for Mr Raptis to step down from his role as Chief Executive Officer ("CEO") and as a member of the Board with effect from 31 December 2022. Dennis Selinas joined the Company as an Executive Director with effect from 21 November 2022 and took over as CEO of Globalworth from 1 January 2023.

As at 31 December 2022, the Board comprised the Chair, who is an independent Non-Executive Director, one Executive Director and eight other Non-Executive Directors (of which six are considered to be independent within the meaning of the QCA Code).

Board Activities During 2022

During the year, the Board's activities included:

- Monitoring 2022 performance against the approved budget.
- Approving the 2021 Annual Report and Accounts and determined they were fair, balanced and understandable.
- Approving the 2022 half-year results.
- Approving the declaration of interim dividends in accordance with the Articles.
- Approving the 2023 budget.
- Reviewing the status of the principal risks and progress with the implementation of any mitigation plans.
- Receiving regular reports from Chairs of the Committees on matters discussed.
- Receiving updates on regulatory developments.
- Reviewing the Board composition and annual evaluation process.
- Approving the CEO succession plans.

Chair

The Chair of the Board is Martin Bartyzal.

Senior Independent Director

Andreas Tautscher holds the role of Senior Independent Director.

Directors

Directors' Duties and Responsibilities

The roles of Chair and Chief Executive are separate. The Chair leads Board meetings and Board discussions and has responsibility for the Board's overall effectiveness in directing the Company and corporate governance. The Chief Executive is responsible for the achievement of the Group's strategic and commercial objectives, within the context of the Group's resources and the risk tolerances laid down by the Board.

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

Each of the Directors is committed to their role and has sufficient time available to meet their Board responsibilities. The Board periodically reviews its policies, processes, information, time and resources to ensure that it is able to function effectively and efficiently.

Details on the profiles and experience of the Executive and Non-Executive Directors are set out on pages 70 to 71 of the Annual Report.

Committees of the Board

In April 2022, Board resolved to recombine its separate Audit Committee and Risk Committee into a single Audit and Risk Committee, which is more typical of an AIM-listed company.

The other committees of the Board are the Remuneration Committee, the Investment Committee and the Nomination Committee.

The composition of the (combined) Audit and Risk Committee is Andreas Tautscher (Chair), Daniel Malkin, Richard van Vliet and David Maimon. The composition of all other Board Committees remained unchanged during the year.

The composition and the terms of reference of each of the Audit and Risk, Remuneration, Nomination and Investment Committees, and their work during the year, are provided in the respective reports for each Committee on pages 74-83 of the Annual Report. Committee meetings may be attended by non-members by invitation from the relevant Chair. Attendance by non-members is recorded in the relevant Committee minutes.

Committee meetings of the Board are convened, when appropriate, to approve ad hoc matters between quarterly Board meetings, subject to authority levels, and comprise any two Directors (of which one should always be independent and the majority of which must not be resident in the UK for tax purposes).

Stakeholder Engagement

A report on shareholder communications is considered at each quarterly Board meeting. Regular trading updates are posted on the Company's website with commentary on significant events in the evolution of the Company's portfolio and performance.

The Company's senior management and its broker maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members – led by the Chair – are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting (AGM). The Company Secretary is available to answer general shareholder queries at any time during the year.

The Board monitors activity in the Company's shares.

Collectively, the team commits considerable energy to planning and implementing the asset management of each of our assets to ensure that our buildings remain suited to our tenants' needs both today and in the future. We believe that being a good landlord is about creating great communities for our tenants and other users. We consider investment in energy-efficient properties as a business advantage, as it allows us to give back to local communities, our investors, our tenants, our partners and the people who work in or live nearby our buildings:

- local communities benefit from reduced carbon emissions generated from the use of the property.
- our tenants benefit from lower energy costs, positively impacting the profitability of their operations.
- those working in our buildings benefit from improved conditions thanks to temperature control and better flow and quality of air (which can also lead to improved productivity).
- our partners benefit by assisting us to develop, maintain and operate a green portfolio according to the respective specifications of each property.
- our investors benefit through the creation of long-term sustainable value in the portfolio.

Introduction to Governance continued

Corporate Governance Report continued

With regard to the Globalworth workforce, we encourage open and constructive discussions throughout the Group and operate a regular employee survey, the results of which help us understand how we can best provide a supportive workplace with career opportunities that enrich experience, develop skill sets and promote wellbeing.

We also have regular town hall meetings and hold off-site team building events from time to time to which all employees are invited.

Workforce Policies and Practices

The Company is committed to conducting its business in an ethical manner, with integrity and in line with all relevant laws and regulations. The Group has in place a number of policies and procedures including policies and training on anti-bribery and corruption, whistleblowing, information security and GDPR. All employees are made aware of the Group's policies on employment and this understanding is refreshed on no less than an annual basis. Employees also receive training appropriate to their roles and responsibilities throughout the year. During the year, and in line with the Board's commitment to high standards of integrity compliance, the Board reviewed the Group's written policies and procedures to ensure they remained proportionate and appropriate.

Board Meetings and Directors' Attendance

The number of meetings of the Board of Directors attended by each Director, as applicable, during the year ended 31 December 2022 is set out in the table to the right.

Director	Quarterly Board Meetings	Ad-hoc Board Meetings	Board Meetings (Total)
Dimitris Raptis	4/4	8/8	**12/12**
Dennis Selinas	1/1	8/8	**9/9**
Martin Bartyzal	4/4	8/8	**12/12**
Andreas Tautscher	4/4	8/8	**12/12**
Piotr Olendski	4/4	8/8	**12/12**
Norbert Sasse	4/4	8/8	**12/12**
Richard van Vliet	4/4	8/8	**12/12**
George Muchanya	4/4	8/8	**12/12**
David Maimon	4/4	8/8	**12/12**
Daniel Malkin	4/4	8/8	**12/12**
Favieli Stelian	3/4	8/8	**11/12**
Total Number of Meetings	**4**	**8**	**12**

Where a Director was unable to attend a Board meeting, they were separately briefed on the business of the meeting and provided any views beforehand.

Board Induction, Training and Development

On joining the Board, new members receive an induction on their appointment to the Board which covers the activities of the Group and its key business and financial risks, the terms of reference of the Board, and its Committees, Group integrity compliance policies and practices and the latest financial information about the Group. The Board ensures that they keep their skills up to date. They are made aware of accounting, regulatory, governance and GDPR changes via papers to the Board, presentations and external documents. An annual review of compliance with the AIM Rules is also performed.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary reports directly to the Chair on governance matters.

Directors are also entitled to seek independent advice in relation to the performance of their duties at the Company's expense, subject to having first notified the Chair.

Nomination Committee and Board Evaluation

The Nomination Committee consists of three independent Non-Executive Directors and, is chaired by Daniel Malkin. The purpose of the Committee is to consider the composition, skills and succession planning of the Board. The Consortium, through its ownership of Zakiono and Growthpoint Properties Ltd, has the power, as set out in the Articles, to appoint a certain number of Directors.

During 2022, the Board of Globalworth and Dimitris Raptis agreed for Mr Raptis to step down from his role as Chief Executive Officer ("CEO") and as a member of the Board with effect from 31 December 2022, continuing in an advisory role to allow time for a handover period to the incoming CEO. Dennis Selinas joined the Company as an Executive Director with effect from 21 November 2022 and took over as CEO of Globalworth from 1 January 2023.

The Board formally considers on an annual basis its effectiveness as a Board: its composition, diversity and how effectively members work together to achieve objectives. As part of this evaluation, it considers the combination of skills, experience and knowledge in relation to both the Board itself and also its Committees. The Board considers that it has an appropriate balance of skills and experience in relation to the activities of the Company. The Chair evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The performance and contribution of the Chair is reviewed by the other Directors. This formal evaluation is conducted by the Company Secretary circulating questionnaires seeking quantitative and qualitative feedback and reporting the outcomes to the appropriate Board members.

An evaluation of the performance of the Board members has been undertaken. The performance of the Chair of the Board was also evaluated by the other Directors. The result of the evaluation carried out was that all Directors' performance is in line with the expectations set out at the point of their appointment to the Board.

Introduction to Governance continued

Corporate Governance Report continued

Independence Evaluation

The Board considers the independence of each member of the Board at each quarterly Board meeting and is of the view that Martin Bartyzal, as Chair, continued to demonstrate objective judgement during the year. In addition, the Board considers that the majority of the Board comprises Non-Executive Directors who are independent of the Company and free from any relationship or circumstances which are likely to impair, or could appear to impair, the exercise of their independent judgement. With respect to Martin Bartyzal (who was appointed in April 2020 pursuant to the right of Zakiono to appoint a specified number of Directors according to its percentage shareholding in the Company), David Maimon (who sits on the advisory Board of Aroundtown SA, which is a member of the Consortium and an indirect substantial shareholder in the Company) and Richard van Vliet (who was originally appointed pursuant to Growthpoint's right to nominate a Guernsey-based Director), Andreas Tautscher (appointed in December 2021 pursuant to Zakiono's right to nominate a Guernsey-based Director) and Piotr Olendski, Daniel Malkin and Favieli Stelian (each of whom was appointed in December 2021 pursuant to the right of Zakiono to appoint a specified number of Directors according to its percentage shareholding in the Company), the Board believes that they can each be considered to be independent for the following reasons: none of them has any cross-directorships or significant links with any other Directors through involvement in other companies or bodies (other than Mr van Vliet as a non-executive of a Growthpoint investment company but he has no other professional or personal connections with any of Growthpoint's directors, officers or employees); and there is continuing empirical evidence to demonstrate their independence in conduct, character and judgement.

Tenure and Re-election of Directors

In accordance with the Company's Articles, Non-Executive Directors shall retire from office annually and may offer themselves for re-election by shareholders, except for: Martin Bartyzal, Piotr Olendski, Daniel Malkin and Favieli Stelian (each appointed pursuant to the right of Zakiono to appoint a specified number of Directors); Norbert Sasse and George Muchanya (each appointed pursuant to the right of Growthpoint Properties Ltd to appoint a specified number of Directors); Andreas Tautscher (appointed pursuant to Zakiono's right to nominate a Guernsey-based Director); and Richard van Vliet (appointed pursuant to Growthpoint's right to nominate a Guernsey-based Director).

At the next AGM, David Maimon, Non-Executive Director, is required to retire from office and offer himself for re-election and he will therefore stand for re-election at the forthcoming AGM. In addition, Dennis Selinas, CEO, is required to retire from office and offer himself for re-election and he will therefore also stand for re-election at the forthcoming AGM. The Board has reviewed each of their skills and experience and is recommending their re-elections to shareholders.

Diversity

We believe in respecting individuals and their rights in the workplace. Further details are provided on page 56 of the Annual Report.

Quattro

The Board of Directors

The right blend of skills and experience

Dennis Selinas
CEO

Appointed as an Executive Director 21 November 2022 and as a CEO 1 January 2023

Skills and Experience
Mr Selinas has extensive experience in the financial and property industries of more than twenty years. He has multi-disciplinary expertise (Executive Management, Operational & Financial Restructuring, M&A Advisory, Private Equity, Trading, Derivatives Structuring) in several asset classes (Property, Distressed Debt, Fixed Income, Precious Metals) across varying types of institutions (Listed Property Companies, Private Equity Funds, Investment Banks, Hedge Funds), in several diverse jurisdictions (South Eastern Europe, China, Brazil, Middle East & Western Europe). He started his career trading fixed-income derivatives at the Bank of Montreal and moved to M&A with Lazard London after graduating from London Business School. He has held senior positions at Argo Capital Management and Charlemagne Capital and has been involved in all aspects of property investment, including acquisition, development, portfolio disposals, financing, asset management and restructuring in the retail, office, and residential sectors.

Martin Bartyzal
Independent Non-Executive Director & Chair of the Board

Appointed 23 April 2020

Skills and Experience
Mr Bartyzal has over 25 years of international experience in finance and banking in Central and Eastern Europe. He has broad experience in structured financing, capital markets, corporate finance, and risk management across sectors in the CEE region and has worked on a number of projects with major real estate companies in Central and Eastern Europe. Martin held various positions in corporate and investment banking at Deutsche Bank in the CEE region and also managed the business of Deutsche Bank in the Czech Republic as Chief Country Officer between 2009 and 2018. He holds a Master's degree from the Economic University in Prague and is a member of the Czech & Slovak Chapter of YPO.

Norbert Sasse
Non-Executive Director

Appointed 27 February 2017

Skills and Experience
Mr Sasse has nearly 30 years of experience in real estate and corporate finance. Norbert is the Group Chief Executive Officer of Growthpoint Properties (GRT), South Africa's largest REIT. He was instrumental in growing its portfolio to over ZAR 160 billion (c.€9 billion), holding investments in South Africa, Australia, CEE and the UK. Prior to GRT he spent 10 years with EY Corporate Advisory and Investec Corporate Finance. He is also a Chartered Accountant.

George Muchanya
Non-Executive Director

Appointed 6 December 2021

Skills and Experience
Mr Muchanya is Head of Corporate Finance at GRT and is a member of its Executive Committee. He has 25 years' experience spanning engineering, management consulting and real estate. George holds a BSc in Engineering from the University of Natal, an MBA from Wales University, a certificate in Corporate Finance from the London Business School, as well as a leadership certificate from Harvard Business School.

Richard van Vliet
Independent Non-Executive Director

Appointed 27 February 2017

Skills and Experience
Mr van Vliet is qualified as a Chartered Accountant in South Africa, England and Wales, with over 35 years of professional experience. Richard has been a Guernsey resident since 1997 and is Managing Director of Cannon Asset Management Limited. He is Chairman of The Cubic Property Fund, holds various Board positions on companies and investment funds exposed to property, equity and alternative investments, and sits on operational Boards of the subsidiaries of the LSE-listed Stenprop Limited. Previously he worked in South Africa at Price Waterhouse and was sole proprietor of an audit practice in Johannesburg.

Committee Key

A Audit and Risk Committee
N Nomination Committee
R Remuneration Committee
I Investment Committee

Chair
Member

The Board of Directors continued

David Maimon
Independent Non-Executive Director

Appointed 28 May 2020

Skills and Experience

Mr Maimon serves as member of the Advisory Board of Aroundtown SA and Grand City Properties S.A., and is a Supervisory Board member at TLG immobilien AG – all public companies traded on the Prime Standard of the Frankfurt Stock Exchange. As member of such Advisory Boards, he provides expert advice and assistance to the board of directors. In the past, David was the President and CEO of EL AL Airlines from 2014 to 2018. Prior to that, he was EVP of Commercial & Industry Affairs, Sales & Marketing and Customer Service in EL AL Airlines and served as a Director in various commercial companies such as Leumi Gemel Ltd, Hever and Sun D'Or International Airlines.

Andreas Tautscher
Senior Independent Director (Non-Executive) & Chair of the Audit and Risk Committee

6 December 2021

Skills and Experience

Andreas Tautscher is an experienced Financial Services former executive who now focuses on acting as an independent director for listed and private funds, as well as other regulated businesses. He is currently a Director and Chairman of Audit Committee for MJ Hudson PLC, an AIM listed provider of services to alternative Asset Managers. He also sits on the boards of Doric Nimrod Air 1, 2 and 3, which are LSE-listed aircraft leasing funds.

From 1994 until 2018, Andreas was a senior executive at Deutsche Bank and was most recently CEO of Channel Islands and Head of Financial Intermediaries for EMEA and LATAM. He has experience across the full spectrum of funds, trust and banking services in most of the major financial centres. He also sat on the UK Regional Governance Board of Deutsche and the EMEA Wealth Management Exco.

He has also served on local government advisory committees and was for 6 years a Non-Executive Director on the Board of Virgin Group. Andreas's first career was in the oil industry as a Geologist before moving to PricewaterhouseCoopers where he qualified as a Chartered Accountant in 1994.

Piotr Olendski
Independent Non-Executive Director & Chair of the Remuneration Committee

Appointed 6 December 2021

Skills and Experience

Piotr Olendski currently serves as Management Board Member and Chairman of the supervisory boards of several Polish companies in the renewable energy sector. Prior to this, he was a Managing Director of PZU SA in charge of property and casualty corporate insurance and Deputy Chairman of the Supervisory Board of PZUW SA (a subsidiary of PZU). Prior to PZU, Mr Olendski worked for 19 years for Deutsche Bank Polska SA, including acting as Management Board Member responsible for investment banking for 7 years.

Daniel Malkin
Independent Non-Executive Director & Chair of the Nomination Committee

Appointed 6 December 2021

Skills and Experience

Daniel Malkin is an independent director and member of the audit committee at Grand City Properties SA. He is also the co-founder and managing director at SIMRES Real Estate SARL. Before joining Grand City, Mr Malkin served as an independent Investment and Fund Manager of fixed income investment funds at Excellence Investment Bank and he has also served on the board of directors of several other Luxembourg companies. He holds a BA in Business Administration.

Favieli Stelian
Independent Non-Executive Director & Chair of the Investment Committee

Appointed 6 December 2021

Skills and Experience

Favieli Stelian has over 25 years of international experience in real estate, renewable energy, business, finance and accounting. Today living in Romania, he is the Managing Partner of Nofar Energy.

From 2010 until the end of 2021, he was the CEO of Shikun & Binui Romania (listed on the stock exchange in Israel). Prior to that, Mr Stelian was a director or manager of several Israeli companies both in Israel and Romania. Mr Stelian has a Master's degree in Law from Bar-Ilan University, specialising in capital funds, intellectual property, international commerce. He also has a Bachelor's degree in Business Administration and is a certified public accountant.

Committee Key

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

I Investment Committee

Chair

Member

Directors' Report

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Directors' Indemnities

The Company maintains a directors' and officers' insurance policy for the benefit of its Directors, which applied throughout the year and remains in force at the date of this report. There are also third-party indemnity provisions in place for the Directors in respect of liabilities incurred as a result of their office, as far as is permitted by law.

Investing Policy

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

Profile of Underlying Investments

- focus on commercial properties (existing or to be developed);
- geographically located in Central Eastern Europe with a primary focus on Romania and Poland;
- most of the income to be derived from multinational corporates and financial institutions; and
- euro-denominated, long-term, triple net and annually indexed leases, with corporate guarantees where possible.

Investment Themes

- distressed investments;
- acquisition of unfinished or partially let commercial buildings at prices below replacement cost;
- restructuring;
- acquisition of real estate owned by financial institutions or others seeking to restructure their balance sheets through monetisation; and
- developments with pre-lettings from high-quality tenants.

The complete Investing Policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 151 of the Annual Report.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 84 of the Annual Report.

In respect of the year ended 31 December 2022, the Company has already distributed an interim dividend of €0.14 per share (in October 2022) and, in April 2023, it will distribute a further interim dividend of €0.15 per share, resulting in interim dividends of €0.29 per share in total for the year ended 31 December 2022. For the April 2023 interim dividend, shareholders are being given the option of a scrip alternative, and the two largest shareholders have signed irrevocable undertakings to elect to take the scrip alternative.

Going Concern

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

Supply of Information to the Board

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

Delegation of Functions

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

Investment Adviser

Under the Investment Advisory Agreement, the Company has appointed the Investment Adviser, a wholly owned subsidiary of the Group, subject to the overall control and supervision of the Board of the Company, to act as Investment Adviser.

The Investment Adviser has no authority to act for or represent the Company (or any other member of the Group) in any other capacity. The appointment is on an exclusive basis.

The Investment Adviser is obliged to advise in respect of potential and actual investments of the Company in pursuit of the Company's Investing Policy, subject to any applicable investment restrictions and having regard to any investment guidelines. Investment advice and opportunities are presented for consideration/ approval to the Investment Committee (or directly to the Board if above certain thresholds or otherwise deemed desirable or appropriate).

Subject to any applicable law, the Investment Adviser complies with all reasonable instructions issued by the Investment Committee or the Board, if above certain thresholds (so long as these are not outside the Investing Policy as set out on the Company's website under Investor Relations/AIM Rule 26 disclosures or contrary to the exclusivity of the Investment Adviser in relation to the Company's investment activities).

The Investment Adviser is entitled to fees as approved by the Board, following recommendation by the Remuneration Committee of the Board. At quarterly Board meetings the Investment Adviser summarises its activities, proposals and achievements and the independent Directors review the performance of the Investment Adviser and the Executive Director in relation thereto. Having considered the portfolio performance and investment strategy, the Board has agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Adviser on the terms agreed.

Substantial Interests

At 31 December 2022 and 23 March 2023, the Company has been notified that the following shareholders had substantial interests (3% or more) in the issued share capital of the Company:

	At 23 March 2023		At 31 December 2022	
	Number of shares	**% of issued share capital of the Company**	**Number of shares**	**% of issued share capital of the Company**
Zakiono Enterprises Ltd	134,347,223	60.6%	134,347,223	60.6%
Growthpoint Properties Ltd	65,238,742	29.4%	65,238,742	29.4%
Oak Hill Advisors	11,665,106	5.3%	11,665,106	5.3%

Directors' Report continued

Directors' Interests

The beneficial and non-beneficial interests of the Directors in the share capital of the Company as at 31 December 2022 and 2021 are as set out below:

	Number of shares held	
	2022	**2021**
Dimitris Raptis	**–**	–
Dennis Selinas	**–**	–
Martin Bartyzal	**–**	–
Norbert Sasse	**114,286**	114,286
Richard van Vliet	**–**	–
David Maimon	**–**	–
George Muchanya	**–**	–
Andreas Tautscher	**–**	–
Piotr Olendski	**–**	–
Daniel Malkin	**–**	–
Favieli Stelian	**–**	–

Warrants

As at 31 December 2022 2,830,020 warrants were held by Zakiono Enterprises Limited, a company indirectly owned by the Consortium (CPI Property Group S.A. and Aroundtown SA), and these remain unvested in two tranches.

The Zakiono warrants, subject to vesting, are exercisable in whole or in part during the period which commenced on Admission and ends on the date falling 10 years from the date of Admission. The warrants are exercisable subject to the market price per ordinary share being at least €10.00 and €12.50 (respectively) for each of the two remaining tranches as a weighted average over a period of 60 consecutive days. In each case, the subscription price will be €5.00.

Auditor

The auditor, Ernst & Young Cyprus Limited, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming AGM.

Power to Buy Back Shares

The Company has the power to buy back shares in the market, the renewal of which power is sought from shareholders on an annual basis at the AGM, and the Board considers on a regular basis the exercise of those powers. During the year ended 31 December 2022, the Board did not exercise its power to buy back shares in the market.

At the 2022 AGM, the Directors were given power by the shareholders to make market purchases of ordinary shares representing up to 14.99% of its issued capital at that time, being 33,216,186 ordinary shares. This authority will also expire at the 2023 AGM and it is proposed that the renewal of the authority will be sought.

Further details relating to share capital, including movements during the year, are set out in note 21 of the financial statements on page 120.

Annual General Meeting

The AGM of the Company will be held on 19 June 2023 at 10am British summer time at Anson Court, La Route Des Camps, St Martin, Guernsey.

Statement of Directors' Responsibilities

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

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

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

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

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

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

The Directors confirm to the best of their knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant information and to establish that the Company's auditor is aware of that information; and
- this Annual Report and consolidated financial statements, taken as a whole, provide the information necessary for the shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board of Directors and signed on behalf of the Board on 23 March 2023.

Martin Bartyzal
Director

23 March 2022

Audit and Risk Committee Report

Letter from the Chair of the Audit and Risk Committee

"Over the last few years, Globalworth has built up its resilience and continues to manage its financial position and associated risks with prudence.

Andreas Tautscher
Chair of the Audit and Risk Committee

This has been my first complete year on the Board and as Chair of the newly combined Audit and Risk Committee. There was considerable overlap between the two functions and the Board decided it would be more efficient to merge the Committees. The former Chair of the Risk Committee, David Maimon, remains part of this combined Committee and I want to thank him for facilitating a smooth transition.

This year, with the end of COVID travel restrictions, I have been able to visit Bucharest and meet the finance team and the auditor in person. It is clear from my regular correspondence with the Globalworth team that they have an in-depth understanding of the business. I would like to reiterate my thanks to the previous CFO Andreas Papadopoulos for his excellent handover in the spring. I have since been working closely with the new CFO Stamatis Sapkas, who has already demonstrated excellent leadership of the finance function.

Globalworth is well-prepared for tough economic circumstances, thanks to its income strategy, good cash levels and prudent approach to debt.

Financial Reporting and Audit

Our key focus this year was on the strategic management of our liquidity and debt levels.

Partly thanks to a strong cash position, Globalworth was able to pay down the remaining €323 million of a Eurobond in June.

We also secured a new line of financing from the prestigious International Finance Corporation, a subsidiary of the World Bank. This is a six-year loan agreement for €85 million. The conditions attached to the financing align with our environmentally conscious development strategy. This part-financed our Eurobond redemption and provides us with a significant buffer.

Membership and Attendance

Director	Position	Date of Committee Appointment	Meeting Attendance
Andreas Tautscher	Chair	6 Dec 2021	6/6
Richard van Vliet	Member	27 Feb 2017	6/6
Daniel Malkin	Member	6 Dec 2021	6/6
David Maimon	Member	27 April 2022	3/3
Total number of meetings			**6**

Just before the end of the year, we also signed two further new facilities with the Erste Group for a total amount of €160 million. The first facility is a €50 million, unsecured Revolving Credit Facility ("RCF") with a three-year term, which has been structured to generally align with the terms of Company's existing Euro Medium Term Note ("EMTN") programme and its existing syndicated €215 million RCF. The second facility is a €110 million asset-secured financing of the Company's logistics/light-industrial portfolio in Romania, with a 10-year term. These facilities further strengthened the Company's liquidity position at attractive market terms.

We have no material debt maturing until March 2025.

Overall, this puts us in a strong financial position, despite the economic outlook.

This year we have also paid particular attention to our building valuations and occupancy levels, which are holding steady. In this report you can also find updates on our Green Bond, and a shift in our reporting standards in Poland to IFRS.

Risk

We have, as always, kept risks under careful review, mindful of the global and regional picture.

One of the largest overall market shifts this year has been the generally reduced availability of debt and financing.

As noted above however, Globalworth has prudently taken opportunities to reduce gearing where possible, paying down previous debt and securing new financing facilities. We have maintained our investment grade ratings by all three major rating agencies throughout 2022, however in March 2023, S&P updated its rating to BB+ (stable outlook).

We also monitor compliance with our debt covenants on an ongoing basis.

We are watching occupancy trends closely. Many of our tenants are big national and international companies using their bases in Poland and Romania as important parts of their global business. Despite the increase in "home working" following the COVID pandemic, our office tenants have so far retained their capacity and more employees are now returning to the office. However, we are aware that companies may be reviewing their needs. In response to this, we are upgrading our properties to help encourage staff back into the office, by providing attractive facilities such as gyms and cafes. Our portfolio also includes warehouses, and these logistics tenants continue to thrive.

The war in Ukraine has sadly destabilised the region in which we operate. However, the Polish and Romanian markets remain resilient, and our tenants have given no indication they plan to leave these countries.

Audit and Risk Committee Report continued

Letter from the Chair of the Audit and Risk Committee continued

Globalworth's operations are not directly impacted by high energy costs or unstable energy supply. However, we are mindful that rising service charges could affect our tenants' financial positions and that, longer term, this could have a knock-on effect on occupancy levels. Furthermore, the World Bank and the IMF have warned there will be a global recession in 2023 and so we need to keep a watching brief on developments during the year.

Regarding regulation, there have been no significant changes this year. However, we expect that in the medium term we are likely to face tighter regulatory requirements. This will include EU financial requirements around environmental reporting.

We are also mindful of the risks that climate change could pose to our business. The principal risk is ensuring that we comply with developing standards and meet our tenants' needs. Our tenant companies have their own obligations to reduce their environmental impact and carbon use. Part of our investment strategy is to ensure we meet these needs and make buildings more energy-efficient and environmentally friendly.

With all of this in mind, in December we announced our commitment to further reducing our real estate portfolio's carbon footprint by 2030 and, in setting our targets, used a science-based approach.

I am pleased to confirm that, over the last few years, Globalworth has built up its resilience and continues to manage its financial position and associated risks with prudence. Our ability to refinance in the current economic climate shows that this careful strategy is paying off.

While the global outlook is tough, Globalworth remains in a strong position.

Andreas Tautscher
Chair of the Audit and Risk Committee

Audit and Risk Committee Report continued

Analysis of Audit work

Structure and Composition

During 2022, the Audit Committee was recombined with the previously separate Risk Committee and the combined Audit and Risk Committee comprises four independent Non-Executive Directors: Andreas Tautscher (Chair), David Maimon, Daniel Malkin and Richard van Vliet.

The Chair of the Committee is appointed by the Board, and the members are appointed by the Board, in consultation with the Chair of the Committee. The terms of reference of the Committee state that it should comprise at least three independent Non-Executive Directors.

The profiles of the Chair and other members of the Committee, including their relevant experience, are presented in the Board of Directors sub-section of the Annual Report (pages 70 and 71).

The dates of appointment of the members of the Committee, together with attendance at Committee meetings during the year, are outlined in the table on the previous page.

The role of the Committee includes the following:

Financial Reporting

- monitoring the integrity of the consolidated financial statements and any formal announcements regarding financial performance;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Group's published financial statements, preliminary announcements and other financial information having regard to matters communicated by the independent auditor; and
- assessing whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

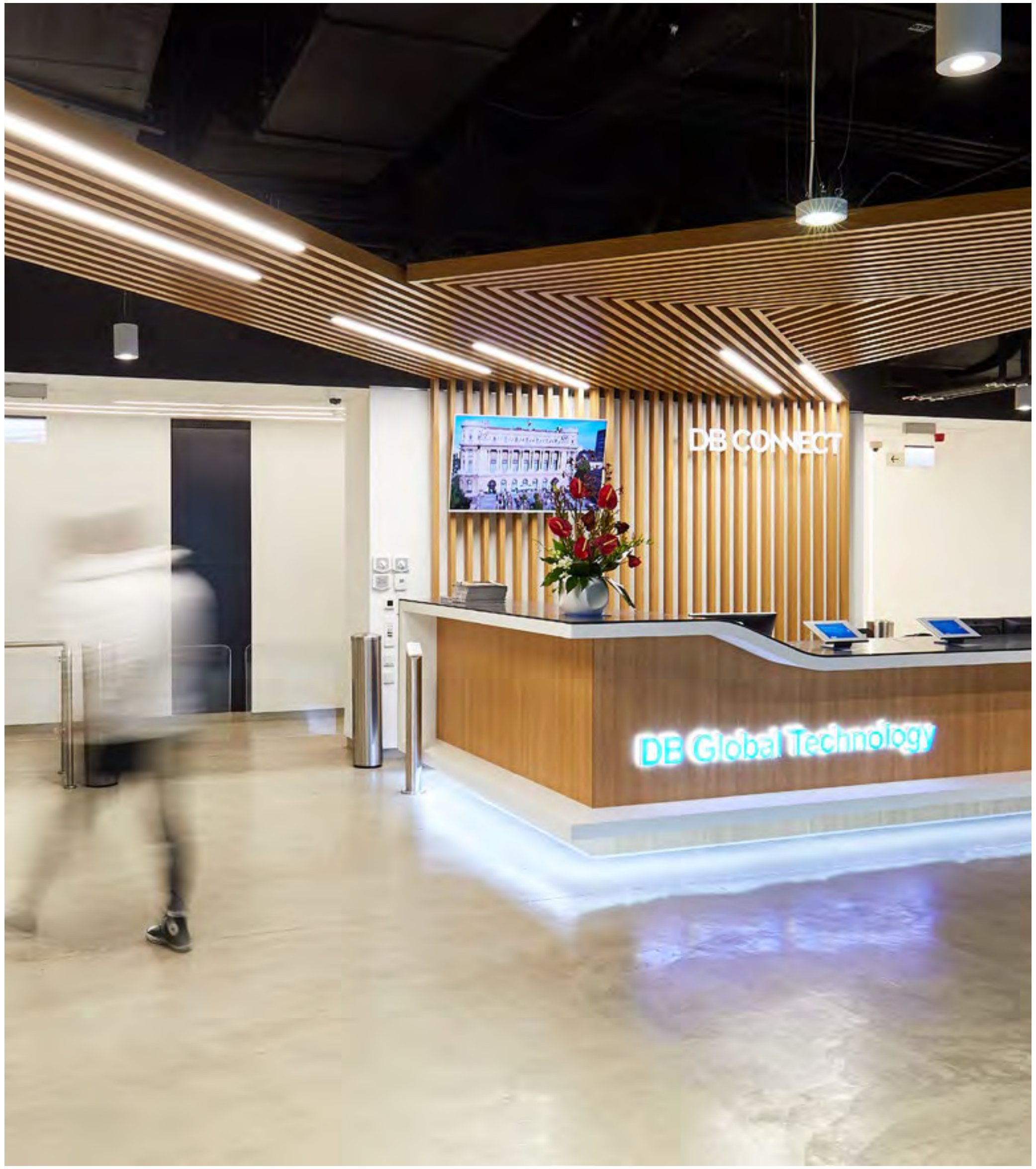
Controls and Safeguards

- reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; and
- considering annually whether there is a need for the Company to have its own internal audit function.

External Audit

- reviewing the effectiveness of the external audit process and the auditor's independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

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



Audit and Risk Committee Report continued

Analysis of Audit work continued

Activities of the Committee

During the year ended 31 December 2022 and up to the date of this report, the Committee has been active in the following areas, presented below under the three key areas of focus of financial reporting, controls and safeguards, and external audit:

Financial Reporting

- reviewed the Annual Report and consolidated financial statements for the years ended 31 December 2021 and 31 December 2022 prior to their approval by the Board; and
- reviewed the Interim Report and unaudited interim condensed consolidated financial statements for the half year ended 30 June 2022 prior to its approval by the Board.

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

Significant Financial Reporting Matters Considered	Audit and Risk Committee Response
Investment Property Valuations Valuations for investment property, property under construction and land bank are prepared by external valuers. The valuation of investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net asset value. Further information about the portfolio and inputs to the valuations are set out in notes 3 and 4 of the consolidated financial statements.	The Board and the Committee discuss the outcome of the valuation process and the details of each property on a semi annual basis. The management liaises with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation. The external auditor has access to the external valuers and comments on the key assumptions used in the valuations performed and movements on property values. The Committee receives a detailed written report from Ernst & Young ("EY") presented to the Committee upon finalisation of the audit fieldwork.
Going Concern Principle The Committee considers the appropriateness of preparing the Group's financial statements on a going concern basis, being one of the fundamental principles under which the financial statements are prepared.	The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 30 June 2024 and supporting documentation. Following its review of management's assessment, the Committee concurred with management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.
Fair, Balanced and Understandable Principle The Committee considers whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.	The Committee, in reviewing the Company's Annual Report and consolidated financial statements for the year ended 31 December 2022, has placed particular attention in ensuring adherence to this principle. Following its review, the Committee has advised the Board that, in its opinion, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, operating model and strategy.

Audit and Risk Committee Report continued

Analysis of Audit work continued

Controls and Safeguards

Reviewed the risk matrix used to identify and monitor the significant risks encountered by the Group.

Considered whether there is a need for an internal audit function:

– the Committee has not identified to date an imminent need for an internal audit function, however, it continues to evaluate this requirement on a regular basis.

External Audit

Held regular meetings and discussions with the external auditor:

- At the planning stage of the audit for the year ended 31 December 2022, the Chair of the Committee held a meeting with the auditor in December 2022 at which the draft audit plan was presented by the auditor, reviewed and discussed. In addition, a discussion was held regarding the risks on which the audit would be focusing. Following the meeting with the auditor, the Chair of the Committee updated the other members of the Committee accordingly.
- Also, at the end of the audit, at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2022, the Committee discussed with the auditor the work performed under the key areas of focus identified at the audit planning phase and the results of the auditor's work.

The auditor explained that the risks the audit would focus on were the following:

- valuation of investment property whether in use or under development; and
- risk of misstatement due to fraud and error (associated to the significant risks).

Moreover, in March 2023 the Committee held a meeting with the external auditor and discussed the findings from their audit of the consolidated financial statements for the year ended 31 December 2022, prior to publication of the preliminary results for the year ended 31 December 2022.

During March 2023 the Committee also held a video call with the external auditor to discuss in detail the audit findings and the draft auditor's report, following the conclusion of their audit fieldwork for the year ended 31 December 2022, prior to submission of the draft Annual Report to the Board for formal approval.

Assessed the Independence and Objectivity of the External Auditor

The Committee considers the reappointment of the external auditor, including rotation of the audit partner.

The external auditor is required to rotate the audit partner responsible for the Group's audit every seven years. This is the sixth year that the current lead audit partner is responsible for the Group's audit.

The auditor has confirmed to the Committee its independence of the Group. The independence and objectivity of the independent auditor is reviewed by the Committee, which also reviews the terms under which the independent auditor is appointed to perform non-audit services, in accordance with the Company's non-audit services policy.

Services which are permissible in accordance with the auditor's independence and other professional standards as well as the Company's non-audit services policy, such as tax compliance, special purpose audits and reviews, assurance non-audit services related to raising of bond notes, periodic reviews of financial information, and pre-acquisition due diligence reviews, are normally permitted to be performed by the independent auditor.

Reviewed the Effectiveness of the External Auditor and Recommended its Reappointment to the Board

For the year ended 31 December 2022 the Committee reviewed the effectiveness of the external auditor. This was facilitated through: the completion of a questionnaire by the relevant stakeholders (including members of the Committee and key financial management of the Group); interviews with finance staff; and a review of the audit plan and process for the year. In addition, as outlined above, the Committee discussed with the external auditor in March 2023 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2022. Furthermore, the Committee discussed with the external auditor at the end of March 2023 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2022 and their draft audit opinion thereon.

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

Following this review, the Committee recommended to the Board that Ernst & Young Cyprus Limited be reappointed as external auditor for the year ending 31 December 2023.

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

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young Cyprus Limited and other entities of EY during the years ended 31 December 2022 and 31 December 2021:

	Audit fees €'000		Non-audit fees €'000	
	2022[1]	2021	**2022**[1]	2021
Audit of financial statements	**885**	700	**–**	–
Other non-audit services	**–**	–	**171**	51
Total	**850**	700	**171**	51

1. The table above includes services pre-approved fees for 2022, for which work to be performed and expense to be recorded in the financial statements of the year ended 31 December 2023.

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2022 and has considered that they are in line with the Group's level of activity, and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

Andreas Tautscher
Chair of the Audit and Risk Committee

Nomination Committee Report

Letter from the Chair of the Nomination Committee

“The Committee’s priorities for 2023 are to continue working closely with the Board and the Chair to identify any additional skills.

Daniel Malkin
Chair of the Nomination Committee

Dear Shareholder

The Nomination Committee is responsible for overseeing succession planning for the Board and senior management and assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board.

2022 has, therefore, been a relatively busy year with the key activities having been the selection and appointment processes for both a new CFO and a new CEO.

Stamatis Sapkas was appointed as CFO following Andreas Papadopoulos’ departure from the Company in April 2022. Mr Sapkas has been part of the senior management team since the time of the Company’s inception in 2013 and had, prior to his appointment as CFO, been involved in a variety of important projects (first as Investment Director and then as Deputy Chief Investment Officer) including the Company’s IPO in July 2013, investment transactions in Romania, equity capital and debt financing transactions and the acquisition of GPRE in Poland in 2017. In more recent years, his focus had been on internal and external reporting and investor relations, as well as leading the Company’s ESG efforts. He was therefore a natural choice for the role of CFO.

Dennis Selinas has taken on the role of CEO with effect from 1 January 2023. His appointment follows a Europe-wide search by an executive search company for a suitable person to take on the role of CEO of the Group. Key to the considerations of the Nomination Committee in considering and recommending to the Board the appointment of Mr Selinas were that he not only had the appropriate operational experience but also that he was likely to be a good cultural fit for the business, and to be well-received by all stakeholders in the business.

Membership and Attendance

Director	Position	Date of Committee Appointment	Meeting Attendance
Daniel Malkin	Chair	6 Dec 2021	1/1
Andreas Tautscher	Member	6 Dec 2021	1/1
George Muchanya	Member	6 Dec 2021	0/0
Total number of meetings			**1**

The Board regularly reviews whether it continues to have the right balance of skills, experience and independence and it is satisfied that, notwithstanding a number of Board changes made in December 2021 in accordance with the rights of its major shareholders (as set out in the Articles), the Board continues to foster an attitude of independence of character and judgement, with constructive challenge in the boardroom. The importance of diversity also continues to be recognised and I believe that the Board has diversity of thought and approach, as well as background and experience, although we do not create diversity for the sake of it.

The Committee’s priorities for 2023 are to continue working closely with the Board and the Chair to identify any additional skills, experience, qualities and capabilities which may be required, whether at the Board level or within the senior management team, for the next stage in the Company’s development and strategy.

Daniel Malkin
Chair of the Nomination Committee

Remuneration Committee Report

Letter from the Chair of the Remuneration Committee

"Given the good financial health of the Company in such challenging circumstances, we are reassured that… the remuneration policy has supported the best interests of the shareholders.

Piotr Olendski
Chair of the Remuneration Committee

Since joining the Board towards the end of 2021, it has been very interesting to get to know the Company better and engage fully with the rest of the Board. It has been a steep, but rewarding, learning curve. We cannot get away from the fact that the markets in which we operate have faced fresh challenges in 2022, on top of the effects of the COVID pandemic.

During 2022, the considered position of the Remuneration Committee has been that the existing remuneration policy has continued to provide a clear and relevant structure for the incentivisation of our senior executives.

The principles of the policy have again remained robust and effective in the face of economic turbulence, which this year has been further exacerbated by the war in Ukraine and the energy crisis.

However, market conditions have changed significantly, and with effect from 1 January 2023, we have a new CEO, Dennis Selinas. We therefore anticipate that, during 2023, the Remuneration Committee will discuss whether the remuneration policy needs some adjustments.

There are several factors we may consider. High inflation is affecting the value of salaries in general. We must also acknowledge market instability in the region. While we see tenants bringing more of their staff back to the office, the shift in working patterns across society during the COVID pandemic may filter through to reduced office occupancy levels. We need to reward achievement within this context. Reaching targets in these challenging times should be reflected in remuneration packages.

Membership and Attendance

Director	Position	Date of Committee Appointment	Meeting Attendance
Piotr Olendski	Chair	6 Dec 2021	3/3
Richard van Vliet	Member	6 Dec 2021	3/3
Favieli Stelian	Member	6 Dec 2021	3/3
Martin Bartyzal	Member	23 April 2020	3/3
Total number of meetings			**3**

I believe we should also consider some form of ESG (environmental, social and governance) measure within our key performance metrics. The energy crisis has made us more aware of the commercial importance of sustainability and reducing our reliance on fossil fuels. We know it is increasingly important that our existing buildings and new developments perform to a high environmental standard to meet our clients' needs. What is good for the environment is also good for the future of the business.

The importance of ESG metrics has been brought into sharper focus by the incredible work of our teams on the ground in Poland and Romania during the Ukrainian refugee crisis. For me, as someone living in Poland and witnessing the refugee crisis first-hand, the response of our teams was uplifting. Our teams rose to the challenge, and I believe it is worth thanking them for these efforts. It was morally important but also it demonstrates our standing as a good corporate citizen in our home markets.

Central to any discussion on changes to remuneration policy would be the interests of shareholders and how these can be aligned with the incentivisation of the senior executive team.

For now, given the good financial health of the Company in such challenging circumstances, we are reassured that senior executives have done an excellent job and the remuneration policy has supported the best interests of the shareholders.

Piotr Olendski
Chair of the Remuneration Committee

Remuneration Committee Report continued

Remuneration analysis

Composition of the Committee

During 2022, the Remuneration Committee comprised four independent Non-Executive Directors: Piotr Olendski (Chair of the Committee), Martin Bartyzal, Favieli Stelian and Richard van Vliet.

Responsibilities of the Committee

The Remuneration Committee has as its remit, amongst other matters, the determination and review of the fees payable to GIAL, the Company's subsidiary, and the related emoluments of the Executive Directors and other senior employees of the Company who are preference shareholders of GIAL, and the terms of any performance or incentive plans of GIAL, including the setting of performance thresholds, the allocation of any such entitlements between shares and cash and the setting of any vesting periods (in each case, taking such independent advice as it considers appropriate in the circumstances). In addition, the Remuneration Committee reports at least annually to the Board in relation to its activities and recommendations.

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

Directors' Remuneration Policy

Directors' emoluments comprise a fee or salary-based compensation plus, in the case of the Executive Director, dividends in his capacity as preference shareholder of GIAL.

Directors' Emoluments

The emoluments of the Directors is a matter for the Board, considering the recommendations received from the Remuneration Committee. No Director may be involved in any decisions as to his own emoluments.

During the year ended 31 December 2022 the emoluments of the Directors were as follows:

	2022				
	Company	Subsidiaries[1]			
Amounts in €'000	**Fees**	**Salary**	**Dividends[2]**	**Total**	**Total Emoluments[3]**
Dimitris Raptis (until 31 Dec. 2022)	–	120	630	750	750
Dennis Selinas (from 21 Nov. 2022)	–	11	64	75	75
Martin Bartyzal	75	–	–	–	75
Richard van Vliet	50	–	–	–	50
Andreas Tautscher	58	–	–	–	58
Piotr Olendski	55	–	–	–	55
Daniel Malkin	55	–	–	–	55
David Maimon	55	–	–	–	55
Favieli Stelian	55	–	–	–	55
	403	**131**	**694**	**825**	**1,228**

1. GIAL for Dimitris Raptis and Dennis Selinas.
2. Dimitris Raptis and Dennis Selinas received dividends in their capacity as preference shareholders of GIAL, the amount of which depended on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA').
3. The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table €0.04 million was paid in advance to the Directors as of 31 December 2022.

Remuneration Committee Report continued

Remuneration analysis continued

	2021				
	Company	Subsidiaries[1]			
Amounts in €'000	Fees	Salary	Dividends[2]	Total	Total Emoluments[3]
Dimitris Raptis	–	120	992	1,112	1,112
Martin Bartyzal	79	–	–	–	79
Geoff Miller (until 6 Dec. 2021)	476	–	–	–	476
John Whittle (until 6 Dec. 2021)	227	–	–	–	227
Andreea Petreanu (until 6 Dec. 2021)	183	–	–	–	183
Norbert Sasse	–	–	–	–	–
George Muchanya	–	–	–	–	–
Richard van Vliet	66	–	–	–	66
David Maimon	4	–	–	–	4
Andreas Tautscher (from 6 Dec. 2021)	4	–	–	–	4
Piotr Olendski (from 6 Dec. 2021)	4	–	–	–	4
Daniel Malkin (from 6 Dec. 2021)	4	–	–	–	4
Favieli Stelian (from 6 Dec. 2021)	4	–	–	–	4
	1,051	**120**	**992**	**1,112**	**2,163**

1. GIAL for Dimitris Raptis.
2. Dimitris Raptis receives dividends in his capacity as preference shareholder of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA'). For Dimitris Raptis dividends include an accrual of €0.11 million.
3. The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table €0.24 million was payable to the Directors as of 31 December 2021.

Summary of Group Remuneration Policy

The Group remuneration policy, which has been in place since July 2019, is designed to achieve an appropriate balance between fixed and variable remuneration, and between variable remuneration based on short-term and longer-term performance. Fixed remuneration includes base salary and benefits. Variable remuneration includes an annual bonus, a significant portion of which will ordinarily be paid in deferred shares pursuant to a deferred annual bonus plan ("DABP"), and performance share plan awards made under a long-term incentive plan ("LTIP").

The Group remuneration policy is intended to align with the strategy and business of the Group and reflects the importance of generating a growing and sustainable cash flow and achieving value creation through the active management of real estate assets, including those under development.

The key objectives of the Group remuneration policy remain: to strongly align Group employee and shareholder interests; to underpin an effective pay-for-performance culture; to support the retention, motivation and recruitment of talented people; and to encourage Company shareholding ownership amongst Group employees.

The Committee oversees the implementation of this policy and seeks to ensure that the Investment Manager and senior employees are fairly rewarded for Globalworth's performance over the short and longer term. A significant proportion of the potential total remuneration is therefore performance-related.

Piotr Olendski
Chair of the Remuneration Committee

Investment Committee Report

Letter from the Chair of the Investment Committee

"The investment policy is financially conservative – this year Globalworth reduced its debt and is well-placed for the challenging economic outlook.

Favieli Stelian
Chair of the Investment Committee

I took on the role of Chair of the Investment Committee this year and I would like to thank the Board and employees across the Group for their warm welcome. I am very pleased we were able to have face-to-face meetings as a Board and with employees to get to know the business better. Senior management team members have also helped me understand the Company and the culture is very positive.

I live in Romania and I was therefore already familiar with many of Globalworth's investments. Its assets in both Poland and Romania are in prime locations and its tenants are mostly large national and multinational companies.

The investment policy is financially conservative – this year Globalworth reduced its debt and is well-placed for the challenging economic outlook. The management team has not been aggressive in its acquisitions. The Company did not undertake any major new investments in 2022, but we did commit to upgrading some of our existing assets. This has included a programme of refurbishment – such as updating heating and communication systems – and improving energy efficiency. It has also included improving our warehouse properties, as Globalworth's tenants in the logistics sector continue to thrive.

Membership and Attendance

Director	Position	Date of Committee Appointment	Meeting Attendance
Favieli Stelian	Chair	6 Dec 2021	2/2
Norbert Sasse	Member	27 February 2017	1/2
David Maimon	Member	6 Dec 2021	2/2
Piotr Olendski	Member	6 Dec 2021	2/2
Dennis Selinas	Member	21 November 2022	0/0*
Total number of meetings			**2**

* No Investment Committee meetings held since his appointment.

There is an investment threshold at which the executive team must bring the decision to the Board. The Investment Committee's approach is to be responsive and convene the Board to make decisions when needed. As Chair of the Investment Committee, I oversaw final approval of some decisions that were already in the pipeline.

Despite the global economic challenges, I feel very positive about the Company's position and its investment strategy, and I look forward to working with the new CEO, Dennis Selinas, and the executive team in 2023.

Favieli Stelian
Chair of the Investment Committee

Financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	31 December 2022 €'000	31 December 2021 €'000
Revenue	7	**239,251**	219,350
Operating expenses	8	**(99,571)**	(75,098)
Net operating income		**139,680**	144,252
Administrative expenses	9	**(13,712)**	(25,622)
Acquisition costs		**(7)**	–
Fair value loss on investment property	3.4	**(89,471)**	(5,738)
Share-based payment expense	24	**–**	(532)
Depreciation and amortisation expense		**(673)**	(536)
Other expenses		**(2,013)**	(1,851)
Other income		**524**	1,051
Foreign exchange gain		**851**	214
Loss from fair value of financial instruments at fair value through profit or loss	16	**222**	(386)
Profit before net financing cost		**35,401**	110,852
Finance cost	10	**(52,532)**	(55,539)
Finance income		**2,694**	1,749
Share of profit of equity-accounted investments in joint ventures	27	**3,219**	5,010
Loss/profit before tax		**(11,218)**	62,072
Income tax expense	11	**(4,886)**	(14,583)
Loss/profit for the year		**(16,104)**	47,489
Items that will not be reclassified to profit or loss			
Loss on equity instruments designated at fair value through other comprehensive income		**(5,391)**	–
Total comprehensive income for the year		**(21,495)**	47,489

	Note	31 December 2022 €'000	31 December 2021 €'000
(Loss)/profit attributable to:		**(16,104)**	47,489
– ordinary equity holders of the Company		**(16,961)**	47,489
– non-controlling interests		**857**	–
Total comprehensive income attributable to:		**(21,495)**	47,489
– ordinary equity holders of the Company		**(22,352)**	47,489
– non-controlling interests		**857**	–
Earnings per share (€ cents)			
– Basic	12	**(8)**	21
– Diluted	12	**(8)**	21

Financial statements

Consolidated statement of financial position

As at 31 December 2022

	Note	2022 €'000	2021 €'000
ASSETS			
Investment property	3	**2,945,460**	2,966,080
Goodwill		**12,349**	12,349
Advances for investment property	5	**4,393**	3,436
Investments in joint ventures	27	**67,967**	48,908
Equity investments		**7,521**	12,109
Other long-term assets		**1,784**	2,083
Prepayments		**226**	338
Deferred tax asset	11.1	**161**	151
Non-current assets		**3,039,861**	3,045,454
Financial assets at fair value through profit or loss	16	**3,554**	7,324
Trade and other receivables	18	**22,337**	16,208
Contract assets	13	**9,967**	6,106
Guarantees retained by tenants		**98**	885
Income tax receivable		**840**	117
Prepayments		**2,430**	2,104
Cash and cash equivalents	19	**163,767**	418,748
		202,993	451,492
Investment property held for sale	3.3	**126,009**	130,537
Total current assets		**329,002**	582,029
Total assets		**3,368,863**	3,627,483

	Note	2022 €'000	2021 €'000
EQUITY AND LIABILITIES			
Issued share capital	21	**1,704,476**	1,704,476
Treasury shares	24.5	**(4,859)**	(4,917)
Fair value reserve of financial assets at FVOCI		**(5,469)**	–
Share-based payment reserve	24	**156**	156
Retained earnings		**(37,798)**	38,914
Equity attributable to ordinary equity holders of the Company		**1,656,506**	1,738,629
Non-controlling interests		**862**	–
Total equity		**1,657,368**	1,738,629
Interest-bearing loans and borrowings	14	**1,433,631**	1,285,641
Deferred tax liability	11.1	**154,866**	150,713
Lease liabilities	3.2	**19,861**	18,762
Guarantees retained from contractors		**1,995**	2,661
Deposits from tenants		**3,897**	3,844
Trade and other payables		**1,034**	956
Non-current liabilities		**1,615,284**	1,462,577
Interest-bearing loans and borrowings	14	**21,600**	348,279
Guarantees retained from contractors		**3,652**	3,361
Trade and other payables		**35,679**	39,788
Contract liability	13	**1,743**	1,940
Other current financial liabilities		**67**	261
Current portion of lease liabilities	3.2	**1,669**	1,303
Deposits from tenants		**17,477**	16,068
Income tax payable		**382**	550
		82,269	411,550
Liabilities directly associated with the assets held for sale	3.2, 3.3	**13,942**	14,727
Total current liabilities		**96,211**	426,277
Total equity and liabilities		**3,368,863**	3,627,483

The financial statements were approved by the Board of Directors on 23 March 2023 and were signed on its behalf by:

Andreas Tautscher
Director

Financial statements

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Profit/(loss) before tax		**(11,218)**	62,072
Adjustments to reconcile profit/(loss) before tax to cash flows from operating activities			
Fair value loss on investment property	3.4	**89,471**	5,738
Loss on sale of investment property		**1,851**	471
Share-based payment expense	24	**–**	532
Depreciation and amortisation expense		**673**	536
Net increase in allowance for expected credit losses	20.2	**44**	1,134
Foreign exchange (gain)/loss		**(851)**	(214)
Loss from fair valuation of financial instrument at fair value through profit or loss	16	**(222)**	386
Share of (profit) of equity-accounted joint ventures	27	**(3,219)**	(5,010)
Finance income		**(2,694)**	(1,749)
Financing cost	10	**52,532**	55,539
Operating profit before changes in working capital		**126,367**	119,435
(Increase) in contract assets, trade and other receivables		**(10,547)**	(4,513)
(Decrease) in contract liabilities, trade and other payables		**(6,435)**	(3,872)
Interest paid		**(45,662)**	(44,641)
Interest received		**723**	267
Income tax paid		**(2,168)**	(1,949)
Interest received from joint ventures		**797**	536
Cash flows from operating activities		**63,075**	65,263

	Note	2022 €'000	2021 €'000
Investing activities			
Expenditure on investment property completed and under development or refurbishment		**(71,235)**	(68,846)
Payment for land acquisitions		**(1,732)**	–
Advances for investment property		**4,100**	–
Proceeds from sale of land		**502**	–
Payment for acquisition of investment property		**(5,584)**	(18,011)
Proceeds from sale of investment property		**12,411**	3,010
Investment in financial assets at fair value through profit or loss	16	**(38)**	(143)
Proceeds from sale of financial assets through profit and loss		**4,030**	85
Payments for investment in equity investments	17	**(803)**	(1,740)
Investment in and loans given to joint ventures	27	**(28,510)**	(23,354)
Repayment of loan from joint ventures	27	**13,429**	8,111
Payment for purchase of other long-term assets		**(371)**	(468)
Cash flows used in investing activities		**(73,801)**	(101,356)
Financing activities			
Proceeds from issuance of share capital	24.1	**–**	100
Proceeds for issuance of new shares in subsidiary from non-controlling interest		**5**	–
Proceeds from interest-bearing loans and borrowings	14	**146,825**	–
Repayment of interest-bearing loans and borrowings	14	**(325,963)**	(2,796)
Payment of interim dividend to equity holders of the Company	22	**(59,771)**	(66,286)
Payment for lease liability obligations	3.2	**(2,289)**	(1,659)
Payment of bank loan arrangement fees and other financing costs	15	**(2,725)**	(2,168)
Cash flows used in financing activities		**(243,918)**	(72,809)
Net (decrease) in cash and cash equivalents		**(254,644)**	(108,902)
Effect of exchange rate fluctuations on cash and bank deposits held		**(337)**	(151)
Cash and cash equivalents at the beginning of the year	19	**418,748**	527,801
Cash and cash equivalents at the end of the year	19	**163,767**	418,748

Financial statements

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Note	Issued share capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Fair value reserve of financial assets at FVOCI €'000	Retained earnings €'000	**Total €'000**	Non-controlling interests €'000	**Total Equity €'000**
As at 1 January 2021		**1,704,374**	**(12,977)**	**6184**	**–**	**57,783**	**1,755,364**	**–**	**1,755,364**
Shares issued to the Executive Directors and other senior management employees		–	339	(339)	–	–	–	–	–
Interim dividends		–	72	–	–	(66,358)	(66,286)	–	(66,286)
Share-based payment expense under the subsidiaries' employees share award plan		–	–	532	–	–	532	–	532
Shares vested under the subsidiaries' employees share award plan		–	1,253	(1,253)	–	–	–	–	
Shares issued for cash under Executive share option plan		102	–	(2)	–	–	100	–	100
Cash-based portion of deferred annual bonus plan converted to deferred shares settlement		–	–	(79)	–	–	(79)	–	(79)
Shares issued for long-term plan termination and employees incentive plan		–	1,476	33	–	–	1,509	–	1,509
Shares vested under the deferred annual bonus incentive plan		–	4,920	(4,920)	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	47,489	47,489	–	47,489
As at 31 December 2021		**1,704,476**	**(4,917)**	**156**	**–**	**38,914**	**1,738,629**	**–**	**1,738,629**
Interim dividends	22	**–**	**58**	**–**	**–**	**(59,829)**	**(59,771)**	**–**	**(59,771)**
Shares issued in a newly acquired subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**5**	**5**
Settlement of fair value reserve of equity instruments designated at FVOCI in cash	17	**–**	**–**	**–**	**(78)**	**78**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**(5,391)**	**(16,961)**	**(22,352)**	**857**	**(21,495)**
As at 31 December 2022		**1,704,476**	**(4,859)**	**156**	**(5,469)**	**(37,798)**	**1,656,506**	**862**	**1,657,368**

Notes to the consolidated financial statements

Section I: Basis of Preparation

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

1 Basis of Preparation

Corporate Information

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

On 23 July 2021 Zakiono Enterprises Limited, a company wholly owned by Tevat Limited, become a controlling shareholder by holding 60.6% share capital of the company through public offer. Tevat Limited is a joint venture between CPI Property Group S.A. and Aroundtown SA.

The Company's Eurobonds have been admitted to trading on the Official List of the Irish Stock Exchange in March 2018 and July 2020, respectively. In addition, the Company's Eurobonds maturing in March 2025 have been admitted to trading on the Bucharest Stock Exchange in May 2018. The main country of operation of the Company is Guernsey. The Group's principal activities and nature of its operations are mainly investments in real estate properties, through both acquisition and development, as set out in the Strategic Report section of the Annual Report.

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), give a true and fair view of the state of affairs as at 31 December 2022 and 2021 and of the profit or loss and other comprehensive income for the year then ended 31 December 2022 and 31 December 2021, and are in compliance with The Companies (Guernsey) Law, 2008, as amended.

These consolidated financial statements ("financial statements") have been prepared on a historical cost basis, except for investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value.

The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS (see note 31), which were adopted on 1 January 2022. These consolidated financial statements are prepared in Euro ("EUR" or "€"), rounded to the nearest thousand ('000) unless otherwise indicated, being the functional currency and presentation currency of the Company.

These financial statements are prepared on a going concern basis. The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors based their assessment on the Group's cash flow projections for the period up to 30 June 2024. These projections take into account the current very significant available cash resources of the Group of c.€164 million, the available undrawn financing facilities of €300 million, the latest contracted rental income, anticipated additional rental income from new possible lease agreements during the period covered by the projections, modification of existing lease contracts, as well as the repayment of contracted debt financing, CAPEX, and other commitments. The projections and related sensitivity analysis carried out show that in the period up to 30 June 2024, the Company anticipates having sufficient liquid resources to continue to fund ongoing operations and committed asset development without the need to raise any additional debt or equity financing, or the need to reschedule existing debt facilities or other commitments.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as of and for the year ended 31 December 2022 and 31 December 2021. Subsidiaries are fully consolidated (refer to note 28) from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interest represents the portion of profit or loss, other comprehensive income and net assets not held by the Group and is presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to the equity holders of the Company.

Foreign Currency Transactions and Balances

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

Notes to the consolidated financial statements

Section I: Basis of Preparation continued

2 Critical Accounting Judgements, Estimates and Assumptions

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

Selection of Functional Currency

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

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

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

- Investment Property, see note 3 and Fair Value Measurement and Related Estimates and Judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 6;
- Taxation, see note 11;
- Equity Investments, see note 17;
- Financial Assets at Fair Value Through Profit or Loss, see note 16;
- Trade and Other Receivables, see note 18;
- Share-Based Payment Reserve, see note 24;
- Goodwill, see note 26;
- Investment in Joint Ventures, see note 27; and
- Investment in Subsidiaries, see note 28.

Notes to the consolidated financial statements

Section II: Investment Property

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

Further information about each property is described in the Strategic Report and Operational Review sections of the Annual Report.

3 Investment Property

		Investment property – freehold						
	Note	Completed investment property €'000	Investment property under refurbishment €'000	Investment property under development €'000	Land for further development €'000	Sub-total €'000	Investment property leasehold – Right of usufruct of the land €'000	Total €'000
1 January 2021		2,778,320	103,130	59,750	40,450	2,981,650	31,364	3,013,014
Investment property acquisition		18,011	–	–	–	18,011	–	18,011
Subsequent expenditure		20,790	7,381	25,279	1,299	54,749	–	54,749
Net lease incentive movement		18,384	(97)	1,015	–	19,302	–	19,302
Capitalised borrowing costs	10	–	53	486	–	539	–	539
Transfer to completed investment property		63,600	–	(63,600)	–	–	–	–
Transfer to investment property under development		–	–	2,500	(2,500)	–	–	–
Transfer to investment property under refurbishment		(47,520)	47,520	–	–	–	–	–
Disposal during the year		(3,260)	–	–	–	(3,260)	–	(3,260)
Transfer to assets held for sale	3.3	(120,690)	–	–	–	(120,690)	(9,847)	(130,537)
Fair value gain/(loss) on investment property		(9,375)	(1,986)	5,420	51	(5,890)	152	(5,738)
31 December 2021		2,718,260	156,001	30,850	39,300	2,944,411	21,669	2,966,080
Investment property acquisition	3.1	**5,584**	**–**	**–**	**–**	**5,584**	**–**	**5,584**
Land acquired during the year	3.1	**–**	**–**	**–**	**1,785**	**1,785**	**–**	**1,785**
Subsequent expenditure		**24,897**	**11,512**	**12,430**	**1,258**	**50,097**	**–**	**50,097**
Net lease incentive movement		**15,411**	**1,664**	**134**	**–**	**17,209**	**–**	**17,209**
Capitalised borrowing costs	10	**–**	**119**	**46**	**–**	**165**	**–**	**165**
Transfer to completed investment property		**18,600**		**(14,700)**	**(3,900)**	**–**	**–**	**–**
Disposal during the year		**(14,120)**	**–**	**–**	**–**	**(14,120)**	**–**	**(14,120)**
Additions to nominal lease liability	3.2	**–**	**–**	**–**	**–**	**–**	**2,814**	**2,814**
Fair value gain/(loss) on investment property	3.4	**(69,078)**	**(16,915)**	**690**	**1,757**	**(83,546)**	**(608)**	**(84,154)**
31 December 2022		**2,699,554**	**152,381**	**29,450**	**40,200**	**2,921,585**	**23,875**	**2,945,460**

Notes to the consolidated financial statements

Section II: Investment Property continued

3 Investment Property continued

3.1 Investment Property – Freehold

Policy

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

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

Valuations are performed as of the statement of financial position date by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. This value corresponds to the price that a third-party investor would be willing 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. The carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments is initially included as part of the carrying value of the investment property. At the balance sheet date investment property is remeasured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property.

Judgements

Classification of Investment Property

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

Investment Property Acquisition

On 22 March 2022, the Group acquired through its subsidiary North Logistics Hub SRL land located in the north-east periphery of Bucharest, Romania for an amount of €1.8 million, namely Business Park Stefanesti, for the development of an industrial park.

On 20 April 2022, the Group acquired through its subsidiary Logistics Hub Chitila SRL one industrial investment property located in the north-west periphery of Bucharest, Romania for an amount of €5.6 million, namely Business Park Chitila. The project will generate €0.5 million in rental income, annually.

Disposal of Investment Property Not in the Ordinary Course of Business

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

3.2 Investment Property – Leasehold

Policy

Lessee's Accounting

In certain contracts, the Group acts as a lessee, such as the right of perpetual usufruct of the land (the "RPU"), short-term office rentals, car parking and office equipment.

For low-value lease contracts, the Group applies the recognition exemptions permitted by the standard. Therefore, cash payments for the principal portion of the lease liability of such short-term lease payments or payments for leases of low-value assets (such as office rentals, car parking and office equipment) are included within operating activities as an expense in the same period.

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

Under IFRS 16, right-of-use assets that meet the definition of investment property are required to be presented in the statement of financial position as an investment property. The Group has the right of perpetual usufruct of the land (the "RPU" or "right-of-use assets") contracts for the property portfolio in Poland which meet the definition of investment property under IAS 40. Therefore, the Group has combined its "Right-of-use assets" being Investment property – leasehold under the line item "Investment property" along with the investment property – freehold in the statement of financial position. The corresponding lease liabilities are presented under the line item "Lease liabilities" as non-current and the related short-term portion are presented in the line item "Current portion of lease liability".

Notes to the consolidated financial statements

Section II: Investment Property continued

3 Investment Property continued

3.2 Investment Property – Leasehold continued

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

To arrive at the carrying amount of the investment property using the fair value model, the Group recognised the right-of-use asset at Net Present Value ("NPV") of future annual fees (that is net of all payments expected to be made under the RPU). The change in the carrying amount of investment property – leasehold was charged to profit and loss and presented under the line "Fair value gain on investment property". The NPV of right-of-use assets in order to determine the fair value of investment property – leasehold was calculated based on the following key inputs:

Key inputs to determine the present value	Note	31 December 2022	31 December 2021
Gross operating lease commitments (€'000)		**126,549**	125,196
Remaining individual lease term (years)		**67-84**	68-85
Discount rate (%)		**5.77**	5.77

Investment property – leasehold	Note	31 December 2022 €'000	31 December 2021 €'000
Opening balance		**21,669**	31,364
Additions to nominal lease liabilities		**2,814**	–
Transferred to assets held for sale		**–**	(9,847)
Fair value gain/(loss) on investment property	3.4	**(608)**	152
Closing balance		**23,875**	21,669

The lease liability is denominated in PLN as disclosed in note 20. The Group measures the lease liability at the present value of the lease payments that are not paid until the statement of financial position date. The lease payments are discounted at 5.77% after deducting from the opening carrying value the annual rental payments of €1.7 million (2021: €1.7 million) and translating at the closing exchange rate into Euro resulted in a foreign exchange gain of €1.5 million (2021: gain of €0.03 million). The interest expense for the unwinding effect of the present value of the lease liability for an amount of €2.4 million (2021: €1.8 million) was presented in the statement of comprehensive income under the line "Finance expense".

Additions to nominal lease liabilities represents the parking spaces leased from third-party lessor on a long-term basis. Considering the insignificant nominal amount contributed by these parking leases, as compared to the outstanding nominal lease liability amount, there was no significant change in discount rate applied as compared to the prior year.

Lease liability	31 December 2022 €'000	31 December 2021 €'000
Opening balance	**20,065**	29,089
Transfer to liability directly associated with the assets held for sale	**–**	(9,141)
Additions to nominal lease liabilities	**2,814**	–
Payment during the year	**(1,684)**	(1,659)
Interest expense on lease liability	**1,819**	1,810
Foreign exchange (gain)	**(1,484)**	(34)
Closing balance	**21,530**	20,065
– Current portion	**1,669**	1,303
– Non-current portion	**19,861**	18,762

Lease liability – held for sale	31 December 2022 €'000	31 December 2021 €'000
Opening balance	**9,141**	–
Liabilities directly associated with the assets held for sale	**–**	9,141
Payment during the year	**(605)**	–
Interest expense on lease liability	**568**	–
Foreign exchange gain	**(227)**	–
Net movement	**(264)**	–
Closing balance	**8,877**	9,141

3.3 Assets Held for Sale

Policy

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

Judgements and Assumptions Used in the Classification of Investment Properties as Held for Sale

In 2021, the Group entered into a preliminary agreement to sell the properties held by Dolfia sp. z o.o., Ebgaron sp. z o.o., Lamantia sp. z o.o., Nordic Park Offices sp. z o.o. and Warta Tower sp. z o.o., for a total consideration of €125.2 million. At 31 December 2022, the properties owned by these subsidiaries were valued at €116.2 million. The transaction date was delayed from the initial disposal date as the buyer has to reorganise the financing arrangement with a new consortium of banks, to provide the secured financing for the SPA, as some banks in the initial consortium organised by the buyer in September 2021 withdrew due to the start of the war in Ukraine.

Notes to the consolidated financial statements

Section II: Investment Property continued

3 Investment Property continued

3.3 Assets Held for Sale continued

Judgements and Assumptions Used in the Classification of Investment Properties as Held for Sale continued

The disposal transaction is expected to be concluded during first half of 2024 either through a single transaction or multiple individual transactions for each asset separately under the existing SPA or new buyer, in consent with terms of the current SPA. However, the Group has already encashed €3.3 million, (including VAT €4.1 million), the initial non-refundable deposit from the escrow account under the SPA, and recorded it as advances from the buyers as disclosed in note 15. On the expected future transaction date, the Group will receive funds in the amount of the total consideration plus VAT, less approximately €20.0 million, which will constitute a deferred payment. The deferred payment will be received by the Group within the next twelve months from the transaction date and is subject to a 13% interest rate.

All the assets under held for sale group are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets. The management has an active disposal programme with appropriate approvals from the Board and is planning to complete the sale in the near future either under existing SPA or by signing a new SPA with a new buyer(s).

The carrying values of investment properties held for sale at 31 December 2022 are fair valued after taking into account the existing SPA and management's intention to actively market these assets for sale at a price that is reasonable in relation to its current fair value under present market conditions. Therefore, the Group continues to classify the carrying value of this investment under investment property held for sale and disclose separately the liabilities directly associated with the assets held for sale.

	Note	31 December 2021 €'000	CAPEX €'000	Fair value loss €'000	Movement during the period €'000	**31 December 2022 €'000**
Completed investment property	3.1	120,690	789	(5,280)	–	**116,199**
Investment property – leasehold	3.2	9,847	–	(37)	–	**9,810**
Investment property held for sale		130,537	789	(5,317)	–	**126,009**
Lease liabilities	3.2	9,141	–	–	(264)	**8,877**
Deferred tax liability	11.1	5,586	–	–	(521)	**5,065**
Liabilities directly associated with the assets held for sale		14,727	–	–	(785)	**13,942**
Net assets held for sale		**115,810**	**–**	**–**	**–**	**112,067**

3.4 Fair Value Loss on Investment Property

	Note	**31 December 2022 €'000**	31 December 2021 €'000
Fair value loss on investment property		**(89,471)**	(5,738)
– Related to investment property – freehold	3.1	**(84,154)**	(3,982)
– Related to investment property – held for sale	3.3	**(5,317)**	(1,756)

Notes to the consolidated financial statements

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements

Policy

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

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

The Group measures at fair value the investment properties freehold and leasehold (non-financial assets), equity investments (through other comprehensive income) and financial assets at fair value through profit or loss at fair value (recurring) at each statement of financial position date. For financial liabilities, such as interest-bearing loans and borrowings carried at amortised cost using the effective interest rate method, the fair value is disclosed.

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

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

Further information on financial assets such as equity investments and financial assets at fair value through profit and loss can be found in notes 13, 16 and 17.

Investment Property Measured at Fair Value

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

Our Property Valuation Approach and Process

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

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

The fair value hierarchy levels are specified under IFRS 13 Fair Value Measurement. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (between Level 1, Level 2 and Level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. As of 31 December 2022 (2021: same) the values of all investment properties were classified as Level 3 fair value hierarchy under IFRS 13 and there were no transfers from or to Level 3 from Level 1 and Level 2.

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

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

The Group has based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared, including the amendments or possible amendments of the current lease contracts, delays to non-committed capital expenditure, cost-cutting initiatives and delays in construction activity. The key assumptions concern the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However, all such assumptions or estimates are sensitive to change due to the current market environment. Such uncertainty is reflected in the assumptions used for the valuation and the Group disclosed below the sensitivity to different key inputs to overall valuation.

Notes to the consolidated financial statements

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

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

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

Class of property	Carrying value 2022 €'000	Carrying value 2021 €'000	Valuation Technique	Country	Input	2022	2021
Completed investment property	**1,422,550**[1]	1,447,220	DCF	Poland	Rent per sqm Discount rate Exit yield	**€11.50 – €26.00** **4.67%– 12.30%** **5.45%– 8.00%**	€11.50–€24.00 4.53%–11.56% 5.25%–7.50%
Completed held for sale	**(116,199)**	(120,690)					
Completed investment property	**1,350,000**	1,336,200	DCF	Romania	Rent per sqm Discount rate Exit yield	**€2.00–€35.00** **8.25%–9.50%** **6.25%–7.75%**	€2.91–€35.00 7.50%–8.75% 6.25%–8.00%
Sub-total	**2,656,350**	2,662,730					
	43,205	55,531	SC	Romania	Sales value (sqm)	**€1,934**	€1,848
	2,699,554	2,718,261					
Investment property under development	**9,550**	9,550	RM	Poland	Rent per sqm Discount rate Exit yield Capex (€m)	**€13.50** **6.76%-7.53%** **6.50%** **€26.64**	€13.50 6.76%–7.53% 6.50% €26.64
	19,900	21,300	RM	Romania	Rent per sqm Discount rate Exit yield Capex (€m)	**€4.60–€15.00** **8.00%– 9.25%** **6.25%–7.75%** **€77.43**	€3.75–€15.00 7.75% – 9.00% 6.75% – 7.75% €43.43
Investment property under refurbishment	**152,380**	156,000	RM	Poland	Rent per sqm Discount rate Exit yield Capex (€m)	**€13.50–€15.00** **7.49%–8.67%** **7.18%–8.06%** **€21.00**	€13.25 – €14.00 6.77% – 7.82% 6.87% – 7.62% €30.24
Land bank – for further development	**9,500**	15,200	SC	Romania	Sales value (sqm)	**€27.00 – €2,215.19**	€25.00 – €2,626.58
	30,700	23,400	RM	Romania	Rent per sqm Exit yield	**€2.75 –18.00** **6.90% – 8.25%**	€2.75 – 17.00 7.00% – 8.25%
TOTAL	**2,921,585**	2,944,411					

1 This value includes the assets held for sale (see note 3.3).

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

Notes to the consolidated financial statements

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

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

All classes of property portfolio were categorised as Level 3 under the fair value hierarchy. The fair value movement on investment property recognised, as loss, in the income statement includes an amount of €89.5 million (2021: loss of €5.7 million) for fair value measurements as of the statement of financial position date related to investment properties categorised within Level 3 of the fair value hierarchy. In arriving at estimates of market values as at 31 December 2022 and 2021, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

Sensitivity Analysis on Significant Estimates Used in the Valuation

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

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

			€0.5 change in rental value per month, per sqm[1]		25 bps change in exit yield		5% change in CAPEX		€50 change in sales prices per sqm[2]		2.5% change in vacancy in perpetuity[3]	
Investment property	Year	Country	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– Completed	**2022**	**Poland**	**38,490**	**(38,530)**	**(62,280)**	**67,730**	**–**	**–**	**–**	**–**	**(32,450)**	**–**
	2022	**Romania**	**31,600**	**(31,200)**	**(49,900)**	**54,600**	**–**	**–**	**1,300**	**(1,300)**	**(15,700)**	**12,400**
	2021	Poland	40,140	(40,120)	(66,510)	72,480	–	–	–	–	–	–
	2021	Romania	33,800	(33,800)	(33,300)	36,200	–	–	1,800	(1,700)	(15,200)	12,500
– Under development	**2022**	**Poland**	**1,450**	**(1,450)**	**(1,670)**	**1,810**	**(1,320)**	**1,320**	**–**	**–**	**(1,060)**	**–**
	2022	**Romania**	**2,200**	**(2,200)**	**(1,800)**	**2,100**	**(1,900)**	**2,000**	**–**	**–**	**–**	**–**
	2021	Poland	1,450	(1,450)	(1,670)	1,810	(1,320)	1,320	–	–	–	–
	2021	Romania	2,400	(2,300)	(1,300)	1,400	(800)	1,000	–	–	–	–
– Under refurbishment	**2022**	**Poland**	**4,760**	**(4,750)**	**(6,120)**	**6,560**	**(210)**	**200**	**–**	**–**	**(3,740)**	**–**
	2021	Poland	5,400	(5,390)	(6,490)	6,990	(590)	590	–	–	–	–
– Further development	**2022**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	**Romania**	**3,200**	**(3,100)**	**(3,600)**	**4,000**	**(3,400)**	**3,500**	**400**	**(500)**	**–**	**–**
	2021	Poland	–	–	–	–	–	–	–	–	–	–
	2021	Romania	2,200	(2,000)	(1,900)	2,200	(2,300)	2,500	1,400	(1,500)	–	–

1. The quantitative sensitivity analysis was computed as a €0.25 change in rental value per month, per sqm for four industrial properties (2021: four industrial properties at €0.25 change in rental value per month, per sqm).
2. The quantitative sensitivity analysis was computed as a €1.5 change in sales price per sqm for the industrial properties portfolio.
3. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as this factor is considered in the valuation methodology as part of yields and not a variable in isolation. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Notes to the consolidated financial statements

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property; see note 14 for details. Further information about individual properties is disclosed in the Operational Review section of the Annual Report.

4.1 Investment Properties Owned by Joint Ventures

	Completed investment property €'000	Investment property under development €'000	Land for further development €'000	TOTAL €'000
1 January 2021	25,800	–	25,400	51,200
Land acquisition	–	–	130	130
Subsequent expenditure	11,742	10,196	864	22,802
Net lease incentive movement	789	–	–	789
Capitalised borrowing costs	202	87	–	289
Transfer to completed investment property	1,200	–	(1,200)	–
Transfer to investment property under development	–	2,804	(2,804)	–
Fair value gain/(loss) on investment property	(2,333)	613	13,210	11,490
31 December 2021	37,400	13,700	35,600	86,700
Land acquisition	**8**	**1,592**	**802**	**2,402**
Subsequent expenditure	**964**	**22,167**	**92**	**23,223**
Net lease incentive movement	**(17)**	**155**	**–**	**138**
Capitalised borrowing costs	**92**	**336**	**–**	**428**
Transfer to completed investment property	**34,700**	**(34,700)**	**–**	**–**
Disposal during the year	**–**	**–**	**(28)**	**(28)**
Fair value gain/(loss) on investment property	**553**	**5,150**	**434**	**6,137**
31 December 2022	**73,700**	**8,400**	**36,900**	**119,000**

Notes to the consolidated financial statements

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

Sensitivity Analysis on Significant Estimates Used in the Valuation of Investment Properties Owned by the Joint Venture

As disclosed in note 27, the Group also has an investment in three joint ventures where investment properties were valued at fair value under the similar Group accounting policies by Colliers Valuation and Advisory SRL.

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

Class of joint venture property	Carrying value 2022 €'000	Carrying value 2021 €'000	Valuation technique	Country	Input	Range 2022	Range 2021
Completed investment property	**73,700**	37,400	DCF	Romania	Rent per sqm	**€2.00-€9.00**	€2.00-€8.50
					Discount rate	**8.50%-9.00%**	8.50%
					Exit yield	**7.00%–7.25%**	7.25%–7.50%
Investment property under development	**8,400**	13,700	RM	Romania	Discount rate	**8.75%**	8.50%
					Exit yield	**7.25%**	7.25%–7.50%
					Capex (€m)	**€2.38**	€14.69
Land bank – for further development	**36,900**	35,600	SC	Romania	Sales value sqm	**€30.00-€70.00**	€29.00-€70.00
TOTAL	**119,000**	86,700					

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

A quantitative sensitivity analysis (for properties owned by joint ventures), in isolation, of the most sensitive inputs used in the independent valuations performed, as of the statement of financial position date, are set out below. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate (and exit yield), and an apposite change in the long-term vacancy rate.

Joint ventures Investment Property	Year	Country	€0.25 change in rental value per month, per sqm Increase €'000	Decrease €'000	25 bps change in exit yield Increase €'000	Decrease €'000	5% change in CAPEX Increase €'000	Decrease €'000	€1.5 change in sales prices per sqm Increase €'000	Decrease €'000	2.5% change in vacancy in perpetuity Increase €'000	Decrease €'000
– Completed	**2022**	**Romania**	**2,300**	**(2,200)**	**(2,500)**	**2,700**	**–**	**–**	**–**	**–**	**(1,000)**	**900**
	2021	Romania	700	(800)	(600)	600	–	–	–	–	(500)	500
– Under development	**2022**	**Romania**	**600**	**(500)**	**(400)**	**400**	**(100)**	**100**	**–**	**–**	**–**	**–**
	2021	Romania	1,600	(1,800)	(800)	600	(800)	600	–	–	–	–
– Further development	**2022**	**Romania**	**–**	**–**	**–**	**–**	**–**	**–**	**1,400**	**(1,400)**	**–**	**–**
	2021	Romania	–	–	–	–	–	–	1,400	(1,200)	–	–

Notes to the consolidated financial statements

Section II: Investment Property continued

5 Advances for Investment Property

	2022 €'000	2021 €'000
Advances for land and other property acquisitions	**2,000**	2,000
Advances to contractors for investment properties under development	**2,393**	1,436
	4,393	3,436

6 Commitments

Commitments for Investment Property

As at 31 December 2022 the Group had agreed to construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property of €10.9 million (2021: €20 million), investment property under development of €0.7 million (2021: €3.5 million) and had committed with tenants to incur incentives (such as fit-out works and other lease incentives) of €10.3 million (2021: €13.8 million).

The Group's joint ventures were committed to the construction of investment property for the amount of €1.3 million at 31 December 2022 (2021: €6.3 million).

Operating Lease Commitments – Group as Lessor

Policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases and such lease agreements fall within the scope of IFRS 16; see note 7 for policies on revenue recognition for properties under operating leases.

Judgements Made for Properties Under Operating Leases, being the Lessor

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

The duration of these leases is one year or more (2021: one year or more) and rentals are subject to annual upward revisions based on the consumer price index. The future aggregate minimum rentals receivable under non-cancellable operating leases for investment properties – freehold are as follows:

	2022 €'000	2021 €'000
Not later than 1 year	**169,880**	155,902
Later than 1 year and not later than 5 years	**426,748**	389,289
Later than 5 years	**152,843**	152,647
	749,471	697,838

Notes to the consolidated financial statements

Section III: Financial Results

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

7 Revenue

Policy

7.1 Rental Income

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. 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 lease agent commission, rent-free periods, fit-out incentives and all similar lease incentives is spread on a straight-line basis over the term of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. If the annual lease rent increases as a result of a price index to cover the 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 amounts received from tenants to terminate non-cancellable operating leases are recognised in the statement of comprehensive income when the right to receive them arises.

7.2 Revenue from Contracts with Customers

7.2a) Service Charge Income

The lease agreements include certain services offered to tenants comprising the overall property management, including common area maintenance services as well as other administrative and support services. The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. These services are specified in the lease agreements and separately invoiced.

The Group has concluded that these services represent a series of daily services that are satisfied over time and apply a time-elapsed measure of progress. The consideration charged to tenants for these services includes fees charged based on the area occupied by the tenant and reimbursement of certain expenses incurred. The Group has determined that this variable consideration generally relates to this non-lease component and that allocating it over the period of service meets the variable consideration allocation criteria under IFRS 15. The Group has identified a few lease agreements with non-triple net clauses, where the service charge was capped, which required the reclassification of €0.5 million from the rental revenues to service charge revenue during 2022 (2021: €0.6 million).

7.2b) Fit-out Services Income

For contracts relating to fit-out services, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including architectural work, procurement of materials, site preparation, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Group has determined that the goods and services are not distinct and has accounted for them as a single performance obligation.

Under IFRS 15, the Group recognises revenue over time because it expects that control will transfer over time. In certain fit-out contracts, its performance creates an asset that the tenant controls as the asset is created. In other cases, its performance does not create an asset with an alternative use to the Group and the Group has concluded that it has an enforceable right to payment for performance completed to date.

The Group has measured the stage of completion (i.e. performance measurement over time) for the revenue recognition from distinctive fit-out project using a cost input method, by reference to the costs incurred to date on a project for the satisfaction of a performance obligation relative to the total budgeted costs of the project to the completion.

7.2c) Rendering of Services

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

	2022 €'000	2021 €'000
Contracted rent	**180,920**	176,421
Adjustment for lease incentives	**(31,093)**	(26,122)
Rental income	**149,827**	150,299
Revenue from contracts with customers		
Service charge income	**86,809**	63,105
Fit-out services income	**2,374**	5,814
Asset management fees	**66**	34
Marketing and other income	**175**	98
	89,424	69,051
	239,251	219,350

The adjustment for lease incentives includes €0.1 million amortisation impact for COVID-19-related rent concession given during the year-ended 2022 (2021: €0.7 million).

The total contingent rents and surrender premia recognised as rental income during the year amount to €1.9 million (2021: €1.6 million) and €0.2 million (2021: €1.6 million), respectively.

Principal Rather than Agent

The Group arranges for third parties to provide certain services to the tenants either as part of service charges or fit-out services. Under IFRS 15, the Group concluded it was the principal because it is primarily responsible for fulfilling the promise to perform the specific services and the Group bears all risks (e.g. credit risk and inventory risk) on these transactions as it is obliged to pay the service provider even if the customer defaults on payment. The Group determined that it controls the service before it is provided to the tenant and, hence, it is the principal rather than the agent in these contracts. As a result, the Group has concluded that it is acting as a principal in all of the above-mentioned revenue arrangements.

Notes to the consolidated financial statements

Section III: Financial Results continued

8 Operating Expenses

Policy

a) Service Costs

Service costs for common areas, as well as expenses for non-common areas, are included under direct property expenses. Reclaiming them from tenants is presented separately under revenue, see note 7.

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 year and recorded in the income statement as expenses.

	2022 €'000	2021 €'000
Property management, utilities and insurance	**96,433**	67,930
Property maintenance costs and other non-recoverable costs	**746**	1,632
Property expenses arising from investment property that generate rental income	**97,179**	69,562
Property expenses arising from investment property that did not generate rental income	**19**	27
Fit-out services costs	**2,373**	5,509
	99,571	75,098

9 Administrative expenses

Policy

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

	Note	**2022 €'000**	2021 €'000
Directors' emoluments[1]		**1,189**	1,764
Salaries and wages[1,2]		**7,100**	6,357
Accounting, secretarial and administration costs		**475**	535
Legal and other advisory services		**1,301**	1,248
Audit and non-audit services[3]		**800**	842
Corporate social responsibility	9.1	**470**	1,143
Travel and accommodation		**218**	160
Marketing and advertising services		**1,099**	954
Post, telecommunication and office supplies		**548**	516
Stock exchange expenses		**512**	571
Exceptional and/or non-recurring expenses[4]		**–**	11,532
		13,712	25,622

1. Costs of €2.0 million (2021: €5.9 million) associated with the team of Executive Directors and other employees who worked on CAPEX projects for standing and under development properties were capitalised in line with the progress made on the properties under development during the year.
2. During the year, the Group contributed €0.3 million (2021: €0.3 million) and nil (2021: nil) to the mandatory Government Pension Fund of the employees and key management of the Group, respectively.
3. Refer to the Audit and Risk Committee report for details on the fees charged by the Company's auditor for the year.
4. During the year ended 31 December 2021, exceptional and non-recurring expenses include mainly professional advisory fees, Non-Executive Directors' fees and salary-related costs incurred in connection with the cash offer for Globalworth shares, made by CPI Property Group S.A. and Aroundtown SA through Zakiono Enterprises Limited in May 2022.

9.1 Corporate Social Responsibility

	2022 €'000	2021 €'000
Total expenditure of the Globalworth Foundation during the year	**480**	1,335
Donations from employees and other third parties	**(10)**	(192)
Corporate social responsibility expenditure supported by the Group	**470**	1,143

Notes to the consolidated financial statements

Section III: Financial Results continued

10 Finance Cost

Policy

Borrowing costs associated with direct expenditure on properties under development or undergoing major refurbishment are capitalised. Where borrowings are associated with specific developments, the amount capitalised is the gross interest less finance income (if any) incurred on those borrowings. Interest is capitalised 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.

	Note	**2022 €'000**	2021 €'000
Interest on secured loans		**7,054**	7,086
Interest on the unsecured revolving facility		**1,588**	–
Interest on fixed-rate bonds		**32,496**	37,051
Debt cost amortisation and other finance costs	10.1	**8,305**	8,394
Interest on lease liability	3.2	**2,387**	1,810
Bank charges		**702**	1,198
		52,532	55,539

10.1 Debt Cost Amortisation and Other Finance Costs

	2022 €'000	2021 €'000
Debt issue cost amortisation – secured bank loans	**930**	522
Debt issue cost amortisation – unsecured revolving facility	**1,461**	1,497
Debt issue cost amortisation – fixed rate bonds	**5,914**	6,375
	8,305	8,394

The Company capitalised borrowing costs in the value of investment property, amounting to €0.2 million (2021: €0.5 million), using a capitalisation weighted average rate of 3.33% (2021: 3.33%).

11 Taxation

Policy

Current Income Tax

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

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

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

The unrecognised deferred income tax asset is reassessed at each reporting date and is recognised to the extent it has become probable that the future taxable profit will allow for the recovery of such deferred tax asset. Deferred tax assets and liabilities are offset if provided by law and the deferred taxes relate to the same taxable entity and the tax authority.

	2022 €'000	2021 €'000
Current income tax expense	**1,264**	2,492
– Related to the current year	***3,253***	*2,471*
– Related to the prior year	***(1,989)***	*21*
Deferred income tax expense	**3,622**	12,091
	4,886	14,583

Notes to the consolidated financial statements

Section III: Financial Results continued

11 Taxation continued

Policy continued

Current Income Tax Expense

The corporate income tax "CIT" rate applicable to the Company in Guernsey is nil. The subsidiaries in Romania, Poland and Cyprus are subject to tax on local sources of income. The current income tax expense of €1.3 million (2021: €2.5 million) represents the profit tax for the Group. The taxable income arising in each jurisdiction is subject to the following standard corporate income tax rates: Poland at 19% (however small entities with revenue up to €2 million in the given tax year and entities starting a new business for their first tax year of operation, under certain conditions, are charged a reduced rate of 9%), Romania at 16% and Cyprus at 12.5%.

The Group's subsidiaries in Poland are subject to the minimum tax, which is applied to income from ownership of certain high-value fixed assets having an initial value of the asset exceeding PLN 10 million at a rate of 0.035% per month. From 2019, the taxpayer has a right to apply for the refund of previously paid minimum tax which was not deducted from the advance corporate income tax. This minimum tax can be set off against CIT if CIT is higher. The tax is applied only to leased buildings while no tax applies on vacant buildings or vacant space in partially occupied buildings. Due to the COVID-19 pandemic, the minimum tax scheme was suspended from 1 March 2020 until 31 May 2022 and the Group's subsidiaries are subject to corporate income tax.

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

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

There are uncertainties in Romania and Poland where the Group has significant operations and this is due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania has had a corporate income tax audit in the last five years, while in Poland some entities are currently under tax audit with respect to the corporate income tax settlement for the fiscal year 2017 and 2018.

Reconciliation Between Applicable and Effective Tax Rate

The reconciliation between tax expense and the product of accounting profit multiplied by the Company's income tax rate for the year ended 31 December 2022 and 31 December 2021 is as follows:

	2022 €'000	2021 €'000
Profit/(loss) before tax	**(11,218)**	62,072
Less: Non-deductible unrealised fair value loss on investment property	**(89,471)**	(5,738)
Profit before fair value loss on investment property and tax	**78,253**	67,810
At the Company's income tax rate 0% (2021: 0%)	**–**	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– *Corporate income tax*	**1,004**	933
– *Deferred tax expense for taxable temporary differences*	**2,089**	10,003
– *related to current year*	**146**	8,616
– *related to prior year's tax losses*	**1,943**	1,387
Tax in Cyprus		
– *Corporate income tax*	**–**	–
Tax in Poland		
– *Corporate income tax*	**260**	1,559
– *Deferred tax expenses for taxable temporary differences*	**1,533**	2,088
– *related to the current year*	**(1,085)**	(530)
– *related to the prior year's tax losses*	**2,618**	2,618
Tax expense reported in the income statement	**4,886**	14,583
Effective tax rate, including deferred tax expenses (%)	**6.2%**	21.5%

11.1 Deferred Tax (asset)/liabilities

	Note	2022 €'000	2021 €'000
Deferred tax asset		**(161)**	(151)
Deferred tax liabilities directly associated with the assets held for sale	3.3	**5,065**	5,586
Deferred tax liabilities		**154,866**	150,713
		159,770	156,148

Notes to the consolidated financial statements

Section III: Financial Results continued

11 Taxation continued

Deferred Income Tax Expense

Net Deferred Tax	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000
Valuation of investment property at fair value	**181,070**	181,542	**(472)**	10,345
Deductible temporary differences	**(1,247)**	(2,587)	**1,340**	1,070
Interest expense and foreign exchange loss on intra-group loans	**(18,743)**	(19,609)	**866**	408
Discounting of tenant deposits and long-term deferred costs	**68**	72	**(4)**	9
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**72**	139	**(67)**	27
Recognised unused tax losses	**(1,443)**	(3,402)	**1,959**	232
	159,770	156,148	**3,622**	12,091

The Group has unused assessed tax losses carried forward of €49.7 million (2021: €54.3 million) in Romania and €19.1 million (2021: €20.8 million) in Poland that are available for offset against future taxable profits of the entity which has the tax losses. The tax losses in Romania and Poland can be carried forward over seven and five consecutive tax years from the year of origination, respectively. In Poland, in any particular tax year, the taxpayer may not deduct more than 50% of the loss incurred in the year for which it was reported. Additionally, starting from 2020, the taxpayer may utilise one-time tax losses generated after 31 December 2018 in the amount of greater than PLN 5 million or 50% of tax loss of a given fiscal year in the following five fiscal years.

As of the statement of financial position date the Group recognised deferred tax assets of €1.4 million (2021: €3.4 million) in Romania and Poland for which deferred tax asset recognition criteria were met under IAS 12, out of the total available deferred tax assets of €10.7 million (2021: €11.7 million), calculated at the corporate income tax rates of 16% in Romania and 19% (9% for small entities) in Poland.

Expiry year	2023	2024	2025	2026	2027	2028	2029	TOTAL
Total available deferred tax assets (€m)	2.4	4.1	0.6	1.9	0.9	0.7	0.1	**10.7**

From the above total available deferred tax assets, €9.2 million (2021: €8.3 million) deferred tax asset was not recognised (Romania and Poland) in the income statement of the Group as the amount could not be utilised from the future taxable income as per the criteria under IAS 12.

There are also temporary non-deductible interest expenses and net foreign exchange losses of €276.5 million, of which €38.9 million in Romania and €237.6 million in Poland (2021: €258.4 million, of which €51.2 million in Romania and €207.2 million in Poland) related to intercompany and bank loans. Each year an amount up to 30% of tax EBITDA (plus PLN 3 million in Poland based on the recent Supreme Court sentence for the periods 2019-2021) and for 2022 not less than PLN 3 million would become tax-deductible, for which €18.7 million (€1.1 million in Romania and €17.7 million in Poland) deferred tax asset was recorded (2021: €19.7 million, €1.3 million in Romania and €18.4 million in Poland).

In Romania such temporary non-deductible interest expenses can be carried forward indefinitely until it is tax deductible as per EBITDA threshold. However, in Poland interest expense which was already paid prior to the financial position date (and corresponding net foreign exchange loss on such interest expense) can only be utilised over five consecutive tax years from the year of origination and unpaid interest expense (and corresponding net foreign exchange loss on such interest expense) is available for utilisation indefinitely. As of 31 December 2022, out of the total €17.7 million (2021: €18.4 million) deferred tax asset on interest expense and foreign exchange loss recognised in Poland, €2.6 million (2021: €6.0 million) is available for utilisation in five years from the origination.

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

At each statement of financial position date, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors. Based on the above assessment, the Group recognised deferred tax expense related to deferred tax asset for fiscal losses carried forward for an amount of €2.0 million (2021: deferred tax loss of €0.2 million) representing derecognition of deferred tax assets of €1.5 million (2021: derecognition of €0.4 million) in Romania, due to improved actual tax results and transition of some subsidiaries to a taxable profit position, and derecognition of deferred tax assets of €0.5 million (2021: derecognition of €0.8 million) in Poland, due to improved actual tax results.

The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group's ability to utilise future tax benefits.

Notes to the consolidated financial statements

Section III: Financial Results continued

12 Earnings Per Share

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

Date	Event	Note	Number of shares issued ('000)	% of the year	Weighted average ('000)
1 Jan 2021	**At the beginning of the year**		**220,297**		**220,297**
Jan–July 2021	Treasury shares vested and exercised under several share award plans during the year	24	1,056	63	660
July 2021	Shares issued under Executive share option plan (vested and exercised)	24	20	48	10
2021	**Shares in issue at year-end (basic)**		**221,373**		**220,967**
Jan 2021	At the beginning of the year		895	100	895
Jan–Dec 2021	Effect of dilutive shares transferred to basic on exercise by share-based award participants	24	(895)	65	(580)
2021	**Shares in issue at year-end (diluted)**		**221,373**		**221,282**
1 Jan 2022	**At the beginning of the year**		**221,373**		**221,373**
2022	**Shares in issue at year-end (basic)**		**221,373**		**221,373**
Jan–Dec 2022	Effect of dilutive shares		97	77	75
2022	**Shares in issue at year-end (diluted)**		**221,470**		**221,448**

Subsequent to 31 December 2022, no new shares were issued.

Unvested share option warrants of 2.83 million were not included in the basic or diluted number of shares being unvested and anti-dilutive on issue date (refer to note 24.1 for further information).

	2022 €'000	2021 €'000
Profit/(loss) attributable to equity holders of the Company for the basic and diluted earnings per share	**(16,961)**	47,489

IFRS earnings per share	**Cents**	Cents
– Basic	**(8)**	21
– Diluted	**(8)**	21

Key Alternative Performance Measures

The Company distributes on a semi-annual basis a dividend to its shareholders of not less than 90% of the Company's funds from operations, estimated using EPRA Earnings, subject to solvency and other legal requirements. EPRA Earnings is a non-IFRS measure.

EPRA Earnings Per Share

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

	Note	2022 €'000	2021 €'000
Earnings attributable to equity holders of the Company (IFRS)		**(16,961)**	47,489
Changes in fair value of financial instruments and associated close-out costs		**(429)**	(636)
Fair value loss on investment property	3.4	**89,471**	5,738
Losses on the disposal of investment properties		**1,851**	471
Changes in the value of financial assets at fair value through profit or loss	16	**(222)**	386
Acquisition costs		**7**	–
Deferred tax charge in respect of above adjustments		**(539)**	10,372
Non-controlling interests share of above		**783**	–
Adjustments in respect of joint ventures		**(2,376)**	(4,734)
EPRA Earnings attributable to equity holders of the Company		**71,585**	59,086

EPRA Earnings per share	**cents**	cents
– Basic	**32**	27
– Diluted	**32**	27

Notes to the consolidated financial statements

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.

13 Financial Instruments

Policy

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

Under IFRS 9 the Group classifies its financial assets in the two main measurement categories, those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortised cost. The classification of the financial asset in either of the above categories depends on the Group's business model for managing the financial asset and the contractual terms of the cash flows. The Group reclassifies the financial instrument when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Under IFRS 9 transaction costs that are directly attributable to the acquisition of the financial asset are recognised in the carrying amount at the initial date in case of a financial asset not at fair value through profit or loss ("FVPL"). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Financial Assets

Financial assets of the Group mainly include cash and cash equivalents, contract assets, trade and other receivables and guarantees retained by tenants, loan receivables from joint ventures, equity investments and financial assets at fair value through profit or loss.

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial Assets at Amortised Cost

Cash and cash equivalents, contract assets, trade and other receivables, other receivables, guarantees retained by tenants and loan receivables from joint ventures.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest income from the financial assets at amortised cost is included in finance income using the effective interest rate method and are subject to impairment. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses.

Note 20.2 provides information about the Group's exposure to credit risk and the impairment loss recognised during the year on the financial assets subject to impairment.

Cash and Cash Equivalents

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

Trade and Other Receivables

Trade receivables are amounts due from tenants for rent and services performed in the ordinary course of business. They are generally due for settlement within 30 days and assessed as working capital in the ordinary course of business; therefore, they are all classified as current. Trade receivables are recognised initially at the amount of consideration under IFRS 15 that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

Contract Asset

A contract asset is initially recognised for revenue earned from service charge income, fit-out services income and rendering of other services, (the revenue stream is disclosed in note 7), because the receipt of consideration is conditional on successful completion of the services. Once a fiscal invoice is issued after the completion of services the contract assets are reclassified to trade receivables.

Equity Investments Through Other Comprehensive Income (with no recycling of cumulative gains and losses upon derecognition)

Financial assets at fair value through other comprehensive income ("FVOCI") comprise equity investments which are not held for trading, and at initial recognition the Group, at its sole irrevocable option under IFRS 9, designates the unquoted equity investment as financial assets at fair value through other comprehensive income. Under this option, qualifying dividends are recognised in profit or loss. Changes in fair value, net of deferred tax if any, are recognised in other comprehensive income.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

13 Financial Instruments continued

Policy continued

Equity Investments Through Other Comprehensive Income (with no recycling of cumulative gains and losses upon derecognition) continued

Subsequently, if the equity investment will be derecognised then the impact of derecognition will remain in other comprehensive income and will not be reclassified to profit and loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value under these valuation techniques is classified as Level 3. The Group uses its judgement to select a variety of methods (including external transactions with third parties to raise equity or convertible debt by the investee, enterprise value using future cash flows, the performance of investee, annual budget and future business plans) and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial Liabilities

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

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

Contract Liability

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest-Bearing Loans and Borrowings

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

Derivative Financial Instruments

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

14 Interest-Bearing Loans and Borrowings

This note describes information on the material contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to market risk, currency risk and liquidity risk, see note 20.

	2022 €'000	2021 €'000
Current portion of:		
Secured loans and accrued interest	**3,845**	3,521
Unsecured fixed-rate bonds and accrued interest	**17,755**	344,758
Sub-total	**21,600**	348,279
Non-current		
Secured loans	**353,978**	356,416
Unsecured fixed rate bonds	**1,079,653**	929,225
Sub-total	**1,433,631**	1,285,641
TOTAL	**1,455,231**	1,633,920

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

14 Interest-Bearing Loans and Borrowings continued

14.1 Key Terms and Conditions of Outstanding Debt

Facility	Currency	Nominal interest rate	Maturity date	2022 Face value €'000	2022 Carrying value €'000	2021 Face value €'000	2021 Carrying value €'000
Loan 16	EUR	EURIBOR 1-month + margin	May 2025	**12,220**	**12,218**	13,485	13,482
Loan 25	EUR	Fixed rate Bond	June 2022	**–**	**–**	328,066	327,225
Loan 37	EUR	Fixed rate Bond	March 2025	**562,522**	**558,569**	562,522	556,920
Loan 38[1]	EUR	Fixed rate & Floating rate EURIBOR 3-month + margin	May 2025	**100,115**	**99,874**	100,110	99,556
Loan 41	EUR	EURIBOR 3-month + margin	March 2029	**85,552**	**84,959**	85,313	84,613
Loan 43	EUR	EURIBOR 3-month + margin	December 2024	**34,522**	**34,423**	36,032	35,902
Loan 44/45	EUR	Fixed rate	February 2027	**62,295**	**62,062**	62,295	62,000
Loan 46	EUR	Fixed rate	November 2029	**65,045**	**64,462**	65,045	64,384
Loan 47[2]	EUR	EURIBOR 3-month + margin	April 2024	**60,060**	**60,060**	–	–
Loan 48	EUR	Fixed rate Bond	July 2026	**405,011**	**392,658**	405,011	389,838
Loan 49	EUR	Fixed rate	March 2029	**449**	**449**	–	–
Loan 50	EUR	Fixed rate	March 2029	**1,429**	**1,421**	–	–
Loan 51	EUR	EURIBOR 6-month + margin	May 2028	**85,162**	**84,076**	–	–
Total				**1,474,382**	**1,455,231**	1,657,879	1,633,920

1. Loan 38 was drawn down in two tranches – 95% of the facility carries a fixed interest rate and 5% carries a floating interest rate.
2. Loan 47 is an unsecured Revolving Credit Facility ("RCF").

Unsecured Corporate Bonds

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

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

Financial Covenants

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

Unsecured Revolving Credit Facility ("RCF")

On 16 June 2022, the amount of €60 million was drawn down in order to strengthen the liquidity of the Group, for an initial period of 1 month that was further extended (Loan 47). Therefore, as at 31 December 2022, the amount of €155 million was available for utilisation under the RCF and will continue to be available until the end of March 2024, with maturity at the end of April 2024. The RCF loan terms have been structured to, generally, align with the Company's existing Euro Medium Term Note ("EMTN") programme for fixed-rate bonds. In addition to the financial covenants applicable for unsecured fixed-rate bonds, the RCF facility contains a supplementary financial covenant of the Total Unencumbered Assets Ratio with a minimum value of 125%.

At the end of December 2022, the Group entered into a new three-year term unsecured Revolving Credit Facility for €50 million with Erste Group Bank AG, the new liquidity being available to be drawn until December 2025. The new RCF loan terms have been structured to, generally, align with the Company's existing Euro Medium Term Note ("EMTN") programme for fixed-rate bonds and existing RCF.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

14 Interest-Bearing Loans and Borrowings continued

14.1 Key Terms and Conditions of Outstanding Debt continued

Unsecured International Finance Corporation ("IFC") Loan

At the end of May 2022, the Group entered into a six-year term unsecured loan agreement for €85 million with IFC. On 14 June 2022, the full amount was drawn down. The IFC loan terms have been aligned with the Company's Revolving Credit Facility terms including financial covenants.

Secured Facilities

At the end of December 2022, the Group entered into a ten-year term secured loan agreement for €110 million with Erste Group Bank AG,and Banca Comerciala Romana SA for refinancing of the Company's logistics/light-industrial portfolio in Romania. Out of the €110 million, €95 million is available to the Group and the difference is available to Black Sea Vision SRL, one of the Group's joint venture companies, to refinance the existing debt held with Banca Comerciala Romana SA and to obtain additional liquidity. The loan was drawn in March 2023.

Financial Covenants

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

- gross loan-to-value ratio ("LTV") with maximum values ranging from 60%–83% (2021: 60%–83%). LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date);
- the debt service cover ratio ("DSCR") minimum values of 120% (2021: 120%). DSCR is calculated, depending on the respective credit facility, on the preceding 12-month historical ratio or projected future 12-month period ratio;
- minimum interest cover ratio ("ICR"), historic with minimum values from 350% and projected with minimum values from 250% (2021: 250%–350%), which was applicable to two properties as at 31 December 2022 (31 December 2021: same). Historic ICR is calculated as Actual Net Rental Income as a percentage of the Actual Interest Costs for the 12 preceding months period from the calculation date. Projected ICR is calculated as Projected Net Rental Income as a percentage of the Projected Interest Costs for the 12-month period commencing immediately after the date of the calculation; and
- debt yield ratio ("DYR") with minimum values of 5%. DYR is calculated as the 12-month projected Net Operating Income divided by the loan outstanding value at a relevant calculation date.

Secured bank loans are secured by investment properties which were recognised in the statement of financial position at the fair value of €794.4 million at 31 December 2022 (2021: €800.4 million) and also carry pledges on rent receivable balances of €7.4 million (2021: €3.2 million), VAT receivable balances of €0.8 million (2021: €0.9 million) and a moveable charge on the respective bank accounts (refer to note 19).

The Group is in compliance with all financial covenants and there were no payment defaults during the year 2022 (2021: same). As of 31 December 2022, the Group had undrawn borrowing facilities of €300 million (2021: €215 million).

Loan from non-controlling interest holders to a subsidiary

In March 2022 and April 2022, North Logistics Hub SRL and Logistics Hub Chitila SRL, two newly incorporated subsidiaries, received a loan from minority shareholders for an amount of €0.4 million and €1.4 million respectively, representing 25% of CAPEX investment in the projects which were financed through shareholders' loans both from the Group and minority shareholder in proportion to the equity interest in the Company. The loans are unsecured and carry a fixed interest of 4%.

15 Trade and Other Payables

	2022 €'000	2021 €'000
Current		
Payable for property service charges	**12,719**	11,841
Payable to suppliers for properties under development	**11,645**	12,637
Consideration payable for property acquisitions	**–**	251
Deferred income for rent	**4,918**	5,467
Advances from the buyers for held for sale property	**3,333**	–
Directors' emoluments payable	**–**	26
Salaries and related payables	**1,078**	2,004
Accruals for administrative expenses	**1,767**	1,715
Accruals for non-recurring costs	**126**	3,777
Other taxes payable	**73**	2,053
Other short-term payables	**20**	17
	35,679	39,788
Non-current		
Consideration payable for asset acquisition	**1,034**	956
	36,713	40,744

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

16 Financial Assets at Fair Value Through Profit or Loss

Project name	Interest rate	Maturity date	2021 €'000	Additions €'000	Disposal €'000	Valuation gain €'000	Reclassification €'000	**2022 €'000**
Short term:								
My Place I (formerly: Beethovena I)	fixed	March 2022	4,103	–	(4,030)	73	–	**146**
My Place II (formerly: Beethovena II)	fixed	June 2022	3,221	38	–	149	–	**3,408**
TOTAL			**7,324**	**38**	**(4,030)**	**222**	**–**	**3,554**

Right of First Offer Agreements ("ROFO")

The fair value of the financial assets (ROFO bonds) is individually determined by taking into account a number of factors. The significant key factors are fair value of underlying investment properties, outstanding cost to complete the construction and leasing progress. Any significant change in inputs may result in significant change in the fair value of ROFO. For example, as at 31 December 2022 a 5% change in the outstanding cost to complete or the fair value of underlying investment property would have increased or decreased the ROFO fair value by €0.5 million and €0.5 million (2021: €0.5 million and €0.5 million) respectively.

The maturity dates presented in the table above are stated in the agreements, however, the planned repayment dates of debentures would take place upon completion of each ROFO project. The fair value of debentures is calculated based on percentage of completion of each ROFO project and developer margin of the project, which is calculated as a difference between each ROFO project value upon completion and the project's construction budget. As at 31 December 2022, a gain of €0.2 million (2021: loss of €0.39 million) from the fair valuation of the above financial instruments was recognised in the statement of comprehensive income, categorised as Level 3 within the fair value hierarchy.

The Group is committed to invest in each of the ROFO assets at least 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO asset. As of 31 December 2022, the cumulative investment made by the Group under the ROFO agreement amounts to €16.6 million (2021: €16.6 million). During 2022, ROFO bonds and loans related to My Place I were sold for €4.0 million. In March 2023, ROFO bonds and loans related to My Place II are expected to be repaid in the amount of €3.4 million.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

17 Equity Investments

Name of investees	2021 €'000	Investment in cash €'000	Gain on disposal €'000	Fair value movement on equity instruments designated at fair value through other comprehensive income: Fair value loss €'000	Fair value movement on equity instruments designated at fair value through other comprehensive income: Total €'000	2022 €'000
Mindspace Ltd	9,723	–	–	(5,469)	(5,469)	**4,254**
Early Game Venture Fund I Coöperatief U.A.	1,214	250	–	–	–	**1,464**
Gapminder Fund Coöperatief U.A.	1,172	553	78	–	78	**1,803**
Equity investments (unquoted)	**12,109**	**803**	**78**	**(5,469)**	**(5,391)**	**7,521**

Judgements

The Group considers investment in the above entities as strategic and their classification as a financial asset at fair value through other comprehensive income is more relevant instead of a financial asset at fair value through the income statement. The classification criteria were assessed separately for each investment at the initial date.

Estimates Used in the Valuation Technique and Key Inputs

In determining fair value, the Group relied on the financial data of investees' portfolios and estimates by the management of the investee portfolio companies as to the effect of future developments. Although the Group uses its best judgement, there are inherent limitations in any estimation techniques. Any change in the discount rate, WACC, and/or EBITDA multiple used in valuation may have a significant impact on the estimated value at 31 December 2022. The fair value estimates attempt to present the amount the Group could realise in a current transaction; the final realisation may be different as future events will also affect the current estimates of fair value.

Investment in Mindspace Ltd

In 2018, the Group entered into an agreement with Mindspace Ltd, receiving a 4.99% stake in Mindspace Ltd (which was subsequently decreased to 3.69% following an equity raise in 2021) in return for investing €8.6 million in the company's Preferred A-2 class shares. Mindspace Ltd commenced its operations in 2013 with subsidiaries in Cyprus, Poland, Germany, the UK, the USA, the Netherlands and Romania. The company leases office spaces for long-term periods, renovates them and turns them into modern shared offices/coworking spaces while providing its customers with office spaces and additional services. The company is also a tenant of the Group, in Poland and Romania.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

Fair value measurement

The fair value of the Group's participation in Mindspace Ltd was calculated based on a third-party valuation (Level 3 under IFRS 13) organised by the investee. In prior year the valuation was performed internally by the management, based on the net present value of estimated future cash flows, using a discounted cash flows model.

The third-party valuation in December 2022 was based on investee's projected cash flows for the next 5 years from 2023 to 2027 (2021: 4 years) and the discount rate of 14.5% (2021: discount rate of 4.7%) derived by using EBITDA multiple of a comparable quoted global company operating in a similar industry).

Based on the above analysis, as at 31 December 2022 the Group recorded a fair value loss in other comprehensive income of €5.5 million (2021: nil). Since, the capital gains or losses on the underlying investments are subject to 0% capital gains taxes in Cyprus therefore no deferred tax asset was recorded in other comprehensive income related to fair value loss.

As at 31 December 2022, a 1% increase or (decrease) in fair value of equity share in the investee would have increased/(decreased) the fair value loss/(gains) on the investment by €43 million (2021: €0.65 million).

Investment in Venture Funds

Early Game Venture Fund I Coöperatief U.A.

Early Game is a venture fund that invests in tech start-ups in Romania through the Competitiveness Operational Program and is co-funded by the European Regional Development Fund. Globalworth Tech Limited, a fully owned subsidiary of the Group, is committed to investing in total €2.0 million in this fund.

Globalworth Tech Limited invested €1.2 million in Early Game Venture Fund I Coöperatief U.A. ("Early Game") in the prior years. During 2022, the subsidiary participated in further equity calls in 2022 and invested another €0.3 million (2021: €0.6 million).

Gapminder Fund Coöperatief U.A.

In the prior years, Globalworth Tech Limited invested €1.2 million in Gapminder Fund Coöperatief U.A. ("Gapminder") and participated in further equity calls of €0.6 million during 2022 (2021: €0.3 million). Gapminder is a venture fund that invests in tech start-ups in Romania through the Entrepreneurship Accelerator and Seed Fund Financial Instrument in Romania and is co-funded by the European Investment Fund. The Group is committed to investing in total €2.4 million out of the fund's total planned investment value of €50 million.

At 31 December 2022, the Group assessed the fair value of its investments based on the latest available management accounts of both funds and the underlying enterprise value of each tech start up and seed investments by Early Game and Gapminder. The enterprise value of underlying investments is based on last capital raises initiated by such seed investment and pre-seed investment which is participated in by third parties. Based on this analysis, no fair value gain was recognised in other comprehensive income as the change in the value of both investments was insignificant to the cost of the initial investment. However, during the year Gapminder disinvested in one of the investees for an amount of €0.1 million resulting in a realised capital gain of €0.07 million which was recorded in other comprehensive income.

18 Trade and Other Receivables

	2022 €'000	2021 €'000
Current		
Rent and service charges receivable	**19,201**	11,049
VAT and other taxes receivable	**2,616**	4,236
Advances to suppliers for services	**177**	219
Sundry debtors	**343**	704
	22,337	16,208

Rent and Service Charges Receivable

Rent and service charges receivable are shown, in the above table, net of allowance for expected credit losses of €4.1 million (2021: €5.8 million). Rent and service charges receivable are non-interest-bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 20.2). For the terms and conditions for related party receivables, see note 30.

19 Cash and Cash Equivalents

	2022 €'000	2021 €'000
Cash at bank and in hand	**143,515**	180,686
Short-term deposits	**20,252**	238,062
Cash and cash equivalents as per statement of financial position	**163,767**	418,748

Cash at bank and in hand includes restricted cash balances of €7.8 million (2021: €7.5 million) and short-term deposits include restricted deposits of €0.1 million (2021: €0.2 million). The restricted cash balance can be used to repay the outstanding debts and repayment of deposits to tenants.

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 20.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates on Euro deposits ranging from minus 0.60% to positive 0.01% (2021: minus 0.60% to positive 0.01%) per annum, for PLN deposits from minus 0.24% to 4.56% (2021: 0.24% to nil) per annum and for RON deposits from 0.68% to 6.25% (2021: 0.40% to 1.75%) per annum. For RON deposits the highest interest rate was earned on overnight deposits.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies

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

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

Refer to the Principal Risks & Uncertainties section, pages 58 to 64, for further details on the Group's Risk Management Framework, covering Business Environment Risks, Property Portfolio Risks, Financial, Financing & Liquidity Risks and Regulatory Risks.

Financial, Financing & Liquidity Risks sub-section from the Group's Risk Management Framework primarily addresses the lack of available financing and refinancing risks of outstanding debt, risk of breach of loan covenants for outstanding debt at 31 December 2022 and changes in interest rate risk impacting our future cash flows and liquidity position.

20.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's market risks arise from open positions in: (a) foreign currencies; (b) interest-bearing assets and liabilities, (c) investments in equity instruments — refer to note 17 and (d) fair value of investment property — refer to note 4, to the extent that these are exposed to general and specific market movements.

20.1 a) Foreign Currency Risk

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

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

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.1 Market Risk continued

20.1 a) Foreign Currency Risk continued

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

	2022				2021			
	Denominated in				Denominated in			
Amounts in €'000 equivalent value	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	**16,691**	**20,817**	**11**	**20**	12,607	15,047	37	30
Trade and other receivables	**13,720**	**7,037**	**–**	**–**	9,391	6,269	–	–
Contract assets	**4,760**	**5,063**	**–**	**–**	4,352	1,601	–	–
Income tax receivable	**33**	**1,629**	**–**	**–**	33	74	–	–
Total	**35,204**	**34,546**	**11**	**20**	26,383	22,991	37	30
LIABILITIES								
Trade and other payables	**16,028**	**12,984**	**–**	**–**	15,490	10,063	–	–
Lease liability	**–**	**30,407**	**–**	**–**	–	29,206	–	–
Income tax payable	**197**	**(6)**	**–**	**–**	361	191	–	–
Guarantees from subcontractors	**959**	**2,672**	**–**	**–**	1,807	1,808	–	–
Deposits from tenants	**3,784**	**7,081**	**–**	**5**	3,503	6,713	–	5
Total	**20,968**	**53,138**	**–**	**5**	21,161	47,981	–	5
Net exposure	**14,236**	**(18,592)**	**11**	**15**	5,222	(24,990)	37	25

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.1 Market Risk continued

Foreign Currency Sensitivity Analysis

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

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

	2022		2021	
All amounts in €'000	Profit or (loss)	Equity	Profit or (loss)	Equity
RON	**(712)**	**(712)**	(261)	(261)
PLN	**930**	**930**	1,192	1,192
USD	**(1)**	**(1)**	(1)	(1)
GBP	**(1)**	**(1)**	(2)	(2)

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

20.1 b) Interest Rate Risk

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

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 31 December 2022, out of the total outstanding balance of interest-bearing loans and borrowings, 80.7% (2021: 91.5%) carry fixed-rate interest, as a consequence, the Group is exposed to fair value interest rate risk, which has been disclosed under IFRS. As of 31 December 2022, the fair value of such fixed-rate debt was lower by €133.6 million (2021: higher by €78 million) than the carrying value as disclosed below in the fair value hierarchy table.

The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed rate long-term financing either through fixed rate secured or unsecured loans or variable rate loans where the risk for interest rate increase is mitigated through fixed-variable swaps or caps from case-by-case basis.

Furthermore, as at 31 December 2022, out of the total outstanding interest-bearing loans and borrowing balance, 19.3% (2021: 8.5%) carry a variable interest rate, which ranges from EURIBOR 1-month to EURIBOR 3-month rates; see note 14 for details on each individual loan. These loans expose the Group to cash flow interest rate risk and, in order to minimise this risk, the Group hedged 21.6% (31 December 2021: 40.3%) of such variable interest rate exposure with fixed-variable interest rate swap instruments and interest rate cap instruments with strike prices ranging from minimum 3% to 4%.

Based on the Group's debt balances at 31 December 2022, an increase or decrease of 100 basis points in EURIBOR will result in an increase or decrease (net of tax) of interest expense by €2.8 million per annum (2021: €1.4 million per annum), with a corresponding impact on equity for the same amount, respectively. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

20.2 Credit Risk

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

	Note	2022 €'000	2021 €'000
Financial assets measured at fair value through profit or loss	16	**3,554**	7,324
Loan receivable from joint venture	27	**47,324**	31,991
Trade receivables – net of provision	18	**19,201**	11,049
Contract assets		**9,967**	6,106
Other receivables		**343**	704
Guarantees retained by tenants		**98**	885
VAT and other taxes receivable	18	**2,616**	4,236
Income tax receivable		**840**	117
Cash and cash equivalents	19	**163,767**	418,748
		247,710	481,160

Financial Assets at Fair Value Through Profit or Loss and Other Comprehensive Income

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

Contract Assets and Trade Receivables

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

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

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.2 Credit Risk continued

Estimates and Assumptions Used for Impairment of Trade Receivables and Contract Assets

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

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

	2022 €'000	2021 €'000
Opening balance	**5,776**	4,976
Specific allowance for expected credit losses	**263**	1,362
Impairment based on the simplified approach under IFRS 9	**–**	70
Reversal of provision for doubtful debts	**(219)**	(298)
Write-off	**(1,658)**	–
Foreign currency translation income	**(50)**	(146)
Provisions income	**–**	(188)
Closing balance	**4,112**	5,776

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

2022 (€'000)	**Neither past due nor impaired**	**Due but not impaired: <90 days**	**<120 days**	**<365 days**	**>365 days**	**TOTAL**
Trade and other receivables – gross	**11,785**	**6,334**	**162**	**1,416**	**3,616**	**23,313**
Less: Specific allowance	**–**	**80**	**11**	**44**	**3,616**	**3,751**
Less: Expected credit loss	**4**	**198**	**7**	**152**	**–**	**361**
Carrying amount	**11,781**	**6,056**	**144**	**1,220**	**–**	**19,201**
Expected credit loss rate	**0.01%**	**3.3%**	**4.9%**	**12.5%**	**–**	

2021 (€'000)	Neither past due nor impaired	Due but not impaired: <90 days	<120 days	<365 days	>365 days	TOTAL
Trade and other receivables – gross	6,827	2,841	214	2,469	4,474	16,825
Less: Specific provision	–	103	62	707	4,474	5,346
Less: Expected credit loss	4	198	7	221	–	430
Carrying amount	6,823	2,540	145	1,541	–	11,049
Expected credit loss rate	0.1%	7.8%	4.8%	14.3%	–	

The Group considers that a default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The customer balances which were overdue but for which no specific loss allowance was recorded are due to the fact that the related customers committed and started to pay the outstanding balances subsequent to the year-end. Further deposits payable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contractual terms.

VAT and Other Taxes Receivable

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

Cash and Cash Equivalents

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. During 2022 the cash and cash equivalents balances were kept with several international banks having credit rating profiles (assigned by S&P, Moody's or Fitch) in the upper-medium investment grade range (i.e. A+ to A- for long-term and P-1 to P-2 and F1+ to F2 for short-term) for 60% (2021: 65%) of the cash and cash equivalents balance of the Group, in lower medium investment grade range (BBBs) for 40% (2021: 35%) of the cash and cash equivalents balance of the Group and insignificant amounts (2021: 1%) in non-investment grade. Surplus funds from operating activities are deposited only for short-term periods, which are highly liquid with reputable institutions.

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.2 Credit Risk continued

Loan Receivable from Joint Ventures

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

Financial Instruments for Which Fair Values are Disclosed

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

			Fair value hierarchy			
	Year	Carrying amount €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Interest-bearing loans and borrowings (note 14)	**2022**	**1,455,231**	**800,385**	**–**	**521,275**	**1,321,660**
	2021	1,633,920	1,330,142	–	381,567	1,711,709
Other current financial liabilities	**2022**	**67**	**–**	**67**	**–**	**67**
	2021	261	–	261	–	261
Financial asset at fair value through profit or loss	**2022**	**3,554**	**–**	**–**	**3,554**	**3,554**
	2021	7,324	–	–	7,324	7,324
Lease liabilities (note 3)	**2022**	**21,530**	**–**	**–**	**21,530**	**21,530**
	2021	20,065	–	–	20,065	20,065

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

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.3 Liquidity Risk

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

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

	Contractual payment term						
All amounts in €'000 **31 December 2022**	**<3 months**	**3 months-1 year**	**1-5 years**	**>5 years**	**Total**	**Difference from carrying amount**	**Carrying amount**
Interest-bearing loans and borrowings	**19,897**	**26,082**	**1,335,002**	**235,216**	**1,616,197**	**(160,966)**	**1,455,231**
Lease liability	**-**	**2,151**	**13,614**	**113,914**	**129,679**	**(99,272)**	**30,407**
Trade payables and guarantees retained from contracts (excluding advances from customers)	**21,235**	**12,963**	**2,948**	**16**	**37,162**	**260**	**37,422**
Other payables	**20**	**–**	**–**	**–**	**20**	**–**	**20**
Deposits from tenants	**17,303**	**186**	**3,336**	**1,251**	**22,076**	**(702)**	**21,374**
Total	**58,455**	**41,382**	**1,354,900**	**350,397**	**1,805,134**	**(260,680)**	**1,544,454**

	Contractual payment term						
All amounts in €'000 **31 December 2021**	<3 months	3 months-1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	18,821	351,149	1,220,530	211,470	1,801,970	(168,050)	1,633,920
Lease liability	–	1,855	8,737	114,604	125,196	(105,131)	20,065
Trade payables and guarantees retained from contracts (excluding advances from customers)	18,693	17,601	3,696	–	39,990	1,292	41,282
Other payables	17	–	–	–	17	–	17
Deposits from tenants	15,917	168	3,212	1,182	20,479	(567)	19,912
Total	53,448	370,773	1,236,175	327,256	1,987,652	(272,456)	1,715,196

Notes to the consolidated financial statements

Section IV: Financial Assets and Liabilities continued

20 Financial Risk Management – Objective and Policies continued

20.3 Liquidity Risk continued

Other Current Financial Liabilities

Other current financial liabilities represent the mark-to-market value of CAP instruments for covering the increase of 3-month EURIBOR above strikes of 3% and 4% interest rate caps, obtained from the counterparty financial institution and were valued at €0.07 million at 31 December 2022 (2021: €0.3 million). The fair value of derivatives was developed in accordance with the requirements of IFRS 13. The swap agreement under which the Group was entitled to receive a floating rate of 1-month EURIBOR and was required to pay a fixed rate of interest of 3.62% p.a. matured in June 2022.

Reconciliation of Liabilities Arising from Financing Activities in Cash Flows

			Non-cash changes movement				
Description	2021 €'000	Net cash flows €'000	Amortisation in mark-to-market value €'000	Foreign exchange €'000	Debt cost amortisation €'000	Interest expense €'000	**2022 €'000**
Interest-bearing loans and borrowings (note 14)	1,633,920	(227,525)	–	–	6,840	41,996	**1,455,231**
Other current financial liabilities	261	–	(194)	–	–	–	**67**

			Non-cash changes movement				
Description	2020 €'000	Net cash flows €'000	Amortisation in mark-to-market value €'000	Foreign exchange €'000	Debt cost amortisation €'000	Interest expense €'000	2021 €'000
Interest-bearing loans and borrowings (note 14)	1,630,094	(49,244)	–	–	8,394	44,676	1,633,920
Other current financial liabilities	875	–	(614)	–	–	–	261

Notes to the consolidated financial statements

Section V: Share Capital and Reserves

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

21 Issued Share Capital

Policy

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

		2022		2021	
	Note	€'000	Number ('000)	€'000	Number ('000)
Opening balance		**1,704,476**	**222,427**	1,704,374	222,407
Shares issued for cash under Executive share option plan	24.1	**–**	**–**	102	20
Balance at 31 December		**1,704,476**	**222,427**	1,704,476	222,427

Ordinary shares carry no right to fixed income, but are entitled to dividends as declared from time to time. Each ordinary share is entitled to one vote at meetings of the Company. There is no limit on the authorised share capital of the Company. The Company can issue no par value and par value shares as the Directors see fit.

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

22 Dividends

Policy

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the Articles of Incorporation of the Company and Guernsey Company Law, a distribution is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity. There are no income tax consequences attached to the payment of dividends in either 2022 or 2021 by the Group to its shareholders.

	2022 €'000	2021 €'000
Declared and paid during the year		
Interim cash dividend: €0.27 per share (2021: €0.30 per share)	**59,771**	66,286

On 10 March 2022, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2021 of €0.13 per ordinary share, which was paid on 1 April 2022 to the eligible shareholders.

On 31 August 2022, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 30 June 2022 of €0.14 per ordinary share, which was paid on 30 September 2022 to the eligible shareholders.

23 Financial Position Key Performance Measures

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

	Note	2022 €'000	2021 €'000
Net assets attributable to equity holders of the Company		**1,656,506**	1,738,629

Number of ordinary shares used for the calculation of:		Number ('000)	Number ('000)
NAV per share	12	**221,373**	221,373
Diluted NAV and EPRA NRV per share	12	**221,470**	221,373

	€	€
NAV per share	**7.48**	7.85
Diluted NAV per share	**7.48**	7.85

Notes to the consolidated financial statements

Section V: Share Capital and Reserves continued

23 Financial Position Key Performance Measures continued

EPRA Net Asset Value ("EPRA NAV") Per Share	Note	2022 €'000	2021 €'000
Net assets attributable to equity holders of the Company			
Exclude:		**1,656,506**	1,738,629
Deferred tax liability on investment property	11	**181,070**	181,542
Fair value of interest rate swap instrument	20	**(194)**	236
Goodwill as a result of deferred tax	26	**(5,697)**	(5,697)
Adjustment in respect of the joint venture for the above items		**3,798**	2,753
EPRA NRV attributable to equity holders of the Company		**1,835,483**	1,917,463

	€	€
EPRA NRV per share	**8.29**	8.66

24 Share-Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in other reserves in equity (share-based payment reserve), over the period in which the service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. Where the share scheme has market-related performance criteria, the Group has used a binomial option pricing model to establish the relevant fair values at the grant date, considering the terms and conditions. The following table analyses the components of the share-based payment reserve and the total cost outstanding at year-end.

Share-based payments reserve	Note	2022 €'000	Number ('000)	2021 €'000	Number ('000)
Executive share option plan	24.1	**156**	**–**	156	–

Share-based payments expense	Note	2022 €'000	2021 €'000
Subsidiaries' employees share award plan	24.3	**–**	532
Total expense during the year		**–**	532

24.1 Executive Share Option Plan

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

In 2013, the Group granted warrants to the Founder (at 31 December 2022 the unvested warrants were held by Zakiono Enterprises Limited, an immediate parent of the Company) and the Directors which entitle each holder to subscribe for ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price and the holder is employed on such date. The contractual term of each warrant granted is 10 years. There are no cash settlement alternatives, and the Group does not have the intention to offer a cash settlement for these warrants.

Under the share option warrants scheme, Zakiono Enterprises Limited had the right to subscribe in two tranches of 2.83 million ordinary shares in total (1.415 million for each tranche) at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds €10.00 per share and €12.50 per share for each tranche respectively. As defined per IAS 33 "Earnings per share" ordinary shares to be issued for each unvested share option warrants were not included in a basic or diluted number of shares as disclosed in note 12. The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share.

On 9 July 2021, two Non-Executive Directors exercised 20,000 vested warrants at €5.00 per share under the contractual terms for an amount of €0.1 million and a corresponding €2,000 share-based payment reserve was also transferred to share capital. These warrants were vested during 2017 at the weighted average market share price of €7.71. There have been no cancellations or modifications to any of the plans during the year ended 31 December 2022.

Notes to the consolidated financial statements

Section V: Share Capital and Reserves continued

24 Share-Based Payment Reserve continued

Policy continued

Executive Share Option Plan continued

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

	2022		2021	
	Cost €'000	Number ('000)	Cost €'000	Number ('000)
Opening balance	**156**	**–**	158	2,850
Warrants vested and exercised during the year	**–**	**–**	(2)	(20)
Closing balance	**156**	**–**	156	2,830
Weighted average remaining contractual life (years)		**0.58**		1.58
Warrants vested and exercisable as at 31 December		**–**		–

24.2 Shares Granted to Executive Directors and Other Senior Management Employees

	2022 €'000	2021 €'000
At the beginning of the year	**–**	353
Shares issued to the Executive Directors and other senior management employees	**–**	(339)
Dividend transferred on vest shares	**–**	(20)
Dividend assigned on unvested shares	**–**	6
Closing balance	**–**	–

Shares Issued to the Executive Directors and Other Senior Management Employees

In January 2021, Globalworth Investment Advisers Limited ("GIAL") delivered 0.026 million ordinary shares (ordinary shares of no par value), out of treasury shares held by it, to one of its preference shareholders as settlement for the share-based payment reserve, in order to settle the second tranche of 26 thousand ordinary shares, comprising part of the ordinary shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2018.

On 12 May 2021 CPI Property Group S.A. and Aroundtown SA formed a consortium, and, via Zakiono Enterprises Limited ("Zakiono"), made a cash offer for the entire issued and to be issued share capital in the Company at €7.00/share which was initiated by way of a formal offer. The offer was successfully completed, with the consortium now holding 60.6% of the share capital, via Zakiono, thus resulting in the change of control by becoming the largest and controlling shareholder of Globalworth.

Following the above event, all unvested ordinary shares held by Globalworth Investment Advisers Limited's ("GIAL") and forming part of the settlement of the fees paid to GIAL by the Company for the years ended 31 December 2018, 2019 and 2021 vested as a result of the change of control and under the provisions of the share-based plan. GIAL decided to participate in the cash offer, with the vested shares held by it, and used the proceeds from its participation in the cash offer to reward its preference shareholders and other executives in full settlement of the share-based payment reserve. The shares rank pari passu with the existing shares of the Company.

There were no further unvested shares outstanding under this scheme as of 31 December 2022.

24.3 Subsidiaries' Employees Share Award Plan

	2022 €'000	2021 €'000
Opening balance	**–**	531
Share-based payment expense during the year	**–**	532
Share-based reserve settled in cash for taxes	**–**	190
Shares vested and exercised during the year	**–**	(1,253)
Closing balance	**–**	–

As disclosed in note 24.2, following the successful completion of the public tender offer, which activated the change of control clause under the share-based payment plan, the Company delivered 0.097 million ordinary shares to employees (vested shares) in order to settle the share-based reserve under this scheme. The Company recorded €0.53 million (2021: €0.53 million) share-based payment expense in the income statement for the lapsed vesting period during 2022. Under the share award plan, the subsidiaries' employees are required to remain in service for a one-year period after the date of acceptance of the share offer letter. There were no further unvested shares outstanding under this scheme as of 31 December 2022.

24.4 Current Group Remuneration Policy

Policy

The current Group remuneration policy is designed to achieve an appropriate balance between fixed and variable remuneration, and between variable remuneration based on short-term and longer-term performance. Fixed remuneration includes base salary and benefits. Variable remuneration includes an annual bonus, a significant portion of which is ordinarily paid in deferred shares pursuant to a new deferred annual bonus plan ("DABP"), and performance share plan awards made under a new long-term incentive plan ("LTIP").

The current Group remuneration policy is intended to align with the strategy and business of the Group and reflects the importance of generating a growing and sustainable cash flow and achieving value creation through the active management of real estate assets, including those under development. The principal objectives of the current Group remuneration policy are to attract, retain and motivate the management of the quality required to run the Company successfully.

Notes to the consolidated financial statements

Section V: Share Capital and Reserves continued

24 Share-Based Payment Reserve continued

24.4 Current Group Remuneration Policy continued

24.4.1 Deferred Annual Bonus Plan ("DABP")

Key Terms and Conditions

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

Deferred annual bonus plan – equity settlement	Note	31 December 2022 €'000	31 December 2021 €'000
At the beginning of the year		–	4,999
Share vested and transferred during the year	24.4.1.1	–	(4,920)
Share-based incentive bonus for the year		–	2,061
Share-based portion of annual incentive plan settled in cash	24.4.1.1	–	(2,140)
Closing balance		–	–

24.4.1.1 Share-based incentive bonus for the year

As disclosed in note 24.2, there were no provisions recorded during 2022 under this plan. There were no further unvested shares outstanding under this scheme as of 31 December 2022.

In prior year, following the successful completion of the public tender offer, which resulted in the change of control clause being applicable under the share-based payment plan, the Independent Committee of the Board reassessed the current year's achievements until the change of control date and, based on this assessment, an amount of €2.06 million was awarded to DABP participants as an interim bonus for 2022. Out of the total interim bonus amount, €1.44 million was capitalised as the cost of entering into new leases or of signing lease addenda during the year and would be amortised over the lease term in the income statement. In addition, all unvested ordinary shares, related to prior years' deferred annual bonus plan as at the change of control date, held by the Company and GIAL were delivered to the Executives and selected senior employees.

24.4.2 Long-term Incentive Plan Key Terms and Conditions

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

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

During 2022, Total Shareholder Return, including dividends, was negative 25.2% and Total Accounting Return per share was negative 1.2%, therefore there were no provisions recorded in the financial statements for the year ended 31 December 2022.

In prior year, following the change of control event, the Independent Committee assessed the current year's performance conditions until the change of control date and approved the payment of an LTIP bonus in the form of shares for the three-year period 2019-2022. Out of the total LTIP awarded shares nominal amount (including applicable taxes), €1.03 million was capitalised as the cost of entering into new leases or of signing lease addenda during the year and would be amortised over the lease term in the income statement. Following the successful closing of the cash offer, the awarded ordinary shares were either delivered to Executives and selected senior employees under this plan, or for the preference shareholders and other Executives of GIAL, a cash equivalent at the price of €7.00/share was offered as GIAL decided to participate in the cash offer with the amount of LTIP shares awarded to it.

Notes to the consolidated financial statements

Section V: Share Capital and Reserves continued

24 Share-Based Payment Reserve continued

24.5 Treasury Shares

	Note	2022 Amount €'000	2022 Number ('000)	2021 Amount €'000	2021 Number ('000)
Opening balance		**(4,917)**	**(1,053)**	(12,977)	(2,109)
Shares for Executive Directors and other senior management employees	24.2	**–**	**–**	339	43
Shares for subsidiaries' employees share award plan	24.3	**–**	**–**	1,253	172
Shares vested under the Long-term Incentive Plan	24.4.2	**–**	**–**	1,476	130
Shares vested and transferred under the deferred annual bonus plan	24.4.1	**–**	**–**	4,920	711
Dividend on treasury shares held by a subsidiary		**58**	**–**	72	–
Closing balance		**(4,859)**	**(1,053)**	(4,917)	(1,053)

25 Capital Management

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

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

	Note	2022 €'000	2021 €'000
Interest-bearing loans and borrowings (face value)	14	**1,474,382**	1,657,879
Less:			
Cash and cash equivalents	19	**163,767**	418,748
Group interest-bearing loans and borrowings (net of cash)		**1,310,615**	1,239,131
Add:			
50% share of joint ventures' interest-bearing loans and borrowings		**11,764**	7,342
50% share of joint ventures' cash and cash equivalents		**(1,524)**	(846)
Combined interest-bearing loans and borrowings (net of cash)		**1,320,855**	1,245,627
Group open market value as of financial position date		**3,037,784**	3,065,101
Add:			
50% share of joint ventures' open market value as of financial position date	27	**59,500**	43,350
Open market value as of financial position date		**3,097,284**	3,108,451
Loan-to-value ratio ("LTV")		**42.7%**	40.1%

Since the carrying value of the lease liability closely matches the fair value of the investment property – leasehold at 31 December 2022 under the applicable accounting policy as per IFRS 16, both asset and liability, related to the right of perpetual usufruct of the lands, are excluded from the above calculation.

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure

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

26 Goodwill

Policy

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

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

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

	2022 €'000	2021 €'000
Balance at 31 December	**12,349**	12,349

Goodwill is allocated to the Group's cash-generating units ("CGUs") which represent individual properties acquired under business combinations. The opening balance represents goodwill from deferred tax liabilities, recognised at the acquisition date of Globalworth Asset Managers SRL, and its asset/property management activities.

Key Estimates and Assumptions Used for Goodwill Impairment Testing

The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flow model from asset management fees. The cash flows are derived from the budget for the next four years approved by management based on signed asset management fee agreements for standing properties and significant future investments that will enhance the asset management fee base of the cash-generating unit being tested. These calculations require the use of estimates which mainly include the assumptions on the financial performance of a CGU's operations. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

At 31 December 2022, the goodwill related to asset/property management activity with a carrying value of €6.7 million (2021: €6.7 million) was tested for impairment. No impairment charge arose as a result of this assessment at year-end.

Per sensitivity analysis for goodwill on CGU, an increase of 2.0% in the discount rate and a decline of 1.00% in the growth rate, the impairment test result would still conclude on no impairment on 31 December 2022, however headroom, between carrying value of goodwill and recoverable value, decreased significantly as compared to the prior year when a similar sensitivity test was performed.

At 31 December 2022 and 2021 respectively, the value-in-use of the property management activity was determined based on the following main assumptions:

- forecasts for 4 years;
- discount rate of 10.4% p.a. as of 31 December 2022 (2021: 5.1% p.a.); and
- extrapolation to perpetuity from year 4 onwards, considering a growth rate of 2.5% p.a. (2021: same).

The goodwill with a carrying value of €5.7 million (2021: €5.7 million) related to deferred tax liabilities recognised on acquisition was not tested for impairment as there were no changes in the tax circumstances of the relevant entities or other events that would indicate an impairment thereof.

27 Investment in Joint Ventures

Policy

The Group's investments in its joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

After the application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group's share of the results of operations of the joint venture is recorded in the income statement after adjusting the transaction between the Group and the joint venture to the extent of the interest in the joint venture. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Judgements and Assumptions Used for Joint Ventures

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Following such assessment, the Group's investment was classified as a joint venture.

As at 31 December 2022, the Group determined that there is no objective evidence that the investments in the joint ventures are impaired. The financial statements of each joint venture are prepared for the same reporting period as the Group. The joint ventures had no other contingent liabilities or commitments as at 31 December 2022 (2021: €nil), except construction commitments as disclosed in note 6.

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Policy continued

Investment in joint ventures	2022 €'000	2021 €'000
Opening balance	**16,917**	11,907
Investments in the joint ventures (including acquisition costs)	**507**	–
Share of profit during the year	**3,219**	5,010
Equity investment in joint venture	**20,643**	16,917
Opening balance	**31,991**	16,451
Loan provided to the joint ventures	**28,033**	23,354
Loan repayments from the joint ventures	**(13,429)**	(8,111)
Interest repayment from the joint ventures	**(797)**	(536)
Interest income on the loans to joint ventures	**1,526**	833
Loans receivable from joint ventures	**47,324**	31,991
TOTAL	**67,967**	48,908

27.1 Investments in the Joint Ventures

In April 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Bucharest Logistic Park SRL, through which it acquired a 50% shareholding interest (€0.09 million investment) in Global Logistics Chitila SRL ("Chitila Logistics Hub"), an unlisted company in Romania, owning land for further development, at the acquisition date, in Chitila, Romania. As at 31 December 2022 and 31 December 2021, the land was classified under the industrial segment for the Group.

In June 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Mr. Sorin Preda through which it acquired a 50% shareholding interest (€6.36 million investment) in Black Sea Vision SRL ("Constanta Business Park"), an unlisted company in Romania, owning land for further development, at acquisition date, in Constanta, Romania. As at 31 December 2022 and 31 December 2021, the land was classified as an industrial segment for the Group.

In September 2022, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Global Vision Business Development SRL through which it acquired a 50% shareholding interest (€0.07 million investment) in Targu Mures Logistics Hub SRL ("Targu Mures Logistics Hub"), an unlisted company in Romania, owning land for further development, at acquisition date, in Mures, Romania. As at 31 December 2022 the land was classified as an industrial segment for the Group.

Judgements and Assumptions Used for Asset Acquisition

At the time of acquisition, the Group considered whether the acquisition represented an acquisition of a business or an acquisition of an asset. In the absence of an integrated set of activities required for a business other than the property, the Group concluded the acquisition of the joint venture does not represent a business therefore accounted for it as an acquisition of a group of assets and liabilities. The cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date and no goodwill or deferred tax is recognised.

Summarised Statements of Financial Position of the Joint Ventures as at 31 December

The summarised statements of financial position of the joint ventures are disclosed below, which represents the assets and liabilities recognised in the financial statements of each joint venture without adjusting the balance payable to or receivable from the Group. Transactions and balances receivable or payable between the Group and the individual joint ventures are disclosed in note 30.

	2022 €'000 Constanta Business Park	2022 €'000 Chitila Logistics Hub	2022 €'000 Targu Mures Logistics Hub	2022 €'000 Combined
Completed investment property	26,300	47,400	–	73,700
Investment property under development	36,900	–	8,400	45,300
Other non-current assets	470	41	8	519
Total non-current assets	**63,670**	**47,441**	**8,408**	**119,519**
Other current assets	751	350	1,218	2,319
Cash and cash equivalents	1,134	1,437	476	3,047
Total assets	**65,555**	**49,228**	**10,102**	**124,885**
Loans payable to the Group	14,209	25,138	7,976	47,323
Bank loans (face value)	7,598	15,878	–	23,476
Bank loans (at amortised cost)	(107)	(115)	–	(222)
Loan from joint venture partner	584	3,196	302	4,082
Deferred tax liability	6,008	871	–	6,879
Other non-current liabilities	176	106		282
Total non-current liabilities	**28,468**	**45,074**	**8,278**	**81,820**
Loan from joint venture partner	–	28	–	28
Other current liabilities	1,477	716	2,607	4,800
Current portion of bank loans	52	–	–	52
Total liabilities	**29,997**	**45,818**	**10,885**	**86,700**
Net assets	**35,558**	**3,410**	**(783)**	**38,185**

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Policy continued

Summarised Statements of Financial Position of the Joint Ventures as at 31 December continued

	2021 €'000 Constanta Business Park	2021 €'000 Chitila Logistics Hub	2021 €'000 Combined
Completed investment property	12,900	14,000	26,900
Land bank – for further development	42,600	17,200	59,800
Other non-current assets	438	1,577	2,015
Total non-current assets	**55,938**	**32,777**	**88,715**
Other current assets	431	2,029	2,460
Cash and cash equivalents	1,364	327	1,691
Total assets	**57,733**	**35,133**	**92,866**
Loans payable to the Group	8,835	23,156	31,991
Bank loans (at amortised cost)	7,827	6,857	14,684
Loan from joint venture partner	150	2,796	2,946
Deferred tax liability	5,505	–	5,505
Other non-current liabilities	157	12	169
Total non-current liabilities	**22,474**	**32,821**	**55,295**
Loan from joint venture partner	15	290	305
Other current liabilities	2,473	3,168	5,641
Total liabilities	**24,962**	**36,279**	**61,241**
Net assets	**32,771**	**(1,146)**	**31,625**

The Group has signed loan facilities, amounting to €63.3 million (€54.1 million at 31 December 2021), with Chitila Logistics Hub and Constanta Business Park joint ventures to fund the development costs of the projects, out of which €25.5 million was available for future drawdown as of 31 December 2022 (€23 million at 31 December 2021). Following the acquiring of the new joint venture Targu Mures Logistics Hub, the Group signed loan facilities to fund the development costs of the projects amounting to €15 million out of which €8 million was available for future drawdown as of 31 December 2022. Further details on investment property are disclosed in note 4.1.

Summarised Statements of Financial Performance of the Joint Ventures during 2022

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

	2022 €'000 Constanta Business Park	**2022 €'000 Chitila Logistics Hub**	**2022 €'000 Targu Mures Logistics Hub**	**2022 €'000 Combined**
Revenue	1,384	2,873	–	4,257
Operating expenses	(432)	(1,325)	(1)	(1,758)
Administrative expenses	(64)	(82)	(2)	(148)
Fair value gain on investment property	2,714	4,993	(1,581)	6,126
Foreign exchange loss	6	(48)	(9)	(51)
Profit before net financing cost	**3,608**	**6,411**	**(1,593)**	**8,426**
Finance expense	(324)	(993)	(77)	(1,394)
Finance income	5	10	–	15
Income tax expense	(503)	(871)	–	(1,374)
Total comprehensive income for the year	**2,786**	**4,557**	**(1,670)**	**5,673**

	2021 €'000 Constanta Business Park	2021 €'000 Chitila Logistics Hub	2021 €'000 Combined
Revenue	994	1,145	2,139
Operating expenses	(353)	(531)	(884)
Administrative expenses	(39)	(48)	(87)
Fair value gain on investment property	15,496	(4,006)	11,490
Foreign exchange loss	(10)	(29)	(39)
Profit before net financing cost	**16,088**	**(3,469)**	**12,619**
Finance expense	(433)	(500)	(933)
Finance income	4	5	9
Income tax expense	(2,556)	534	(2,022)
Total comprehensive income for the year	**13,103**	**(3,430)**	**9,673**

Income tax expense mainly represents deferred tax expense on the valuation of investment property.

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Share of Profit of Equity-Accounted Investments in Joint ventures

The following table presents a reconciliation between the profit for the years ended 31 December 2022 and 2021 recorded in the individual financial statements of the joint ventures with the share of profit recognised in the Group's financial statements under the equity method.

	2022 €'000 Constanta Business Park	2022 €'000 Chitila Logistics Hub	2022 €'000 Targu Mures Logistics Hub	2022 €'000 Combined
Profit/(loss) for the year	**2,786**	**4,557**	**(1,670)**	**5,673**
Group 50% share of profit/(loss) for the year	**1,393**	**2,279**	**(835)**	**2,837**
Adjustments for transactions with the Group	**185**	**158**	**39**	**382**
Share of profit/(loss) of equity-accounted investments in joint ventures	**1,578**	**2,437**	**(796)**	**3,219**

	2021 €'000 Constanta Business Park	2021 €'000 Chitila Logistics Hub	2021 €'000 Combined
Profit for the year	13,103	(3,430)	9,673
Group 50% share of profit for the year	6,552	(1,715)	4,837
Adjustments for transactions with the Group	186	(13)	173
Share of profit of equity-accounted investments in joint ventures	6,738	(1,728)	5,010

28 Investment in Subsidiaries

Policy

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

Key Judgements and Assumptions Used in Determining the Control Over an Entity:

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

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 31 December 2022 and 31 December 2021, are disclosed in the table below. The Group did not have any restrictions (statutory, contractual or regulatory) on its ability to transfer cash or other assets (or settle liabilities) between the entities within the Group.

As of 31 December 2022, the Group consolidated the following subsidiaries, being holding companies, as principal activities.

Subsidiary	Note	31 December 2022 Shareholding interest (%)	31 December 2021 Shareholding interest (%)	Place of incorporation
Globalworth Investment Advisers Limited		**100**	100	Guernsey, Channel Islands
Globalworth Holdings Cyprus Limited Zaggatti Holdings Limited Tisarra Holdings Limited Ramoro Limited Vaniasa Holdings Limited Serana Holdings Limited Kusanda Holdings Limited Kifeni Investments Limited Casalia Holdings Limited Pieranu Enterprises Limited Oystermouth Holding Limited Kinolta Investments Limited Minory Investments Limited Globalworth Tech Limited	28.2	**100**	100	Cyprus
IB 14 Fundusz Inwestycyjny Zamkniety Aktywow Niepublicznych		**100**	100	Poland
Lima Sp. z o.o.		**100**	100	Poland
Luapele Sp. z o.o. w likwidacji	28.1	**–**	–	Poland
Dunvant Holding Limited	28.1	**–**	100	Cyprus

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

28 Investment in Subsidiaries continued

Key Judgements and Assumptions Used in Determining the Control Over an Entity continued

As of 31 December 2022, the Group consolidated the following subsidiaries, which own real estate assets in Romania and Poland, being asset holding companies as their principal activities, except for Globalworth Building Management SRL, GPRE Property Management Sp. z o.o. and GPRE Management Sp. z o.o. with building management activities in Romania and Poland, and Fundatia Globalworth in Romania and Fundacja Globalworth in Poland, non-profit organisations with corporate social responsibility activities.

Subsidiary	Note	31 December 2022 Shareholding interest (%)	31 December 2021 Shareholding interest (%)	Place of incorporation
Aserat Properties SRL BOB Development SRL BOC Real Property SRL Corinthian Five SRL Corinthian Tower SRL Corinthian Twin Tower SRL Elgan Automotive SRL Elgan Offices SRL Globalworth Asset Managers SRL Globalworth Building Management SRL Globalworth EXPO SRL SPC Beta Property Development Company SRL SPC Epsilon Property Development Company SRL SPC Gamma Property Development Company SRL Netron Investment SRL SEE Exclusive Development SRL Tower Center International SRL Upground Estates SRL Fundatia Globalworth Industrial Park West SRL Nord 50 Herastrau Premium SRL		**100**	100	Romania
Otopeni Logistics Hub SRL	28.2	**100**	n/a	Romania
West Logistics Hub SRL	28.2	**100**	n/a	Romania
North Logistics Hub SRL	28.2	**75**	n/a	Romania
Logistics Hub Chitila SRL	28.2	**75**	n/a	Romania
DH Supersam Katowice Sp. z o.o. Hala Koszyki Sp. z o.o. Dolfia Sp. z o.o. Ebgaron Sp. z o.o. Bakalion Sp. z o.o. Centren Sp. z o.o., Tryton Business Park Sp. z o.o. GPRE Management Sp. z o.o. GPRE Property Management Sp. z o.o. A4 Business Park Sp. z o.o. West Link Sp. z o.o. Lamantia Sp. z o.o. Dom Handlowy Renoma Sp. z o.o. Nordic Park Offices Sp. z o.o. Warta Tower Sp. z o.o. Quattro Business Park Sp. z o.o. West Gate Sp. z o.o. Gold Project Sp. z o.o. Spektrum Tower Sp. z o.o. Warsaw Trade Tower 2 Sp. z o.o. Rondo Business Park Sp. z o.o. Artigo Sp. z o.o. Ingadi Sp. z o.o. Imbali Sp. z o.o. Kusini Sp. z o.o. Podium Park Sp. z o.o. Fundacja Globalworth		**100**	100	Poland

Notes to the consolidated financial statements

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

28 Investment in Subsidiaries continued

Changes in Group Structure During 2022 continued

28.1 Subsidiaries Under Liquidation Process

- The following companies are dormant and have applied for voluntary liquation during 2020: Zaggatti Holdings Limited, Kifeni Investments Limited, Casalia Holdings Limited, Oystermouth Holding Limited, Pieranu Enterprises Limited, Ramoro Limited and Vaniasa Holdings Limited.
- Dunvant Holdings Limited was under a liquidation process in prior year which was finalised in 2022 and the company struck off from the register of companies, held with the Department of Registrar of Companies and Intellectual Property in Cyprus, on 9 November 2022.
- Luapele Sp. z o.o. w likwidacji was liquidated on 20 September 2021 and subsequently was struck off from the Register of Companies in Poland on 22 February 2022.

28.2 New Subsidiaries

- On 27 January 2022, two new subsidiaries, named Otopeni Logistics Hub SRL and West Logistics Hub SRL, were set up for future projects.
- On 3 March 2022 and 4 April 2022, two new subsidiaries, named North Logistics Hub SRL and Logistic Hub Chitila SRL respectively, were set up for future projects in partnership with Catted Industrial SRL, being a minority interest shareholder representing 25% equity shareholding in these two subsidiaries.

Notes to the consolidated financial statements

Section VII: Other Disclosures

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

This section also includes the transactions with related parties, new standards and amendments, contingencies that existed at the year-end and details on significant events which occurred in 2022.

29 Segmental Information

The Board of Directors is of the opinion that the Group is engaged mainly in real estate business, comprising offices, mixed-use, industrial and residential investment properties segments and property management services, in two geographical areas, Romania and Poland.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers who are responsible for allocating resources and assessing the performance of the operating segments have been identified as the Executive Directors.

The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction or refurbishment) to members of Executive Management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income ("NOI", i.e. gross rental income less property expenses) on a quarterly basis and valuation gains/losses from property valuation at each semi-annual basis. The individual properties are aggregated into office, mixed-use, industrial and residential segments.

The industrial property segment and head office segments are presented on a collective basis as Others in the table on the next page since their individual assets, revenue and absolute profit (or loss) are below 10% of all combined total asset, total revenue and total absolute profit (or loss) of all segments. All other segments are disclosed separately as these meet the quantitative threshold of IFRS 8.

Consequently, the Group is considered to have four reportable operating segments: the offices segment (acquires, develops, leases and manages offices and spaces), the residential segment (builds, acquires, develops and leases apartments), mixed-use and the other segment (acquires, develops, leases and manages industrial spaces and corporate office).

Share-based payments expense is not allocated to individual segments as underlying instruments are managed at the Group level. Segment assets and liabilities reported to Executive Management on a segmental basis are set out below:

Notes to the consolidated financial statements

Section VII: Other Disclosures continued

29 Segmental Information continued

	2022						2021					
	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Rental income – Total	**127,028**	**10,503**	**1,623**	**11,137**	**(464)**	**149,827**	129,553	10,744	1,566	8,883	(447)	150,299
Romania	**61,459**	**-**	**1,623**	**11,137**	**(300)**	**73,919**	57,947	–	1,566	8,883	(284)	68,112
Poland	**65,569**	**10,503**	**–**	**–**	**(164)**	**75,908**	71,606	10,744	–	–	(163)	82,187
Revenue from contract with customers – Total	**73,455**	**7,747**	**764**	**10,405**	**(2,947)**	**89,424**	58,736	5,927	642	6,937	(3,191)	69,051
Romania	**32,891**	**-**	**764**	**10,405**	**(771)**	**43,289**	28,916	–	642	6,937	(585)	35,910
Poland	**40,564**	**7,747**	**–**	**–**	**(2,176)**	**46,135**	29,820	5,927	–	–	(2,606)	33,141
Revenue – Total	**200,483**	**18,250**	**2,387**	**21,542**	**(3,411)**	**239,251**	188,289	16,671	2,208	15,820	(3,638)	219,350
Operating expenses	**(78,926)**	**(9,529)**	**(957)**	**(10,991)**	**832**	**(99,571)**	(62,083)	(6,912)	(861)	(6,108)	866	(75,098)
Segment NOI	**121,557**	**8,721**	**1,430**	**10,551**	**(2,579)**	**139,680**	126,206	9,759	1,347	9,712	(2,772)	144,252
NOI – Romania	**58,390**	**–**	**1,430**	**10,551**	**(976)**	**69,395**	55,085	–	1,347	9,712	(757)	65,387
NOI – Poland	**63,167**	**8,721**	**–**	**–**	**(1,603)**	**70,285**	71,121	9,759	–	–	(2,015)	78,865
Administrative expenses	**(9,329)**	**(405)**	**(53)**	**(3,925)**	**–**	**(13,712)**	(9,409)	(419)	(57)	(15,737)	–	(25,622)
Acquisition costs	**–**	**–**	**–**	**(7)**	**–**	**(7)**	–	–	–	–	–	–
Fair value loss on investment property	**(81,549)**	**(21,379)**	**1,062**	**12,395**	**–**	**(89,471)**	(8,534)	(3,462)	(1,187)	7,445	–	(5,738)
Depreciation and amortisation expense	**(628)**	**–**	**(17)**	**(28)**	**–**	**(673)**	(444)	(1)	(46)	(45)	–	(536)
Other expenses	**(198)**	**36**	**(1,851)***	**–**	**–**	**(2,013)**	(1,263)	40	(502)*	(126)	–	(1,851)
Other income	**515**	**29**	**1**	**8**	**(29)**	**524**	606	27	–	443	(25)	1,051
Foreign exchange gain/(loss)	**755**	**85**	**24**	**(13)**	**–**	**851**	108	63	(16)	59	–	214
Segment result	**31,123**	**(12,913)**	**596**	**18,981**	**(2,608)**	**35,179**	107,270	6,007	(461)	1,751	(2,797)	111,770
Finance cost	**(9,923)**	**(409)**	**(3)**	**(42,197)**	**–**	**(52,532)**	(8,809)	(454)	(1)	(46,275)	–	(55,539)
Finance income	**1,016**	**4**	**81**	**1,593**	**–**	**2,694**	800	–	18	931	–	1,749
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	(532)	–	(532)
Loss from fair value of financial instruments	**222**	**–**	**–**	**–**	**–**	**222**	(386)	–	–	–	–	(386)
Share of profit of equity-accounted investments in joint ventures	**–**	**–**	**–**	**3,219**	**–**	**3,219**	–	–	–	5,010	–	5,010
Profit before tax	**22,438**	**(13,318)**	**674**	**(18,404)**	**(2,608)**	**(11,218)**	98,875	5,553	(444)	(39,115)	(2,797)	62,072

* Other expenses include a loss on sale of non-core investment property (apartments) and other one-off expenses.

Notes to the consolidated financial statements

Section VII: Other Disclosures continued

29 Segmental Information continued

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the year ended 31 December 2022.

	2022						2021					
Segments	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000
Segment non-current assets	**2,414,875**	**279,612**	**53,067**	**199,930**	**(2,024)**	**2,945,460**	2,448,634	287,342	65,494	166,142	(1,532)	2,966,080
Romania	**1,200,703**	**–**	**53,067**	**199,930**	**(395)**	**1,453,305**	1,220,900	–	65,494	166,142	(205)	1,452,331
Poland	**1,214,172**	**279,612**	**–**	**–**	**(1,629)**	**1,492,155**	1,227,734	287,342	–	–	(1,327)	1,513,749
Assets held for sale	**126,009**	**–**	**–**	**–**	**–**	**126,009**	130,537	–	–	–	–	130,537
Total assets	**2,812,401**	**289,743**	**56,821**	**212,445**	**(2,547)**	**3,368,863**	3,092,367	294,007	68,863	174,203	(1,957)	3,627,483
Total liabilities	**557,192**	**23,334**	**3,983**	**1,113,450**	**(406)**	**1,697,553**	554,962	21,752	4,881	1,292,863	(331)	1,874,127
Additions to non-current assets												
– Romania	**15,377**	**–**	**74**	**21,204**	**–**	**36,655**	29,775	–	482	28,379	–	58,636
– Poland	**27,651**	**13,348**	**–**	**–**	**–**	**40,999**	25,397	8,568	–	–	–	33,965

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

Notes to the consolidated financial statements

Section VII: Other Disclosures continued

30 Transactions with Related Parties

The Group's immediate parent is Zakiono Enterprises Limited (2022: 60.6%), a wholly owned subsidiary of Tevat Limited. Tevat Limited is jointly owned by Aroundtown SA (indirectly) and CPI Property Group S.A. The Group's related parties are Aroundtown SA and CPI Property Group S.A, the Company's joint ventures, the Company's Executive and Non-Executive Directors, key other Executives, as well as all the companies controlled by them or under their joint control, or under significant influence. The related party transactions are set out in the table below:

		Income statement Income/(expense)		Statement of financial position Amounts owing (to)/from	
Name	**Nature of transactions/balances amounts**	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000
Global Logistics Chitila SRL (50% Joint Venture)	Shareholder loan receivable	**–**	–	**25,138**	23,156
	Finance income	**1,003**	463	**–**	–
	Office rent	**12**	12	**–**	–
	Asset management fees	**41**	14	**–**	–
Black Sea Vision SRL (50% Joint Venture)	Shareholder loan receivable	**–**	–	**14,209**	8,835
	Finance income	**451**	370	**–**	–
	Office rent	**12**	12	**–**	–
	Asset management fees	**24**	4	**–**	–
Targu Mures Logistics Hub SRL (50% Joint Venture)	Shareholder loan receivable	–	–	**7,976**	–
	Finance income	**77**	–	–	–
	Office rent	**1**	–	–	–
Mr. Dimitris Raptis (Chief Executive Officer until 31 Dec. 2022)	Rent revenue	**2**	3	**–**	–
Mr. Adrian Danoiu (Chief Operating Officer)	Revenue from sale of residential property	**400**	–	**–**	–

Key Management Remuneration

The Executive Directors and Non-Executive Directors are the key management personnel. Their aggregate emoluments are €1.2 million (2021: €1.8 million). Out of these amounts, €0.04 million was paid in advance as of 31 December 2022 (2021: €0.241 million was payable to the Directors). Further details are disclosed in the Remuneration Committee Report on pages 80 to 82.

Notes to the consolidated financial statements

Section VII: Other Disclosures continued

31 New and Amended Standards

Starting from 1 January 2022 the Group adopted the following new and amended standards and interpretations. The new standards and amendments had no significant impact on the Group's financial position and performance.

Narrow scope amendments and new standards	Effective Date (EU endorsement)
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020	**Jan-22**

For other standards issued but not yet effective and not early adopted by the Group, management believes that there will be no significant impact on the Group's consolidated financial statements. Any investment property acquired through a single transaction that does not meet the definition of business acquisition under IFRS 3 is recognised as asset acquisition without recognition of related deferred tax liability, at acquisition date, therefore the new amendments to IAS 12 as described below will have no effect on such transactions in future.

Narrow scope amendments and new standards	Effective Date (EU endorsement)
IFRS 17 Insurance Contracts	**Jan-23**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	**Jan-24**
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	**Jan-23**
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	**Jan-23**
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	**Jan-23**
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	**Jan-24**
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	**Jan-23**
Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	**Deferred**

32 Contingencies

Taxation

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

Transfer Pricing

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

Legal Proceedings

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

33 Subsequent Events

On 9 March 2023, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2022 of €0.15 per ordinary share, which will be paid on 11 April 2023 to shareholders on the register as at close of business on 17 March 2023 with a corresponding ex-dividend date of 16 March 2023.

Further to the extraordinary general meeting held on 8 March 2023, the Company annouced that its Board of Directors intends to offer a scrip dividend alternative to the Interim Dividend (the "Scrip Dividend Alternative") so that Qualifying Shareholders can elect to receive new ordinary shares in the Company (the "Scrip Dividend Shares") instead of cash in respect of all or part of their entitlement to the Interim Dividend. Qualifying Shareholders who validly elect to receive the Scrip Dividend Alternative will become entitled to a number of Scrip Dividend Shares in respect of their entitlement to the Interim Dividend that is based on a price per Scrip Dividend Share calculated on the basis of a discount of 20% to the average of the middle market quotations for the Company's shares as derived from the Daily Official List (or any other publication of a recognised investment exchange showing quotations for the Company's shares) on the five consecutive dealing days from and including the Ex-Dividend Date, the "Reference Price". The Reference Price was announced on 23 March 2023 as €2.28 per scrip Dividend share.

Independent Auditor's Report

Independent auditor's report to the Members of Globalworth Real Estate Investments Limited

Opinion

We have audited the consolidated financial statements of Globalworth Real Estate Investments Limited ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in compliance with the Companies (Guernsey) Law, 2008, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Property (€2,945 million)	

The valuation of investment property is the key driver of the Group's net asset value and total return. Valuation of investment property requires specialist expertise and the use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. The current macro-economic context led to an unstable current economic environment which resulted in an increased subjectivity and required further consideration from the audit team, including our internal specialists.
 	
For this reason, we consider valuation of investment property a key audit matter.
 	
The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are in notes 3 and 4 of the consolidated financial statements.
	The audit procedures performed on the valuation of investment property included among others the following:
	– We documented our understanding and walkthrough to confirm the processes, policies and methodologies used by management for valuing investment property; specific attention was given to macroeconomic impact through discussion with management and EY valuation specialists.
	– We agreed the valuations recorded in the consolidated financial statements to the values reported by the Group's independent experts ("specialists");
	– We agreed a sample of the significant inputs, particularly rental data, let areas and projected capex, used by the specialists to value investment property to contractual documentation and development plans;
	– We tested the arithmetical accuracy of the calculations done by specialists for the main assumptions in the models, by performing a sample of their calculations;
	– We involved our own internal valuation specialists from Romania and Poland to assist us to:
	  – evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the specialists, for a sample of properties (properties with significant value, risky or with significant changes in values or conditions);
	  – assess the conformity of the valuation methods applied with the applicable valuation standards; and
	  – evaluate the competence, capability and objectivity of the external valuation specialists.
	
	We also considered the adequacy of disclosures in relation to the investment property valuation.

Independent Auditor's Report continued

Independent auditor's report to the Members of Globalworth Real Estate Investments Limited continued

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and in compliance with the Companies (Guernsey) Law, 2008, as amended, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report continued

Independent auditor's report to the Members of Globalworth Real Estate Investments Limited continued

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format ("ESEF") of the Group for the year ended 31 December 2022 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of Globalworth-Annual-Report-and-Financial-Statements-2022-ESEF.zip (the "digital files").

The Directors are responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2022 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission. (the "ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Directors in accordance with the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"). These Audit Guidelines require us to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files has been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Hadjidamianou.

Ernst & Young Cyprus Limited

Certified Public Accountants and Registered Auditors

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6 Stasinos Avenue,

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Cyprus

23 March 2023

Schedule of Properties: Romania

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Office (Standing or Under Construction)											
BOB	1	Bucharest	6A Dimitrie Pompeiu Blvd, District 2	2008/2017	22.4	84.6%	2.8	2.2	3.3	47.0	Deutsche Bank, Ridzone Computers, NX Data
BOC	1	Bucharest	3 George Constantinescu St., District 2	2009/2014	57.1	85.1%	8.7	2.5	10.1	140.8	Honeywell, HP, Nestle, Mood Media
City Offices	2	Bucharest	2 – 4A Oltenitei Street., District 4	2014/2017	36.1	86.8%	4.6	5.6	5.7	73.0	Vodafone, BRD, Edenred
Gara Herastrau	1	Bucharest	4B Gara Herastrau Street, District 2	2016	12.0	94.5%	1.9	5.5	2.0	27.2	ADP, Qualitest
Green Court Complex	3	Bucharest	4 Gara Herastrau, District 2	2014/2015/2016	54.3	91.9%	9.5	3.4	10.3	141.8	Orange, Carrefour, Schneider Electric, Sanofi
Globalworth Campus	3	Bucharest	4-6 Dimitrie Pompeiu Blvd, District 2	2017/2018/2020	90.3	88.8%	13.2	6.0	14.9	208.9	Amazon, Unicredit Services, Allianz, Stefanini, Dell, Mindspace
Globalworth Plaza	1	Bucharest	42 Pipera Road, District 2	2010/2017	24.1	99.6%	4.6	4.7	4.7	60.6	Cegedim, Patria Bank, AC Nielsen, Gothaer, Coface
Globalworth Square	1	Bucharest	44 Pipera Street , District 2	2021	29.3	66.1%	4.6	5.3	6.4	74.0	Wipro, Delivery Solutions (Sameday); Qualitest
Globalworth Tower	1	Bucharest	201 Barbu Vacarescu Street, District 2	2016	54.7	100.0%	12.7	4.2	12.8	180.4	Vodafone, Huawei, NNDKP, Wipro, Mega Image
Renault Bucharest Connected	2	Bucharest	Preciziei 3G, District 6	2018	42.3	100.0%	6.1	7.1	6.1	85.3	Automobile Dacia
Tower Center International	1	Bucharest	15-17 Ion Mihalache Blvd, District 1	2012	22.4	97.9%	5.0	4.7	5.1	74.3	EY, Hidroelectrica, Cegeka, Tradeshift, Mindspace
Unicredit HQ	1	Bucharest	1F Expozitiei Blvd, District 1	2012	17.4	100.0%	3.6	2.4	3.6	50.8	Unicredit

Notes
1 GLA of "Land for future development" represents size of land plot/expected GLA upon completion of development.
2 Contracted rent at 100% occupancy (including ERV on available spaces).
* Includes tenant options.

Schedule of Properties: Romania continued

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Industrial (Standing or Under Construction)											
Pitesti Industrial Park	2	Pitesti	1 Dacia A1 Street, Oarja, Arges County	2010/2022	75.2	100.0%	4.2	8.1	4.2	58.4	Automobile Dacia; Caroli Foods
Timisoara Industrial Park I	4	Timisoara	Lipovei Way, Giarmata, Timis	2011/2015/2017	103.4	100.0%	4.9	5.4	4.9	67.2	Continental, Valeo Lighting, Honeywell, Litens, Coca Cola
Timisoara Industrial Park II	2	Timisoara	Lipovei Way, Giarmata, Timis	2019/2022	36.9	42.0%	0.7	3.4	1.7	20.8	DS Smith, OVT Logisticzentrum, Liberty Springs, Mainfreight
Chitila Logistics Hub[3]	1	Bucharest	77 Rudeni, Chitila, jud. Ilfov	2020/2022	77.8	60.8% (66.6%*)	2.4	7.6	3.9	47.4	HAVI Logistics, Mega Image, Rovere, Green Net, Alloga Logistics
Constanta Business Park[3]	2	Constanta	Lazu, jud. Constanta	2020/2022	40.9	93.3%	2.0	5.6	2.2	26.3	Quadrant Amroq Beverages (Pepsi), Maracana, Linde
Industrial Park West Arad	1	Arad	7 IV Industrial West Zone Street	2020	20.1	100.0%	1.2	12.1	1.2	16.7	HUF Romania
Industrial Park West Oradea	1	Oradea	22 Nicolae Filipescu Street	2020	6.9	100.0%	0.4	12.7	0.4	5.8	IWIS Mobility Systems
Business Park Chitila	1	Bucharest	Chitila, jud. Ilfov	2020	7.1	98.2%	0.6	3.1	0.6	7.2	Actualitatea Broadcasting Group SRL, Alpha Medical SRL
Business Park Stefanesti	3	Bucharest	Afumati, jud. Ilfov	2023E	17.7	28.3%	0.3	7.2	1.2	12.5	Delivery Solutions
Tg. Mures Logistics Hub[3]	1	Tg. Mures	Cristesti, jud. Mures	2023E	16.7	25.2%	0.4	9.8	1.1	8.4	FrieslandCampina Romania
Retail/Residential (Standing)											
Upground Towers	1	Bucharest	9B Fabrica de Glucoza Street, District 2	2011	28.4	Retail: 97.7% / Resi: 76.2%	Retail: 0.7 / Resi: 0.7	Retail: 9.3 / Resi: 2.8	Retail: 0.8 / Resi: 0.7	53.1	World Class, Mega Image (Delhaize group)
Land for future development											
Globalworth West	–	Bucharest	Preciziei 3F	n.a.	12.1 / 33.4	–	–	–	–	7.4	
Green Court D	–	Bucharest	1 Dimitrie Pompeiu Blvd, District 2	n.a.	4.0 / 17.2	–	–	–	–	8.6	
Luterana	–	Bucharest	7-13 Luterana Street, District 1	n.a.	6.6 / 26.4	–	–	–	–	13.6	
Constanta Business Park[3]	–	Constanta	Lazu, jud. Constanta	n.a.	909.8 / 525.8	–	–	–	–	37.2	
Timisoara Industrial Park (I and II)	–	Timisoara	Lipovei Way, Giarmata, Timis	n.a.	310.1 / 165.2	–	–	–	–	11.0	
Herastrau One	–	Bucharest	48-50 Soseaua Nordului, District 1	n.a.	3.2 / n.a.	–	–	–	–	8.7	
Total Standing Commercial Portfolio											
No of Commercial Investments: 21	**33**				**841.0**	**88.4% / 89.0%***	**94.7**	**5.0**	**105.2**	**1,427.7**	

Notes
1 GLA of "Land for future development" represents size of land plot/expected GLA upon completion of development.
2 Contracted rent at 100% occupancy (including ERV on available spaces).
3 Properties owned through JV agreements (Chitila Logistics Park, Constanta Business Park and Tg. Mures Logistics Hub) are presented on a 100% basis. Globalworth holds a 50% share in the respective JV companies.
* Includes tenant options.

Schedule of Properties: Poland

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Office[2]											
Batory Building 1	1	Warsaw	212A Jerozolimskie Av.	2000 / 2017	6.6	93.7%	1.0	4.0	1.1	12.5	Solid Group, ZST, Impuls Leasing
Bliski Centrum	1	Warsaw	8 Zurawia St.	2000 / 2018	4.9	96.5%	1.0	3.6	1.1	13.1	Eurozet, eToto
Nordic Park	1	Warsaw	8 Kruczkowskiego St.	2000 / 2018	9.0	99.5%	1.9	2.5	1.9	23.0	Baxter, ZBP
Philips	1	Warsaw	195A Jerozolimskie Av.	1999 / 2018	6.2	92.3%	1.0	3.3	1.1	12.5	Philips, Trane, Signify
Skylight & Lumen	2	Warsaw	59 Zlota St.	2007	49.2	91.3%	12.2	2.8	13.4	210.8	Pernod Ricard, Mars, InOffice, PGE, ASB
Spektrum Tower	1	Warsaw	18 Twarda St.	2003 / 2015	32.2	90.2%	6.7	4.1	7.6	114.6	CityFit, Westwing, Ecovadis, Calz
Warsaw Trade Tower	1	Warsaw	51 Chłodna St.	1999 / 2016	46.8	83.1%	8.2	4.9	10.0	147.1	Uniqa, MSD, BNI
WARTA Tower	1	Warsaw	85/87 Chmielna St.	2000	33.7	9.8%	0.1	0.2	6.3	55.1	UNHCR, Towerlink
CB Lubicz	2	Krakow	23, 23A Lubicz St.	2000 & '09 / 2018 & '20	26.0	79.9%	4.1	3.9	5.2	70.2	International Paper, Allegro, Alten
Podium Park	3	Krakow	al. Jana Pawła II 43a	Podium Park I: 2018	18.9	99.7%	3.6	3.5	3.6	100.2	Ailleron, Heineken, Revolut Ltd, W. Kruk, FMC Technologies
				Podium Park II: 2020	18.8	100.0%	3.2	3.3	3.2		
				Podium Park III: F.D.	17.7	–	–	–	3.1		
Quattro Business Park	5	Krakow	25 Bora-Komorowskiego Av.	2010, '11, '13, '14 & '15	66.2	54.8%	6.4	2.2	11.6	126.1	Google, Perkin Elmer, Samsung Electronics
Rondo Business Park	3	Krakow	38 Lublańska St.	2007 - '08	20.3	75.1%	2.7	0.8	3.4	31.5	Lux Med, Jaral
Retro Office House	1	Wroclaw	69/73, Piłsudskiego	2019	23.2	98.6%	3.8	2.5	3.9	58.8	Infor, Olympus, Intive
West Gate & West Link	2	Wroclaw	2 Szybowcowa St. / 12 Lotnicza St.	2015 / 2018	33.5	100.0%	5.8	7.2	5.8	87.0	Nokia, Deichmann
A4 Business Park	3	Katowice	42 Francuska St.	2014 - '16	33.1	92.3%	4.8	4.1	5.2	69.9	Rockwell
Silesia Star	2	Katowice	10 aleja Roździeńskiego	2016	30.2	82.0%	4.3	3.5	5.2	56.6	Siemens, Idea Getin Leasing, Hireright
Green Horizon	2	Lodz	106a Pomorska St.	2012 - '13	35.5	85.8%	4.9	3.7	5.7	67.7	Infosys, Medicover, PKO BP
Tryton	1	Gdansk	11 Jana z Kolna St.	2016	25.6	99.6%	4.4	2.9	4.5	58.3	Intel, City Space, Kainos, Ciklum

Notes
1 Contracted rent at 100% occupancy (including ERV on available spaces).
2 All properties are 100% owned by Globalworth Poland. Globalworth at 31 Dec 2022 held 100.0% in Globalworth Poland.

Schedule of Properties: Poland continued

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Mixed-Use[2]											
Hala Koszyki	5	Warsaw	63 Koszykowa St.	5x2016	22.3	95.3%	6.4	5.0	6.7	117.3	Mindspace, Spar, Eneris
Renoma (under refurbishment)	1	Wroclaw	40 Swidnicka St.	2009	48.2	57.7%	4.4	5.3	8.5	108.0	Dxc Technology, Tjx, Coherent Solutions
Supersam (under refurbishment)	1	Katowice	8 Piotra Skargi St.	2015	26.7	61.8%	2.3	2.6	4.0	44.4	Calypso Fitness, Jamf Software, Aldi
Right of First Offer (ROFO)[3]											
My Place II	1	Warsaw	Beethovena Street	2020	17.2	90%	n/a	n/a	3.3	36.8	Ars Thanea, Networks, United Beverages
Total Standing Commercial Portfolio											
No of Commercial Investments: 19	**37**				**542.1**	**81.3%**	**86.6**	**3.7**	**106.4**	**1,422.6**	

Notes
1 Contracted rent at 100% occupancy (including ERV on available spaces).
2 All properties are 100% owned by Globalworth Poland. Globalworth at 31 Dec 2022 held 100.0% in Globalworth Poland.
3 Globalworth Poland has a 25% economic interest in the ROFO assets.

Standing Portfolio – Breakdown by Location & Type
(data as of 31 December 2022)

	Number of		Value	Area	Occupancy Rate	Rent			Contracted Headline Rent/Sqm or Unit		
	Investments (#)	Properties (#)	GAV (€m)	GLA (k sqm)	by GLA (%)	Contracted Rent (€m)	WALL Years	100% Rent (€m)	Office (€/sqm/m)	Commercial (€/sqm/m)	Industrial (€/sqm/m)
Office & Mixed-Use Portfolio											
Bucharest New CBD	8	12	880.7	344.2	89.2%	58.0	4.3	64.6	14.2	14.1	–
Bucharest Other	4	6	283.4	118.2	95.6%	19.3	5.3	20.5	13.6	13.2	–
Romania: Office	**12**	**18**	**1,164.1**	**462.4**	**90.8%**	**77.3**	**4.5**	**85.1**	**14.0**	**13.9**	**–**
Warsaw	9	14	706.0	210.9	77.3%	38.6	3.9	49.1	17.7	17.9	–
Krakow	4	12	318.5	150.1	73.2%	20.0	2.8	27.0	13.7	13.7	–
Wroclaw	2	3	145.8	56.7	99.4%	9.6	5.3	9.7	13.5	13.2	–
Lodz	1	2	67.7	35.5	85.8%	4.9	3.7	5.7	12.5	12.7	–
Katowice	2	5	126.4	63.3	87.4%	9.1	3.8	10.4	12.9	12.5	–
Gdansk	1	1	58.3	25.6	99.6%	4.4	2.9	4.5	13.3	13.2	–
Poland: Office & Mixed-Use	**19**	**37**	**1,422.6**	**542.1**	**81.3%**	**86.6**	**3.7**	**106.4**	**15.0**	**14.9**	**–**
Total Office & Mixed-Use Portfolio	**31**	**55**	**2,586.7**	**1,004.5**	**85.7%**	**163.9**	**4.1**	**191.5**	**14.5**	**14.4**	**–**
Logistics/Light-Industrial											
Timisoara	2	6	88.0	140.3	84.8%	5.6	5.2	6.6	6.5	3.8	3.6
Arad	1	1	16.7	20.1	100.0%	1.2	12.1	1.2	6.5	4.8	4.5
Oradea	1	1	5.8	6.9	100.0%	0.4	12.7	0.4	5.2	4.9	4.8
Pitesti	1	2	58.4	75.2	100.0%	4.2	8.1	4.2	5.1	4.6	4.6
Constanta	1	2	26.3	40.9	93.3%	2.0	5.6	2.2	7.5	3.8	3.5
Bucharest	3	3	58.6	89.3	65.7%	3.2	6.8	4.7	7.5	4.2	3.9
Total Industrial Portfolio	**9**	**15**	**253.8**	**372.7**	**85.3%**	**16.7**	**7.0**	**19.3**	**6.6**	**4.2**	**4.0**
Other Portfolio											
Bucharest New CBD Upground Complex – Residential	1	1	43.3	22.4	nm	0.7	2.8	0.7	–	–	–
Bucharest New CBD Upground Complex – Commercial	–	–	9.8	6.0	97.7%	0.7	9.3	0.8	–	9.8	–
Total Other Portfolio											
Total Standing Commercial Portfolio	**40**	**70**	**2,850.3**	**1,383.2**	**85.6%**	**181.3**	**4.4**	**211.6**	**14.2**	**11.6**	**4.0**
Of which Romania	21	33	1,427.7	841.0	88.4%	94.7	5.0	105.2	13.6	9.7	4.0
Of which Poland	19	37	1,422.6	542.1	81.3%	86.6	3.7	106.4	15.0	14.9	–

Portfolio – Breakdown by Location & Type
(data as of 31 December 2022)

			GAV (€m)				GLA (k sqm)				Contracted Rent and ERV (€m)						
														ERV of Available Spaces		Total	
	No. of Standing Investments (#)	Standing Properties (#)	Standing Properties	Under Construction	Land & Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Standing	U/C & Future	Standing & U/C	Future
Office Portfolio																	
Bucharest New CBD	8	12	880.7	–	8.6	889.3	344.2	–	17.2	361.4	58.0	–	–	6.6	– / 3.3	64.6	3.3
Bucharest Other	4	6	283.4	–	29.7	313.1	118.2	–	59.8	178.0	19.3	–	–	1.2	– / 10.9	20.5	10.9
Romania: Office	**12**	**18**	**1,164.1**	**–**	**38.3**	**1,202.4**	**462.4**	**–**	**77.0**	**539.4**	**77.3**	**–**	**–**	**7.8**	**– / 14.2**	**85.1**	**14.2**
Warsaw	9	14	706.0	–	–	706.0	210.9	–	–	210.9	38.6	–	–	3.9	– / –	42.5	–
Krakow	4	12	318.5	–	9.6	328.0	150.1	–	17.7	167.8	20.0	–	–	7.0	– / 3.1	27.0	3.1
Wroclaw	2	3	145.8	108.0	–	253.8	56.7	48.2	–	104.8	9.6	4.4	–	0.1	4.1 / –	18.2	–
Lodz	1	2	67.7	–	–	67.7	35.5	–	–	35.5	4.9	–	–	0.8	– / –	5.7	–
Katowice	2	5	126.4	44.4	–	170.8	63.3	26.7	–	89.9	9.1	2.3	–	1.3	1.7 / –	14.3	–
Gdansk	1	1	58.3	–	–	58.3	25.6	–	–	25.6	4.4	–	–	0.1	– / –	4.5	–
Poland: Office & Mixed-Use	**19**	**37**	**1,422.6**	**152.4**	**9.6**	**1,584.5**	**542.1**	**74.8**	**17.7**	**634.7**	**86.6**	**6.7**	**–**	**13.1**	**5.7 / 3.1**	**112.2**	**3.1**
Total Office & Mixed-Use Portfolio	**31**	**55**	**2,586.7**	**152.4**	**47.9**	**2,786.9**	**1,004.5**	**74.8**	**94.7**	**1,174.1**	**163.9**	6.7	–	20.9		197.2	17.3
Logistics/Light-Industrial																	
Timisoara	2	6	88.0	–	11.0	99.0	140.3	–	165.2	305.5	5.6	–	–	1.0	– / 6.7	6.6	6.7
Arad	1	1	16.7	–	–	16.7	20.1	–	–	20.1	1.2	–	–	–	– / –	1.2	–
Oradea	1	1	5.8	–	–	5.8	6.9	–	–	6.9	0.4	–	–	–	– / –	0.4	–
Pitesti	1	2	58.4	–	–	58.4	75.2	–	–	75.2	4.2	–	–	–	– / –	4.2	–
Constanta	1	2	26.3	–	37.2	63.5	40.9	–	525.8	566.7	2.0	–	–	0.1	– / 27.7	2.2	27.7
Bucharest	3	3	58.6	8.5	–	67.1	89.3	13.2	–	102.6	3.2	0.0	–	1.5	0.9 / –	5.7	–
Tg. Mures	–	–	–	8.4	–	8.4	–	16.7	–	16.7	–	0.4	–	–	– / –	0.4	–
Total Logistics/Light-Ind. Portfolio	**9**	**15**	**253.8**	**16.9**	**48.2**	**318.9**	**372.7**	**30.0**	**690.9**	**1,093.6**	**16.7**	**0.5**	**–**	**2.7**	**0.9 / 34.4**	**20.7**	**34.4**

Portfolio – Breakdown by Location & Type continued
(data as of 31 December 2022)

			GAV (€m)				GLA (k sqm)				Contracted Rent and ERV (€m)						
														ERV of Available Spaces		Total	
	No. of Standing Investments (#)	Standing Properties (#)	Standing Properties	Under Construction	Land & Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Standing	U/C & Future	Standing & U/C	Future
Other Portfolio																	
Bucharest New CBD Upground Complex – Residential	1	1	43.3	–	–	43.3	22.4	–	–	22.4	0.7	–	–	–	– / –	0.7	–
Bucharest New CBD Upground Complex – Commercial	–	–	9.8	–	–	9.8	6.0	–	–	6.0	0.7	–	–	0.0	– / –	0.8	–
Total Other Portfolio			**53.1**	**–**	**–**	**53.1**	**28.4**	**–**	**–**	**28.4**	**1.5**	**–**	**–**	**0.0**	**– / –**	**1.5**	**–**
Total Standing Commercial Portfolio	**40**	**70**	**2,850.3**	**169.3**	**96.1**	**3,115.6**	**1,383.2**	**104.8**	**785.7**	**2,273.6**	**181.3**	**7.2**	**–**	**30.3**	**6.6 / 51.7**	**225.4**	**51.7**
Of which Romania	21	33	1,427.7	16.9	86.5	1,531.1	841.0	30.0	767.9	1,638.9	94.7	0.5	–	10.5	0.9 / 48.6	106.5	48.6
Of which Poland	19	37	1,422.6	152.4	9.6	1,584.5	542.1	74.8	17.7	634.7	86.6	6.7	–	19.7	5.7 / 3.1	118.8	3.1
				(25.6)	25.6	–		–	(68.3)	68.3		–		–		(12.1)	

Portfolio Analyses
(data as of 31 December 2022)

Portfolio Analysis by Value and Property Type

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	1,180.1	37.4%	–	1,180.1	–	1,180.1	38.1%
Light Industrial/Logistics	270.7	8.6%	(82.1)	188.6	41.1	229.7	7.4%
Residential & Lands	123.6	3.9%	(37.2)	86.4	18.6	105.0	3.4%
Total Romania	**1,574.4**	**49.8%**	**(119.3)**	**1,455.1**	**59.7**	**1,514.8**	**48.9%**
Poland							
Office	1,314.8	41.6%	–	1,314.8	–	1,314.8	42.4%
Mixed-Use	269.6	8.5%	–	269.6	–	269.6	8.7%
Total Poland	**1,584.5**	**50.2%**	**–**	**1,584.5**	**–**	**1,584.5**	**51.1%**
Grand Total	**3,158.9**	**100.0%**	**(119.3)**	**3,039.6**	**59.7**	**3,099.3**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest – New CBD	942.4	29.8%	–	942.4	–	942.4	30.4%
Bucharest – Other	380.2	12.0%	(47.4)	332.8	23.7	356.5	11.5%

Portfolio Analysis by Value and Location

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest	1,322.6	41.9%	(47.4)	1,275.2	23.7	1,298.9	41.9%
Timisoara	99.0	3.1%	–	99.0	–	99.0	3.2%
Pitesti	58.4	1.8%	–	58.4	–	58.4	1.9%
Constanta	63.5	2.0%	(63.5)	–	31.8	31.8	1.0%
Arad	16.7	0.5%	–	16.7	–	16.7	0.5%
Oradea	5.8	0.2%	–	5.8	–	5.8	0.2%
Tg. Mures	8.4	0.3%	(8.4)	–	4.2	4.2	0.1%
Total Romania	**1,574.4**	**49.8%**	**(119.3)**	**1,455.1**	**59.7**	**1,514.8**	**48.9%**
Poland							
Warsaw	706.0	22.3%	–	706.0	–	706.0	22.8%
Krakow	328.0	10.4%	–	328.0	–	328.0	10.6%
Wroclaw	253.8	8.0%	–	253.8	–	253.8	8.2%
Katowice	170.8	5.4%	–	170.8	–	170.8	5.5%
Lodz	67.7	2.1%	–	67.7	–	67.7	2.2%
Gdansk	58.3	1.8%	–	58.3	–	58.3	1.9%
Total Poland	**1,584.5**	**50.2%**	**–**	**1,584.5**	**–**	**1,584.5**	**51.1%**
Grand Total	**3,158.9**	**100.0%**	**(119.3)**	**3,039.6**	**59.7**	**3,099.3**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

Portfolio Analyses continued
(data as of 31 December 2022)

Portfolio Analysis by Commercial Contracted Rent and Property Type as at 31 December 2022

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	77.3	40.8%	–	77.3	–	77.3	41.4%
Light Industrial/Logistics	17.2	9.1%	(4.9)	12.3	2.4	14.7	7.9%
Residential & Other	1.5	0.8%	–	1.5	–	1.5	0.8%
Total Romania	**95.9**	**50.7%**	**(4.9)**	**91.0**	**2.4**	**93.5**	**50.0%**
Poland							
Office	80.3	42.4%	–	80.3	–	80.3	43.0%
Mixed-Use	13.1	6.9%	–	13.1	–	13.1	7.0%
Total Poland	**93.3**	**49.3%**	**–**	**93.3**	**–**	**93.3**	**50.0%**
Grand Total	**189.2**	**100.0%**	**(4.9)**	**184.4**	**2.4**	**186.8**	**100.0%**

Notes:
Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

Portfolio Analysis by Contracted Rent and Location

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest	82.0	43.3%	(2.4)	79.6	1.2	80.8	43.3%
Timisoara	5.6	3.0%	–	5.6	–	5.6	3.0%
Pitesti	4.2	2.2%	–	4.2	–	4.2	2.3%
Constanta	2.0	1.1%	(2.0)	–	1.0	1.0	0.5%
Arad	1.2	0.6%	–	1.2	–	1.2	0.6%
Oradea	0.4	0.2%	–	0.4	–	0.4	0.2%
Tg. Mures	0.4	0.2%	(0.4)	–	0.2	0.2	0.1%
Total Romania	**95.9**	**50.7%**	**(4.9)**	**91.0**	**2.4**	**93.5**	**50.0%**
Poland							
Warsaw	38.6	20.4%	–	38.6	–	38.6	20.6%
Wroclaw	14.0	7.4%	–	14.0	–	14.0	7.5%
Krakow	20.0	10.6%	–	20.0	–	20.0	10.7%
Katowice	11.4	6.0%	–	11.4	–	11.4	6.1%
Lodz	4.9	2.6%	–	4.9	–	4.9	2.6%
Gdansk	4.4	2.3%	–	4.4	–	4.4	2.4%
Total Poland	**93.3**	**49.3%**	**–**	**93.3**	**–**	**93.3**	**50.0%**
Grand Total	**189.2**	**100.0%**	**(4.9)**	**184.4**	**2.4**	**186.8**	**100.0%**

Notes:
Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

Portfolio Analyses continued
(data as of 31 December 2022)

Portfolio Analysis by Commercial Contracted Rent and Tenant Origin as at 31 December 2022

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Multi	82.7	43.7%	(2.9)	79.7	1.5	81.2	43.5%
National	12.0	6.3%	(1.9)	10.1	1.0	11.0	5.9%
State Owned	1.2	0.6%	–	1.2	–	1.2	0.6%
Total Romania	**95.9**	**50.7%**	**(4.9)**	**91.0**	**2.4**	**93.5**	**50.0%**
Poland							
Multi	63.7	33.7%	–	63.7	–	63.7	34.1%
National	28.6	15.1%	–	28.6	–	28.6	15.3%
State Owned	1.0	0.6%	–	1.0	–	1.0	0.6%
Total Poland	**93.3**	**49.3%**	**–**	**93.3**	**–**	**93.3**	**50.0%**
Grand Total	**189.2**	**100.0%**	**(4.9)**	**184.4**	**2.4**	**186.8**	**100.0%**

Notes:
Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

EPRA NAV Metrics

EPRA vacancy rate

The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces). The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.

EPRA Vacancy Rate

		31-Dec-21	31-Dec-22
Estimated rental value of vacant space	(A)	26.6	**29.4**
Estimated rental value of the whole portfolio	(B)	205.4	**210.0**
EPRA Vacancy Rate	**(A/B)**	**13.0%**	**14.0%**

EPRA net initial yield and EPRA "topped-up" net initial yield

The EPRA NIY (Net Initial Yield) is calculated as the annualised rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. The EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step rents). EPRA NIY and EPRA "topped-up" NIY are aimed at encouraging the provision of comparable and consistent disclosure of yield measures across Europe. These two yield measures can be clearly defined, widely used by all participants in the direct and indirect European real estate market and should be largely comparable from one company to the next and with market evidence.

EPRA NIY and "topped-up" NIY1

Figures in € m		31-Dec-21	31-Dec-22
Investment property – wholly owned		3,065.6	**3,039.6**
Investment property – share of JVs/Funds		43.4	**59.7**
Trading property (including share of JVs)		–	**–**
Less: developments, future developments		256.1	**242.6**
Completed property portfolio		**2,852.9**	**2,856.7**
Allowance for estimated purchasers' costs	2%	57.1	**57.1**
Gross up completed property portfolio valuation	**(B)**	**2,909.9**	**2,913.8**
Annualised cash passing rental income		155.6	**160.6**
Property outgoings		9.1	**10.3**
Annualised net rents	**(A)**	**146.6**	**150.3**
Add: notional rent expiration of rent free periods or other lease incentives		18.9	**19.0**
Topped-up net annualised rent	**(C)**	**165.4**	**169.3**
EPRA NIY	**(A / B)**	**5.0%**	**5.2%**
EPRA "topped-up" NIY4	**(C / B)**	**5.7%**	**5.8%**

EPRA NAV Metrics continued

EPRA NAV metrics	EPRA NRV 31-Dec-22 €'000	EPRA NTA 31-Dec-22 €'000	EPRA NDV 31-Dec-22 €'000	EPRA NRV 31-Dec-21 €'000	EPRA NTA 31-Dec-21 €'000	EPRA NDV 31-Dec-21 €'000
Net assets attributable to equity holders of the parent	1,656,506	1,656,506	1,656,506	1,738,629	1,738,629	1,738,629
Include/exclude						
I) Hybrid instruments						
Diluted NAV	**1,656,506**	**1,656,506**	**1,656,506**	**1,738,629**	**1,738,629**	**1,738,629**
Include:						
II. a) Revaluation of IP (if IAS 40 cost option is used)	–	–	–	–	–	–
II. b) Revaluation of IPUC (if IAS 40 cost option is used)	–	–	–	–	–	–
II. c) Revaluation of other non-current investments	–	–	–	–	–	–
III. Revaluation of tenant leases held as finance leases	–	–	–	–	–	–
IV. Revaluation of trading properties	–	–	–	–	–	–
Diluted NAV at fair value	**1,656,506**	**1,656,506**	**1,656,506**	**1,738,629**	**1,738,629**	**1,738,629**
Exclude:						
V. 50% of deferred tax in relation to fair value gains of IP	181,070	90,535	n/a	181,542	90,771	n/a
VI. Fair value of financial instruments	(194)	(194)	(194)	236	236	236
VII. Goodwill as a result of deferred tax	(5,697)	(5,697)	(5,697)	(5,697)	(5,697)	(5,697)
VIII. a) Goodwill as per the IFRS balance sheet	n/a	(6,652)	(6,652)	n/a	(6,652)	(6,652)
VIII. b) Intangibles as per the IFRS balance sheet	n/a	(1)	(1)	n/a	(73)	(73)
IX. Adjustment in respect of joint venture and NCI for above items	3,798	3,798	n/a	2,753	2,753	n/a
Include:						
IX. Fair value of fixed interest rate debt	n/a	n/a	133,571	n/a	n/a	(77,789)
X. Revaluation of intangibles to fair value	n/a	n/a	n/a	n/a	n/a	n/a
XI. Real estate transfer tax	–	–	n/a	–	–	n/a
NAV	**1,835,483**	**1,738,295**	**1,777,533**	**1,917,463**	**1,819,967**	**1,648,654**
Fully diluted number of shares	221,470	221,470	221,470	221,373	221,373	221,373
NAV per share (EUR)	8.29	7.85	8.03	8.66	8.22	7.45

Investing Policy

Investing Strategy

The Company's primary focus is to invest in a diversified portfolio of real estate assets situated in Romania and Poland, the two largest markets in Central and Eastern Europe. The Company may also invest in real estate assets located in other South-Eastern European and Central Eastern European countries. The Directors believe its primary markets of investment represent an attractive real estate investment proposition over the medium-to-long term.

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

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

Assets or Companies in Which the Company can Invest

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

Strategy Through Which the Investing Policy is Achieved

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

Investment Approach

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

Holding Period for Investments

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

Glossary

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

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

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

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

CAPEX
Represents the estimated capital expenditure to be incurred for the completion of the development projects.

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

CBD
Central Business District.

CEE
Central and Eastern Europe.

CIT
Corporate income tax.

Combined Portfolio
Includes the Group's property investments consolidated on the balance sheet under investment property–freehold as at 31 December 2021, plus those properties held as joint ventures (currently the lands relating to Chitila Logistics Hub and Constanta Business Park projects) presented at 100%.

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

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

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

Consolidated Coverage Ratio
Calculated as the aggregate amount of Adjusted EBITDA for the period of the most recent two consecutive semi-annual periods ending on such Measurement Date divided by the Consolidated Interest Expense for such two semi-annual periods.

Consolidated Interest Expense
All charges, interest, commission, fees, discounts, premiums and other finance costs in respect of Indebtedness (but excluding such interest on Subordinated Shareholder Debt) incurred by the Group.

Consolidated Leverage Ratio
Calculated as the Consolidated Total Indebtedness divided by Consolidated Total Assets.

Consolidated Secured Leverage Ratio
Calculated as the Secured Consolidated Total Indebtedness divided by Consolidated Total Assets at that date.

Consolidated Total Assets
Total assets (excluding intangible assets) of the Group.

Consolidated Total Indebtedness
Total Indebtedness of the Group (excluding deferred tax liabilities and income and deposits from tenants).

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

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

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

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

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

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

EPRA
The European Public Real Estate Association is a non-profit association representing Europe's publicly listed property companies. EPRA Earnings profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated closeout costs and the related deferred tax impact of adjustments made to profit after tax.

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

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

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

Glossary continued

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

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

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

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

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

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

Financial Year
Period from 1 January to 31 December.

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

GLA
Gross leasable area.

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

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

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

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

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

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

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

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

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

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

NBP
National Bank of Poland.

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

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

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

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

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

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

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

RCF
Revolving Credit Facility.

Glossary continued

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

ROBOR
Romanian Interbank Offer Rate.

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

Secured Consolidated Total Indebtedness
Consolidated Total Indebtedness that is secured by any Security granted by any member of the Group.

SPA
Share sale purchase agreement.

SQM
Square metres.

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

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

Total Accounting Return
Total accounting return is the growth in EPRA NRV per share plus dividends paid, expressed as a percentage of EPRA NRV per share at the beginning of the year.

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

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

Unsecured Consolidated Total Indebtedness
Means the Consolidated Total Indebtedness less Secured Consolidated Total Indebtedness.

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

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

WIBOR
Warsaw Interbank Offered Rate.

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