



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

INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

Globalworth Poland Real Estate Group Index

(All amounts in EUR thousands unless otherwise stated)

Index

I.	Selected consolidated financial data	4
II.	Interim Condensed Consolidated Financial Statements of the Group as of 30 September 2018 and for 9 months period ended 30 September 2018	7
	Interim Condensed Consolidated Statement of Profit or Loss	7
	Interim Condensed Consolidated Statement of Other Comprehensive Income	8
	Interim Condensed Consolidated Statement of Financial Position	9
	Interim Condensed Consolidated Statement of Changes in Equity	11
	Interim Condensed Consolidated Statement of Cash Flows	12
	Notes to the Interim Condensed Consolidated Financial Statements	13
	SECTION I: BASIS OF PREPARATION	13
1.1.	Corporate information	13
1.2.	Basis of preparation and compliance	13
1.3.	Basis of Consolidation	14
1.4.	New and amended standards	16
1.5.	Significant Accounting Judgements, Estimates and Assumptions	18
2.	Reorganisation	19
	SECTION II: INVESTMENT PROPERTY	20
3.	Investment property	20
	SECTION III: FINANCIAL RESULTS	25
4.	Revenue	25
5.	Operating Expenses	26
6.	Administrative Expenses	27
7.	Finance income	28
8.	Finance cost	28
9.	Taxation	29
	SECTION IV: FINANCIAL ASSETS AND LIABILITIES	32
10.	Debentures	35
11.	Other financial assets	36
12.	Information about the issue, redemption and repayment of debt securities and equity securities	37
13.	Trade and other payables, deposits from tenants and other deposits	41
14.	Trade and other receivables	42
15.	Cash and cash equivalents	43
16.	Fair value measurements – financial assets and financial liabilities	44
17.	Fair value hierarchy	46
18.	Information about the movements on impairments of financial assets, fixed assets and intangible assets.	47
	SECTION V: ASSETS ACQUISITION AND OTHER DISCLOSURES	48
19.	Asset acquisition	48
20.	Consolidation of subsidiaries	50
21.	Reporting by segments	51
22.	Changes in presentation of Interim Condensed Financial Statements as at 30 September 2017	60
23.	Description of achievements or failures of the Group and indication of major events in the nine months of 2018	65

Globalworth Poland Real Estate Group

Index

(All amounts in EUR thousands unless otherwise stated)

24. List of important events during reported period and factors and events, especially those of a non-typical character, that have had an impact on the profit/loss of the Company	67
25. Explanations on the seasonality or cyclicity of the Capital Group's business in the presented period	67
26. Dividend paid (or declared)	67
27. Information on changes in contingent liabilities or contingent assets after the end of the last financial year	67
28. Subsequent events	68
III. Director's Report	70
1. General information	70
1.1. Structure of the Group	70
1.2. Reorganisation	78
2. Position of the Management Board concerning the option to implement previously published result forecasts for the relevant year in the light of the results presented in the quarterly report in relation to predicted results	78
3. Description of the main risks and uncertainties for the remaining 3 months of the financial year	78
4. The ownership structure of major holdings of Globalworth Poland Real Estate N.V.	79
5. Share capital structure	79
6. Information on court proceedings	79
7. Information on transactions with related entities on other than market conditions	80
8. Information of granted loan sureties and granted guarantees equivalent in value to at least 10% of the issuer's equity capitals	80
9. Other information that the Company believes to be important to assess the personnel, economic and financial situation, the financial result and any changes in these aspects of business, and information significant for the assessment of Globalworth Poland Group's capacity to meet its obligations	80
10. Factors which, in the opinion of the Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter	81

(All amounts in EUR thousands unless otherwise stated)

I. Selected consolidated financial data

	<i>in ths EUR</i>			
Consolidated statement of profit or loss	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
Net Operating Income (NOI)	42 126	17 424	21 857	7 935
Profit before net financing costs	60 909	18 689	31 893	15 396
Profit before tax	40 990	16 349	36 155	8 516
Profit for the year	34 822	11 729	28 567	8 304
Number of shares	270 572 879	442 757 383	136 305 381	156 133 179
Profit per one share	0,13	0,03	0,21	0,05

Consolidated statement of cashflows	1.01.2018- 30.09.2018	1.01.2017- 30.09.2017
Cash flows from operating activities	30 701	15 765
Cash flows from investing activities	(313 251)	(32 949)
Cash flows from financing activities	323 961	21 831
Net cash flows	41 411	4 647

	<i>in ths EUR</i>		
Consolidated statement of financial position	As at 30 September 2018	As at 31 December 2017	As at 30 September 2017
Total assets	1 133 955	757 216	570 676
Total equity	711 004	244 771	234 317
Non-current liabilities	405 374	304 081	299 342
Current liabilities	17 577	208 364	37 017
Number of shares	442 757 383	156 133 179	156 133 179
Book value per one share	1,61	1,57	1,50

Globalworth Poland Real Estate Group Index

(All amounts in EUR thousands unless otherwise stated)

	<i>in ths EUR</i>		
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2017
Financial ratios			
Balance sheet equity ratio in %	63%	32%	41%
Net Loan-to-Value ratio (net LTV) in %	8%	41%	56%
Gross Loan-to-Value ratio (gross LTV) in %	13%	45%	60%
Net Loan-to-Value ratio (net LTV) in % incl. ICL	31%	66%	56%
Gross Loan-to-Value ratio (gross LTV) in % incl. ICL	37%	69%	60%
Funds from Operations (FFO)	20 510	16 167	11 532
Funds from Operations (FFO) per share	0,08	0,11	0,08
Normalised Funds from Operations (FFO)	22 971	20 051	12 095
Normalised Funds from Operations (FFO) per share	0,08	0,14	0,09
Adjusted Funds from Operations (FFO)	15 427	4 111	823
Adjusted Funds from Operations (FFO) per share	0,06	0,03	0,01
EPRA Net asset value (EPRA NAV)	739 909	264 130	252 363
EPRA Net asset value (EPRA NAV) per share	1,67	1,69	1,62
EPRA Triple Net asset value (EPRA NNAV)	711 004	244 771	234 317
EPRA Triple Net asset value (EPRA NNAV) per share	1,61	1,57	1,50

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

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

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

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

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

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

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

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

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



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE
GROUP AS OF 30 SEPTEMBER 2018 AND 9 MONTHS PERIOD ENDED 30
SEPTEMBER 2018**

II. Interim Condensed Consolidated Financial Statements of the Group as of 30 September 2018 and for 9 months period ended 30 September 2018

Interim Condensed Consolidated Statement of Profit or Loss

		For the period			
		1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
		Unaudited	Unaudited	Unaudited	Unaudited
		restated*	restated*	restated*	restated*
Note	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	4	59 409	24 371	32 219	11 250
Operating expenses	5	(17 283)	(6 947)	(10 362)	(3 315)
Net operating income		42 126	17 424	21 857	7 935
Administrative expenses	6	(3 454)	(1 644)	(4 562)	(2 286)
Fair value movement	3	22 201	2 869	15 015	9 669
Other expenses		(245)	(65)	(690)	(22)
Other income		281	105	273	100
		18 783	1 265	10 036	7 461
Profit/(loss) before net financing costs		60 909	18 689	31 893	15 396
Gain/(loss) from valuation of financial instruments	11	2 832	1 179	-	-
Net financing costs					
- Finance cost	8	(23 158)	(3 622)	(7 065)	(7 253)
- Finance income	7	407	103	11 327	373
		(22 751)	(3 519)	4 262	(6 880)
Profit before tax		40 990	16 349	36 155	8 516
Income tax (expenses)	9	(6 168)	(4 620)	(7 588)	(212)
Profit for the year		34 822	11 729	28 567	8 304
Attributable to:					
Equity holders of the parent		34 822	11 729	28 567	8 304
		34 822	11 729	28 567	8 304
		in EUR	in EUR	in EUR	in EUR
Earnings per share (basic and diluted):		0,13	0,03	0,21	0,05
EPRA Earnings per share (basic and diluted):		0,09	0,02	0,07	0,04

* for details of the changes in presentation of prior year data please refer to Note 22.

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

EPRA Earnings per share - EPRA Earnings divided by the basic or diluted weighted average number of shares. (This is non-IFRS measure).

Interim Condensed Consolidated Statement of Other Comprehensive Income

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	Unaudited € '000	Unaudited € '000	Unaudited restated*	Unaudited restated*
	€ '000	€ '000	€ '000	€ '000
Profit/(loss) for the year	34 822	11 729	28 567	8 304
Other comprehensive income transferable later on to the profit/(loss):				
Foreign currency translation reserve	-	-	2 612	(4 522)
Other comprehensive income/(loss)	-	-	2 612	(4 522)
Total comprehensive income for the year, net of tax	34 822	11 729	31 179	3 782
Comprehensive income attributable to:				
Equity holders of the parent	34 822	11 729	31 179	3 782

* for details of the changes in presentation of prior year data please refer to Note 22.

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Financial Position

		30 September 2018	As at 31 December 2017	30 September 2017
	Note	Unaudited € '000	Audited € '000	Unaudited restated* € '000
ASSETS				
Non-current assets				
Investment property	3	1 035 878	680 130	509 207
Long-term loans		46	-	20
Debentures	10	-	-	18 210
Available for sale financial assets	11	-	5 897	6 581
Other financial assets	11	2 826	-	-
Other long-term assets		259	47	12
Other receivables	14	-	69	99
Long-term restricted cash	15	-	2 958	2 958
		1 039 009	689 101	537 087
Current assets				
Short-term loans		-	60	-
Trade and other receivables	14	13 050	10 634	6 942
Income tax receivable		27	1	-
Debentures	10	-	18 389	-
Available for sale financial assets	11	-	4 346	-
Other financial assets	11	10 250	-	-
Cash and cash equivalents	15	71 619	34 685	26 647
		94 946	68 115	33 589
TOTAL ASSETS		1 133 955	757 216	570 676

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	Note	As at		
		30 September 2018	31 December 2017	30 September 2017
		Unaudited € '000	Audited € '000	Unaudited restated* € '000
EQUITY AND LIABILITIES				
Total equity				
Issued share capital		442 757	156 133	156 133
Share premium	2	199 996	44 026	44 026
Other reserves		8 121	8 121	8 121
Foreign currency translation reserve		5 171	5 171	(2 530)
Retained earnings		54 959	31 320	28 567
Equity attributable to equity holders of the parent		711 004	244 771	234 317
Non-current liabilities				
Bank loans	12	134 385	278 690	278 549
Other borrowings	12	239 131	-	21
Deferred tax liability	9	21 664	19 020	15 611
Deferred consideration payable	13	699	-	-
Guarantees retained from contractors	13	1 050	537	280
Deposits from tenants	13	8 445	5 834	4 881
		405 374	304 081	299 342
Current liabilities				
Bank loans	12	4 580	26 202	25 919
Other borrowings	12	-	165 413	-
Guarantees retained from contractors	13	607	508	234
Trade and other payables	13	11 293	15 238	10 719
Deposits from tenants	13	777	270	145
Income tax payable		320	733	-
		17 577	208 364	37 017
TOTAL EQUITY AND LIABILITIES		1 133 955	757 216	570 676
		in EUR	in EUR	in EUR
NAV per share		1,61	1,57	1,50
Diluted NAV per share		1,61	1,57	1,50
EPRA NAV per share		1,67	1,69	1,62

* for details of the changes in presentation of prior year data please refer to Note 22.

Net Asset Value (NAV) Per Share

Equity attributable to equity holders of the company divided by the number of Ordinary shares in issue at the period end. (This is non-IFRS measure).

EPRA NAV Per Share

EPRA NAV divided by the basic/diluted number of shares outstanding at the year or period end. (This is non-IFRS measure).

Net Assets Value (NAV)

equity attributable to equity holders of the company and/or net assets value. (This is non-IFRS measure).

EPRA Net Assets (EPRA NAV)

net assets per the statement of financial position, excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations excluding goodwill. (This is non-IFRS measure).

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Changes in Equity

	Note	Issued share capital € '000	Share premium € '000	Foreign currency translation reserve € '000	Net assets attributable to shareholders € '000	Other reserves € '000	Retained earnings € '000	Total
At 1 January 2018		156 133	44 026	5 171	-	8 121	31 320	244 771
Profit for the period		-	-	-	-	-	34 822	34 822
Total comprehensive income		-	-	-	-	-	34 822	34 822
Shares issued for capital		286 624	155 970	-	-	-	-	442 594
Dividend		-	-	-	-	-	(11 183)	(11 183)
At 30 September 2018		442 757	199 996	5 171	-	8 121	54 959	711 004
1 January 2017		45	-	(5 142)	41 334	-	-	36 237
Profit for the year		-	-	-	-	-	31 320	31 320
Other comprehensive income		-	-	10 313	-	-	-	10 313
Total comprehensive income		-	-	10 313	-	-	31 320	41 633
Shares issued for capital		156 088	44 026	-	-	-	-	200 114
The reorganisation of the Group	2	-	-	-	(41 334)	8 121	-	(33 213)
At 31 December 2017		156 133	44 026	5 171	-	8 121	31 320	244 771
At 1 January 2017		45	-	(5 142)	41 334	-	-	36 237
Profit for the period		-	-	-	-	-	28 567	28 567
Other comprehensive income		-	-	2 612	-	-	-	2 612
Total comprehensive income		-	-	2 612	-	-	28 567	31 179
Issue of share capital		156 088	44 026	-	-	-	-	200 114
The reorganisation of the Group	2	-	-	-	(41 334)	8 121	-	(33 213)
At 30 September 2017		156 133	44 026	(2 530)	-	8 121	28 567	234 317

Interim Condensed Consolidated Statement of Cash Flows

	Note	For the period	
		1.01.2018- 30.09.2018	1.01.2017- 30.09.2017
		Unaudited € '000	Unaudited restated* € '000
Profit/(loss) before tax		40 990	36 155
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
Fair value movement on investment property		(22 201)	(15 015)
Gain/(loss) from valuation of financial instruments		(2 832)	-
Net financing (income)/costs		22 545	(4 262)
Operating profit before changes in working capital		38 502	16 878
Decrease/(increase) in trade and other receivables		(107)	(171)
(Decrease)/increase in trade and other payables		(4 578)	(1 310)
Movements in deposits from tenants and other deposits		(402)	1 617
VAT settlements		1 072	(103)
Other items		(579)	(1 188)
Income tax paid		(3 207)	42
Cash flows from operating activities		30 701	15 765
Investing activities			
Capital expenditure on investment property		(11 729)	(10 779)
Rental Guarantee Payment (CAPEX)		4 279	1 773
Payment for acquisition of subsidiaries less cash acquired	19	(305 875)	-
Purchase of financial assets		-	(23 976)
Repayment of loans granted		20	-
Interest received		54	33
Cash flows from investing activities		(313 251)	(32 949)
Financing activities			
Proceeds from share issuance		450 000	29 074
Payment of transaction costs on issue of shares		(7 405)	-
Dividend paid		(11 183)	-
Bank loan proceeds		67 611	8 816
Bank loan repayments		(235 661)	(6 741)
Proceeds from borrowings		358 300	1 482
Repayment of borrowings		(287 107)	-
Payment of other financing costs		(5 666)	(29)
Interest paid		(11 936)	(5 350)
Change in restricted cash		7 008	(5 421)
Cash flows from financing activities		323 961	21 831
Net increase / (decrease) in cash and cash equivalents		41 411	4 647
Cash and cash equivalents at the beginning of the period		15 657	10 010
Translation differences		(427)	414
Cash and cash equivalents at the end of the period	15	56 641	15 071

* for details of the changes in presentation of prior year data please refer to Note 22.

Notes to the Interim Condensed Consolidated Financial Statements

SECTION I: BASIS OF PREPARATION

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

1.1. Corporate information

Globalworth Poland Real Estate Group (further **"Globalworth Poland Group"**, **"the Group"**) owns and manages yielding real estates throughout Poland. On 30 September 2018 the Group is composed of the entities presented below in Note 1.1 of the Director's Report.

On 21 December 2016, Globalworth Poland Real Estate N.V. (**"the Company"**) (formerly known as Griffin Premium RE.. N.V.) was incorporated with the aim to become a holding company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange. With effect from 3 March 2017 Globalworth Poland Real Estate N.V. became the legal parent of entities' operations which were previously directly and indirectly controlled and managed by Griffin TopCo II S.á r.l. (**"GT II"**) and Griffin TopCo II S.á r.l. (**"GT III"**) following a reorganisation as described in the Note 2.

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

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

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

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual Consolidated Financial Statements as at 31 December 2017. Consolidated Financial Statements of the Group for the year ended 31 December 2017 are available on the website <https://www.globalworth.pl/s,72,raporty-okresowe.html>, <https://en.globalworth.pl/s,72,periodic-reports.html>.

1.2. Basis of preparation and compliance

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in the European Union. Accounting books and records underlying these financial statements are maintained in accordance with Polish Accounting Standards.

The Interim Condensed Consolidated Financial Statements of the Group include consolidated financial data as of 30 September 2018 and for the 9-month period ended on 30 September 2018 and for the 9-month period ended on 30 September 2017 in relation to the profit and loss account, presented in two

periods the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2017 and 30 September 2017 are provided for the statement of financial position. Unless indicated otherwise, all financial data in the Group's Interim Condensed Consolidated Financial Statements have been presented in thousands of EUR.

Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2018 were neither subject to audit nor review by an independent auditor.

Interim Condensed Consolidated Statement of Profit or Loss and respective notes cover also the 3-month period ended 30 September 2018 and contain comparative data for the 3-month period ended 30 September 2017 – these data were neither subject to audit nor review by an independent auditor.

The retained earnings contain:

- results of the Group Entities since 1 January 2017 to 31 December 2017, which includes results from 1 January 2017 up to finalization of the Reorganization and
- profit for the period from 1 January 2018 to 30 September 2018.

The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis, applying a historical cost basis, except for the measurement of investment property at fair value and other financial assets (till 31 December 2017 classified as financial instruments available for sale).

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

The accounting principles applied to these Interim Condensed Consolidated Financial Statements are consistent with the principles applied in the most recent annual financial statements (non-statutory) and have been applied on a continuous basis to all periods presented in the consolidated financial statements, except for the following new or amended standards, and new interpretations which are effective for annual periods beginning on or after 1 January 2018 described in Note 1.4.

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

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

1.3. Basis of Consolidation

These Interim Condensed Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Subsidiaries are fully consolidated (refer to note 20) from the date of acquisition, being the date on which the Group obtains control (refer to note 20), and continue to be consolidated until the date when such control ceases to exist. The financial data of the subsidiaries is prepared for the period from the date of obtaining control till the end of the reporting periods using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Measurement of items denominated in foreign currencies

The Group's Interim Condensed Consolidated Financial Statements are presented in euro ("EUR") being the presentation and functional currency of the Entities.

From 1 January 2018 the Entities have changed the functional currency from PLN to EUR, due to the following reasons:

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

a) Transactions and balances

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

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

b) Exchange rates used

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

	Period ended		
	30 September 2018	31 December 2017	30 September 2017
PLN/EUR	4,2714	4,1709	4,3091

	Average for the period	
	30 September 2018	30 September 2017
PLN/EUR	4,2491	4,2663

1.4. New and amended standards

New standards and announcements after 1 January 2018:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

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

Beginning on 1 January 2018 the Group has introduced IFRS 9 and IFRS 15.

Other amendments to the standards analyzed by the Group:

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

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

b) Amendments to IAS 40 Transfers of Investment Property.

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

These amendments do not have any impact on the Group's consolidated financial statements.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

These amendments do not have any impact on Group's consolidated financial statements.

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

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021. The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e. IAS 39.

These changes do not apply to the Group.

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

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

These amendments do not have any impact on Group's consolidated financial statements.

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

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

These amendments do not have any impact on the Group's consolidated financial statements.

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

1.5. Significant Accounting Judgements, Estimates and Assumptions

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

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

- Investment Property, see note 3;
- Fair value measurement and Fair value hierarchy, see note 16 and 17;
- Taxation, see note 9;
- Functional currency, see note 1.3;
- Debentures (Forward Purchase Agreement), see note 10;
- Other financial assets (ROFO), see note 11.

2. Reorganisation

Globalworth Poland Real Estate N.V. was established in the Netherlands on 21 December 2016. At the date of its incorporation, the Company was a dormant company with no activities with Griffin Netherlands II N.V. ("**GN II**") and GT Netherlands III N.V. ("**GTN III**") being its shareholders.

During the period from December 2016 to March 2017, a reorganisation took place where, through the number of steps comprising sales and in-kind contributions of shares and loans, the Company became the holding company for those Entities that belonged to the Group at that time (the "**Reorganisation**").

After the Reorganisation, the Company holds investments in IB 14 FIZAN, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o. and Griffin Premium RE Lux S.à r.l. and those entities hold (directly or indirectly) shares in all remaining Entities. The Reorganisation was conducted under common control and accounted for using the pooling of interest method. Net assets of companies were compared to value of mutual investments in subsidiaries – difference was presented in equity.

SECTION II: INVESTMENT PROPERTY

3. Investment property

Policy

Investment property

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

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is stated at fair value.

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

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

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

Fair value of the investment properties is also determined by the Rental Guarantee Agreements ("**RGA**") and NOI Guarantee Agreement ("**NOIGA**") concluded between respective Group's entities ("**Beneficiaries**") and Griffin Topco II S.á r.l. ("**GT II**") and Griffin Topco III S.á r.l. ("**GT III**") (jointly "**Guarantors**") as well as EPP.

GT II and GT III Rental and NOI Guarantee

On 9 March 2017 respective subsidiaries of the Company and GT II and GT III concluded Rental Guarantee Agreements in respect of Batory Building I, Nordic Park, Philips House, Green Horizon, CB Lubicz, Bliski Centrum, Hala Koszyki, Renoma, Supersam ("**Beneficiaries**") properties as well as and NOI Guarantee Agreement in respect of Hala Koszyki, Supersam and Renoma ("**NOIGA Beneficiaries**"). Pursuant to RGA budgeted fit-out costs and outstanding general capex works regarding premises that

were not leased or pre-leased by 13 April 2017 (the “**Offering Date**”) are covered by the RGA. Moreover in accordance with the agreements each holder of title to the asset will receive the headline rent and the average amount of service charges for office part of the building that is not leased to third parties within a period of five years from the date of the Offering Date, receive the rent under the signed lease agreement in the full amount (without rent free effect) and receive the leasing and agent fees related to the leasing of the property as well as agent fees related to the new leases in the negotiations of which the guarantor was not involved. Additionally, the entity recognizes annual revenue resulting from the NOIGA, according to which the GT II (as guarantor) is obliged to pay to the NOIGA Beneficiaries an amount equal to difference between the Assumed NOI, amounting to EUR 11,5 million p.a. (“**Assumed NOI**”) and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants’ incentives. As a result, RGA and NOIGA are included in the valuation as they are part of entities future cashflows.

GT II and GT III which are the guarantors in accordance with all the agreements specified above, belong to the Oaktree Capital Management, a leading global alternative investment management firm with assets under management worth of USD 124 billion as of September 2018. Furthermore, a support letter was signed by Oaktree European Principal Fund III, LP and Oaktree European Principal Fund III (Parallel), LP (“**Oaktree Funds**”) on 2 October 2017 (the “**Letter**”). In accordance with the Letter Griffin Topco III S.à r.l and Griffin Topco II S.à r.l, Guarantors of RGA and NOIGA, were obliged to open and maintain a bank account with an initial amount of EUR 15 million exclusively for the purposes of making payments due by any Guarantor to any of Beneficiaries under and in accordance with the terms of RGA and NOIGA. The Guarantors obligation was executed on 23 January 2018 by signing of an Escrow Agreement resulting in opening of an escrow account with EUR 15 million deposit. Additionally, pursuant to the Letter, Oaktree Funds are obliged to provide financial support to the Guarantors in case they fail to make guaranteed payments, following reduction of the escrow account to zero. All terms of the Letter remain in full force and effect until 2 April 2020.

In the face of the reputation of ultimate parent of the Guarantors as well as the Letter, the Group regards there is no risk with respect to the creditworthiness of the Guarantors and its impact on the investment property valuation.

EPP Rental Guarantee

On 22 December 2017, Echo Polska Properties (Cyprus) PLC, as the guarantor and A4 Business Park Sp. z o.o. (formerly: A4 Business Park - Iris Capital spółka z ograniczoną odpowiedzialnością spółka komandytowa) (“**A4 Business Park**”), Tryton Business Park Sp. z o.o. (formerly: Emfold Investments spółka z ograniczoną odpowiedzialnością Sp.k.) (“**Tryton Business House**”) and West Gate Wrocław Sp. z o.o. Sp. k. (formerly: Echo – West Gate Sp. z o.o. Sp. k.) (“**West Gate**”) as beneficiaries, entered into rental guarantee agreements in connection with the purchases of the A4 Business Park, Tryton Business House and West Gate properties (the “**EPP Rental Guarantees**”). The guarantees with A4 Business Park Sp. z o.o. and Tryton Business Park Sp. z o.o. (Tryton Business House) were entered into for a term of three years in relation to premises that were not leased or pre-leased by 22 December 2017. Pursuant to each EPP Rental Guarantee, the beneficiary will: (i) receive the headline rent and the average amount of service charges (subject to annual reconciliation and also including any void costs arising from the lack of a tenant due to ongoing refurbishment or fit-out works) for each part of the building that is not leased to third parties within a period of three years starting from 22 December 2017, (ii) receive the rent under both signed and new lease agreements in the full amount, i.e. all amounts of rent reductions or rent-free periods under such lease agreements will be covered by the rental guarantee, (iii) receive the agent fees related to the new leases in the negotiations of which the guarantor was not involved, and (iv) receive all amounts equal to budgeted fit-out costs with respect to new lease agreements. The guarantees with A4 Business Park, Tryton Business House and West Gate Wrocław were entered into for a limited term in relation to specific leases with key tenants (A4 Business Park Sp. z o.o. for three years, West Gate Wrocław Sp. z o.o. Sp. k. for five years and Tryton

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

In current financial period the Group recognised the income from the RGA and NOIGA and EPP Rental Guarantees agreements in the amount of EUR 6,2 million.

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

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

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

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

Investment property under construction

Investment properties under construction are properties that are being constructed, extended or redeveloped for future use as an investment property. Investment property under construction are stated at fair value. If the Group determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete or more advanced, then Group measures that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

The Group has adopted the following criteria to assess reliability of the fair value measurement:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letters of intents).

Capital expenditures relating to planned redevelopment comprise directly attributable expenditures borne by the Group prior to start of the construction phase. Expenditures such as costs of architectural design, building permits and initial works associated with the planned process of redevelopment of existing investment properties are capitalized by the Group only when it is probable that future economic benefits associated with the item will flow to the Group, the cost of the item can be measured reliably and the Group has an intention to redevelop a property. Capital expenditure on future redevelopment of investment properties are recognized at cost less accumulated impairment loss in case fair value cannot be determined reliably.

Costs of development projects comprise acquisition costs, purchase taxes, and any directly attributable costs to bring the asset to working order for its intended use. Administrative expenses are not included unless these can be directly attributed to specific projects. Related borrowing costs are capitalized up to completion date.

Investment properties under redevelopment are reclassified to investment property upon completion, i.e. on the date on which the property is available for operation.

Significant accounting judgements, estimates and assumptions

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

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	Completed investment property	Investment property under construction
	€ '000	€ '000
At 1 January 2018	680 130	-
Asset deal	327 444	-
Capital expenditures	5 083	-
Agent fees	290	-
Rent free period incentive	730	-
Fair value movement on investment property	22 201	-
At 30 September 2018	1 035 878	-

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

	Completed investment property	Investment property under construction
	€ '000	€ '000
At 1 January 2017	470 380	-
Capital expenditures	10 709	-
Agent fees	730	-
Rent free period incentive	95	-
Fair value movement on investment property	15 015	-
Foreign currency translation	12 278	-
At 30 September 2017	509 207	-

SECTION III: FINANCIAL RESULTS

4. Revenue

From 1 January 2018 the Group introduced IFRS15. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

The Group has recalculated IFRS15 impact on the revenue recognition and considered it insignificant.

The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks, except of media re-invoicing. The specific recognition criteria described below must also be met before revenue is recognised.

Revenues include also headline rent and the average amount of service charges as well as and the coverage of the rent-free periods for each part of the building that are secured by RGA. Revenue from RGA is recognized on a monthly basis. Additionally, the entity recognizes quarterly revenue resulting from the NOIGA, according to which the Guarantor is obliged to pay to the NOIGA Beneficiaries an amount equal to difference between the Assumed NOI, amounting to EUR 11,500,000 p.a. and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants' incentives.

Policy

a) Rental Income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. The value of rent-free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease (on condition that the rent-free period stated in the agreement is not covered by the Rental Guarantee Agreement).

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

The Company estimates income from NOI Guarantee and recognizes proper income provisions on a quarterly basis while the final settlement is made at the end of each year.

b) Service Charge Income

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

c) Rendering of Services

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Rental income	42 809	17 574	22 490	7 912
Service charge income	15 912	6 559	8 592	2 923
Marketing income	411	137	705	272
Other income	277	101	432	143
	59 409	24 371	32 219	11 250

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
High street segment:				
Rental income	14 537	5 069	11 620	4 066
Service charge income	5 616	1 772	4 830	1 690
Marketing income	411	137	705	272
Other income	241	99	380	127
	20 805	7 077	17 535	6 155
Office segment:				
Rental income	28 272	12 505	10 870	3 846
Service charge income	10 296	4 787	3 762	1 233
Other income	36	2	52	16
	38 604	17 294	14 684	5 095
	59 409	24 371	32 219	11 250

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

5. Operating Expenses

Policy

a) Service Costs

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

b) Works Carried Out on Properties

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Utilities	(6 434)	(2 589)	(3 899)	(1 209)
Property administration	(6 956)	(2 928)	(3 965)	(1 290)
Real estate taxes	(2 914)	(1 118)	(1 704)	(569)
Marketing services	(675)	(258)	(790)	(243)
Other property related costs	(304)	(54)	(4)	(4)
	(17 283)	(6 947)	(10 362)	(3 315)

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Property expenses arising from investment property that generated rental income	(17 283)	(6 947)	(10 362)	(3 315)
Total property expenses	(17 283)	(6 947)	(10 362)	(3 315)

6. Administrative Expenses

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments and direct investment property purchase transaction costs, see note 3.

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Legal and consulting costs	(1 289)	(919)	(3 164)	(1 476)
Salaries and wages	(269)	(122)	(119)	(119)
Accounting, secretarial and administration costs	(930)	(306)	(783)	(651)
Audit and non-audit services	(224)	(70)	-	-
Post, telecommunication, office expenses and office supplies	(248)	(18)	(178)	14
Taxes and other fees	(368)	(131)	(156)	(6)
Other	(126)	(78)	(162)	(48)
Total administrative expenses	(3 454)	(1 644)	(4 562)	(2 286)

7. Finance income

Interest income

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

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Bank interest	55	24	64	12
Interest from loans to related parties	-	-	17	3
Other financial assets interest	-	-	181	172
Debentures interest	295	-	217	184
Foreign exchange differences	-	55	10 842	-
Other financial income	57	24	6	2
	407	103	11 327	373

8. Finance cost

Policy

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

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Interest:	(15 396)	(3 606)	(6 516)	(1 789)
Bank borrowings	(6 252)	(861)	(5 788)	(1 760)
Loans from related parties*	(9 063)	(2 707)	(696)	-
Other interest expenses	(81)	(38)	(32)	(29)
Foreign exchange differences	(483)	-	-	(5 022)
Bank charges	(49)	(20)	(327)	(298)
Early loan repayment fees**	(2 836)	-	-	-
Arrangement fees from related parties loans	(4 377)	-	-	-
Other financial costs	(17)	4	(222)	(144)
	(23 158)	(3 622)	(7 065)	(7 253)

*refers to the loan granted by Globalworth Finance Guernsey Limited, for details please refer to Note 12.

** of which 1,978 results from the prepayment of the loan granted by Globalworth Finance Guernsey Limited, for details please refer to Note 12.

9. Taxation

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

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

Current income tax

Policy

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

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

Deferred income tax

Policy

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

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

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

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

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

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

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

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

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

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

Significant accounting judgements, estimates and assumptions

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

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

The major components of income tax expense for the periods ended 30 September 2018 and 2017 are:

	For the period			
	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
Income tax expense				
Current income tax expense	(2 577)	(953)	4	-
Deferred income tax expense	(3 591)	(3 667)	(7 592)	(212)
	(6 168)	(4 620)	(7 588)	(212)

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	Consolidated statement of financial position			Consolidated statement of comprehensive income			
	30 September 2018	31 December 2017	30 September 2017	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Net - Deferred Tax Liability							
Acquired under asset deal:	-	-	-	(946)	(3 167)	-	-
Deferred tax asset	-	-	-	(946)	(3 167)	-	-
Valuation of investment property at fair value	28 905	19 304	18 046	(9 601)	992	(3 949)	(1 508)
Other taxable temporary differences	(612)	(291)	(571)	321	(1 789)	618	743
Interest and exchange rate differences accrued	(4 039)	2 201	(472)	6 239	357	(4 054)	850
Deferred income	102	-	-	(102)	(102)	-	-
Valuation of financial instruments at fair value	(40)	56	-	96	415	(37)	-
Recognised unutilized tax losses	(2 652)	(2 250)	(1 392)	402	(373)	(170)	(297)
	21 664	19 020	15 611	(3 591)	(3 667)	(7 592)	(212)

SECTION IV: FINANCIAL ASSETS AND LIABILITIES

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

Financial instruments

Policy

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

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

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

As a result of above mentioned, the Group has changed the accounting for the ROFO bonds. As of 31 December 2017, they were presented as assets available for sale and measured at fair value through other comprehensive income, beginning on 1 January 2018 ROFO bonds are valued at fair value through profit or loss. Following IFRS 9 regulations the Group has analyzed the expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has not stated any significant impact of the IFRS 9 on entity's impairment.

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

Financial assets measured at amortized cost

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

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

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

Financial asset measured at Fair Value Through Other Comprehensive Income

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

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

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

Resulting from the impairment review, any change in fair value is taken to other comprehensive income.

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

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

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

Financial assets measured at Fair Value Through Profit or Loss

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

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

As at 31 December 2017 and 30 September 2017, no financial assets were designated as at fair value through profit or loss. As at 30 September 2018 ROFO bonds have been classified as financial assets measured at fair value through profit or loss.

Derivatives

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

The Group does not apply hedge accounting.

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

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

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

Cash and cash equivalents

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

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

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

Short-term trade payables

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment or valuation or recognition of gains or losses that would otherwise arise from the measurement on a different basis; or (ii) the liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) financial liabilities contain embedded derivatives which need to be recorded separately.

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

Other financial liabilities

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

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

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

Interest bearing loans, borrowings and debentures

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

10. Debentures

In June 2017 Group acquired fixed-rate debentures from Forum 60 Fundusz Inwestycyjny Zamknięty. The debentures have been acquired in connections with Forward Purchase Agreements described below. As at 30 September 2018 debentures have been repaid.

As at 31 December 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Forum 60 Fundusz Inwestycyjny Zamknięty	fixed	December 2018	18 389	-	18 389
			18 389	-	18 389

As at 30 September 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Forum 60 Fundusz Inwestycyjny Zamknięty	fixed	December 2018	18 210	18 210	-
			18 210	18 210	-

Forward Purchase Agreement

On 9 March 2017, an entity controlled by the Company, i.e. IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych acting as the purchaser (the "**Purchaser**"), and subsidiaries of Echo Investment S.A. ("**Echo**") acting as the sellers (the "**Sellers**") concluded the preliminary forward purchase agreement for West Link office building in Wrocław with GLA of 14,362 that were completed in April 2018 by Echo ("**SPA**"). The parties to the SPA agreed to undertake actions to complete the acquisition of the rights and obligations of the company owning the Forward Purchase Asset by the buyer by way of the acquisition by the buyer of 100% of the shares in the limited partner and general partner of the company owning the Forward Purchase Asset (the "**Project Companies**") after the satisfaction or waiver of the conditions precedent specified therein.

On 12 June 2017 parties of the SPA concluded annex No. 2 ("**Annex No. 2**") to the SPA. Moreover, in connection with the execution of Annex No. 2, the Purchaser subscribed for bonds with a total nominal value of EUR 18 million issued by a subsidiary of Echo (the "**West Link Bonds**").

Pursuant to Annex No. 2, the parties agreed that the preliminary purchase price for the shares in the Project Companies amounts to EUR 18 million.

On 25 May 2018 a final share purchase agreement and Annex no 3 to the SPA were concluded (refer to note 23), based on which the payment of the price for the shares in the Project Companies was conducted by way of remittances between the Sellers and the Purchaser and a set-off of a receivable of one of the Sellers on account of the payment of the price for the shares in the Project Companies against the Purchaser's receivable in respect of the redemption of the West Link Bonds.

Debentures were valued at amortised cost using effective interest rate method through profit and loss.

11. Other financial assets

In June 2017 and December 2017 Group acquired following financial instruments, which had been primarily classified as available for sale financial assets. Beginning on 1 January 2018 the Group has reclassified them, in line with IFRS 9 requirements, to financial assets measured at Fair Value Through Profit or Loss category. The value of these instruments as at 30 September 2018 was as follows:

ROFO debentures

As at 30 September 2018

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Pudsey Sp. z o.o.	fixed	December 2018	7 164	-	7 164
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1)	fixed	September 2019	3 086	-	3 086
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2)	fixed	September 2020	2 826	2 826	-
			13 076	2 826	10 250

As at 31 December 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Pudsey Sp. z o.o.	fixed	December 2018	4 346	-	4 346
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1)	fixed	March 2019	3 002	3 002	-
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2)	fixed	June 2019	2 895	2 895	-
			10 243	5 897	4 346

As at 30 September 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Pudsey Sp. z o.o.	fixed	November 2018	2 777	2 777	-
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1)	fixed	December 2018	1 954	1 954	-
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2)	fixed	June 2019	1 850	1 850	-
			6 581	6 581	-

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

As of 30 September 2018 an increase of valuation of ROFO debentures amounted to EUR 2,832 thousand and have been presented in Interim Condensed Consolidated Statement of Profit or Loss in line “Gain/(loss) from valuation of financial instruments”.

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

Expected repayments of the projects are as follows:

- Pudsey Sp. z o.o. – 31 December 2018;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) - 30 September 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) - 30 September 2020.

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

Right of First Offer Agreements

On 9 March 2017, the Company signed the preliminary agreement for the acquisition of 25% stakes in ROFO projects being developed by Echo. Total office GLA of these projects to be completed in 2018-2020 is 51,356 sq meters.

On 9 March 2017 an agreement was concluded between Echo, the Company and GPRE Management sp. z o.o. (the “**Bondholder**”) that Bondholder will purchase bonds to be issued by the respective limited partners of all of the respective ROFO SPVs (the “**ROFO Agreement**”). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. The Company intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds expected by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) made by the Company under the ROFO Agreement amounted to EUR 9,9 million by the way of subscription for ROFO Debentures.

The investment of the Company under the ROFO Agreement were made solely from the proceeds from the Initial Public Offering.

The redemption date for all the series of the ROFO Debentures is 12 June 2032, and the ROFO Debentures will be redeemed by way of the payment of a sum equal to the nominal value of each of the bonds. Debentures bear interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO Debentures. Final amount of interest will be adjusted by accompanied option agreement so that it reflects actual development profit realized on each of the projects. The ROFO Debentures have been issued as unsecured bonds.

12. Information about the issue, redemption and repayment of debt securities and equity securities

In the period of nine months of 2018, neither Globalworth Poland Real Estate N.V. nor any of its subsidiaries were funded through the issue of external debt financial instruments.

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

Bank loans

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

As at 30 September 2018

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 14	combination of fixed & floating rate*	May 2025	38 492	37 585	907
Loan 15	combination of fixed & floating rate*	May 2025	33 467	32 678	789
Loan 16	combination of fixed & floating rate*	May 2025	13 014	12 709	305
Loan 17	combination of fixed & floating rate*	May 2025	14 084	13 752	332
Loan 7	NBP reference rate less social indicator	June 2034	2 638	2 354	284
Loan 8	WIBOR 1M + margin	November 2018	485	-	485
Loan 9	EURIBOR 1M + margin	August 2026**	36 785	35 307	1 478
			138 965	134 385	4 580

As at 31 December 2017

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 1	EURIBOR 3M + margin	April 2019	34 647	33 843	804
Loan 2	EURIBOR 3M + margin	March 2020	44 846	42 225	2 621
Loan 3	EURIBOR 3M + margin	February 2018	6 216	-	6 216
Loan 4	EURIBOR 3M + margin	January 2034	7 284	6 951	333
Loan 5	EURIBOR 3M + margin	February 2018	7 171	-	7 171
Loan 6	EURIBOR 3M + margin	July 2034	13 466	12 464	1 002
Loan 7	NBP reference rate less social indicator	June 2034	4 320	3 869	451
Loan 8	WIBOR 1M + margin	February 2018	251	-	251
Loan 9	EURIBOR 1M + margin	August 2026*	52 148	50 769	1 379
Loan 10	EURIBOR 1M + margin	June 2026	95 650	91 259	4 391
Loan 13	EURIBOR 3M + margin	June 2027	38 893	37 310	1 583
			304 892	278 690	26 202

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

As at 30 September 2017

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 1	EURIBOR 3M + margin	April 2019	34 612	33 811	801
Loan 2	EURIBOR 3M + margin	March 2020	45 208	42 580	2 628
Loan 3	EURIBOR 3M + margin	February 2018	6 256	-	6 256
Loan 4	EURIBOR 3M + margin	January 2034	7 316	6 983	333
Loan 5	EURIBOR 3M + margin	February 2018	7 218	-	7 218
Loan 6	EURIBOR 3M + margin	July 2034	13 624	12 622	1 002
Loan 7	NBP reference rate less social indicator	June 2034	4 151	3 788	363
Loan 8	WIBOR 1M + margin	February 2018	307	-	307
Loan 9	EURIBOR 1M + margin	August 2026*	50 316	49 310	1 006
Loan 10	EURIBOR 1M + margin	June 2026	96 258	91 844	4 414
Loan 13	EURIBOR 3M + margin	June 2027	39 202	37 611	1 591
			304 468	278 549	25 919

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

** The construction loan will be converted into investment loan. The maturity of investment loan is August 2026.

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

Other borrowings

As at 30 September 2018

Lender	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Globalworth Finance Guernsey Limited	239 131		-	239 131
	239 131	-	-	239 131

As at 31 December 2017

Lender	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Globalworth Finance Guernsey Limited	165 413	165 413	-	-
	165 413	165 413	-	-

In December 2017 the Group received the first tranche of the loan in the amount of EUR 165 million from Globalworth Finance Guernsey Limited, the entity related to the major shareholder of the Company ("GFGL Loan"). GFGL Loan was granted in order to acquire 3 new projects – i.e. Tryton Business House, A4 Business Park and West Gate and potential other future acquisitions.

In March 2018 the Group drew down second tranche of GFGL Loan in the amount of EUR 55 million to acquire Warta Tower.

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

On 16 April 2018, the Company concluded a second loan facility agreement with Globalworth Finance Guernsey Limited, in the maximum amount of EUR 400,000,000 divided into two available tranches (the "**Second Facility**"). On 20 April 2018, the Company drew down an amount of EUR 229,300,000 under the Second Facility.

On 13 June 2018 the Company repaid fully GFGL Loan and part of the Second Facility. The total repayment amounted to EUR 300,000,000.

On 21 June 2018 the Group drew down another tranche of the Second Facility in the amount of EUR 74 million to acquire Spektrum Tower.

At 1 January 2018	165 413
Capital drawdown	358 300
Capital repayment	(287 107)
Interest accrued	11 549
Interest repayment	(8 400)
Arrangement fee payment	(4 493)
Amortized cost valuation	3 869
At 30 September 2018	239 131

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

13. Trade and other payables, deposits from tenants and other deposits

Deposits from tenants and other deposits received

Policy

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

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

	As at		
	30 September 2018 € '000	31 December 2017 € '000	30 September 2017 € '000
Current			
Trade payables	4 333	5 932	3 644
Capex payables	1 771	5 501	5 503
VAT payable	918	407	224
Deposits from tenants	777	270	145
Guarantees retained from contractors	607	508	234
Deferred income	647	415	524
Other taxes payables	929	-	466
Salaries payable	169	-	101
Liabilities related to entities' acquisition costs	1 146	-	-
Amounts due to related parties	-	1 500	45
Consideration payable	1 131	1 220	30
Other payables	249	263	182
	12 677	16 016	11 098
Non-current			
Deposits from tenants	8 445	5 834	4 881
Guarantees retained from contractors	1 050	537	280
Consideration payable	699	-	-
	22 871	22 387	16 259

14. Trade and other receivables

	As at		
	30 September 2018 € '000	31 December 2017 € '000	30 September 2017 € '000
Current			
Rent and service charge receivables	6 784	6 380	3 604
RGA and NOIGA rent and service charge receivables*	2 895	2 317	1 897
Less: Provision for impairment of receivables	(1 641)	(1 176)	(1 232)
Rent receivables - net	8 038	7 521	4 269
VAT receivables	642	672	940
Deferred expenses	2 160	124	794
Receivables from related parties*	2	-	22
RGA and NOIGA capex receivables*	218	1 538	780
Dividend receivable	-	-	-
Receivables from Sellers (price adjustments)	1 599	-	-
Other	391	779	137
	13 050	10 634	6 942
Non-current			
Deferred expenses	-	69	-
Other	-	-	99
	13 050	10 703	7 041

* As at 30 September 2017 GT II and GT III were related entities to the Globalworth Poland Group.

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

Rent and other receivables impaired and provided for

Movements in the provision for impairment of receivables were, as follows:

	As at		
	30 September 2018 € '000	31 December 2017 € '000	30 September 2017 € '000
At 1 January	1 176	722	722
Provision at the acquisition date	419	-	-
Charge for the year	93	402	496
Utilised	(47)	-	-
Foreign currency translation	-	52	14
At 30 September / 31 December	1 641	1 176	1 232

From 1 January 2018 the Group introduced the expected credit loss model in accordance with the simplified approach required under IFRS 9 for all the receivables that meet the condition of maturity of one year or less and don't contain a significant financing component within the scope of IFRS 15.

The Group has recalculated IFRS9 impact on the impairment recognition and considered it insignificant as of the date of the first application.

15. Cash and cash equivalents

Cash and short-term deposits

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

Blocked (restricted) cash

The blocked (restricted) cash comprises of:

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

	As at		
	30 September 2018 € '000	31 December 2017 € '000	30 September 2017 € '000
Unblocked			
Cash at bank and in hand	56 047	14 481	13 885
Short-term deposits	594	1 176	1 186
Cash and cash equivalents as per Consolidated Statement of Cash Flows	56 641	15 657	15 071
Blocked			
Short-term:	14 978	19 028	11 576
Tenant deposits	10 225	9 309	4 298
Capex accounts	483	797	57
Rent accounts	2 864	8 663	5 641
Other bank deposits	853	-	1 300
Other	553	259	280
Long-term	-	2 958	2 958
Debt service reserve account	-	2 958	2 958
	14 978	21 986	14 534
Cash and cash equivalents as per Consolidated Statement of Financial Position	71 619	37 643	29 605

16. Fair value measurements – financial assets and financial liabilities

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

As at	Carrying amount			Fair value		
	30	31	30	30	31	30
	September	December	September	September	December	September
	2018	2017	2017	2018	2017	2017
Financial assets						
Long-term loans	46	-	20	46	-	20
Debentures	-	18 389	18 210	-	18 389	18 210
Available for sale financial assets	-	10 243	6 581	-	10 243	6 581
Other financial assets	13 076	-	-	13 076	-	-
Short-term loans	-	60	-	-	60	-
Trade and other receivables	13 050	10 703	7 041	13 050	10 703	7 041
Cash and cash equivalents	71 619	37 643	29 605	71 619	37 643	29 605
Financial liabilities						
Bank loans	138 965	304 892	304 468	138 965	304 892	304 468
Other borrowings	239 131	165 413	21	239 131	165 413	21
Deferred consideration payable	699	-	-	699	-	-
Deposits from tenants	9 222	6 104	5 026	9 222	6 104	5 026
Guarantees retained from contractors	1 657	1 045	514	1 657	1 045	514
Trade and other payables	11 293	15 238	10 719	11 293	15 238	10 719

Management has assessed that the fair values of cash and short-term deposits, rent and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 September 2018, 31 December 2017 and 30 September 2017, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values;
- The fair value of obligations under finance leases and deposits from tenants is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- Derivatives valued using valuation techniques which employ the use of market observable inputs are mainly interest rate swaps. The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings;
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects each of the Entity borrowing rate including its own non-performance risk as at 30 September 2018, 31 December 2017 and 30 September 2017 appropriately.

The difference between the fair value and carrying value of other financial instruments is insignificant, therefore both values are presented as equal.

17. Fair value hierarchy

Quantitative disclosures of the Group's financial instruments and investment property in the fair value measurement hierarchy as at 30 September 2018, 31 December 2017 and 30 September 2017:

As at 30 September 2018	Level 1	Level 2	Level 3	Total
Investment property	-	-	1 035 878	1 035 878
Long-term loans	-	46	-	46
Other financial assets	-	-	13 076	13 076
Trade and other receivables	-	13 050	-	13 050
Cash and cash equivalents	-	71 619	-	71 619
Bank loans	-	138 965	-	138 965
Other borrowings	-	239 131	-	239 131
Deferred consideration payable	-	699	-	699
Deposits from tenants	-	9 222	-	9 222
Guarantees retained from contractors	-	1 657	-	1 657
Trade and other payables	-	-	11 293	11 293

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Investment property	-	-	680 130	680 130
Debentures	-	18 389	-	18 389
Available for sale financial assets	-	-	10 243	10 243
Short-term loans	-	60	-	60
Trade and other receivables	-	10 703	-	10 703
Cash and cash equivalents	-	37 643	-	37 643
Bank loans	-	304 892	-	304 892
Other borrowings	-	165 413	-	165 413
Deposits from tenants	-	6 104	-	6 104
Guarantees retained from contractors	-	1 045	-	1 045
Trade and other payables	-	-	15 238	15 238

As at 30 September 2017	Level 1	Level 2	Level 3	Total
Investment property	-	-	509 207	509 207
Long-term loans	-	20	-	20
Debentures	-	18 210	-	18 210
Available for sale financial assets	-	-	6 581	6 581
Short-term loans	-	-	-	-
Trade and other receivables	-	7 041	-	7 041
Cash and cash equivalents	-	29 605	-	29 605
Bank loans	-	304 468	-	304 468
Other borrowings	-	21	-	21
Deposits from tenants	-	5 026	-	5 026
Guarantees retained from contractors	-	514	-	514
Trade and other payables	-	-	10 719	10 719

18. Information about the movement on impairments of financial assets, fixed assets and intangible assets.

In the third quarter of 2018 the revaluation allowance on trade and other receivables in the amount of EUR 93 thousand has been created (please see Note 14), whereas provision in the amount of EUR 47 thousand has been utilized. No other provision for impairment of the Group's assets have been created.

SECTION V: ASSETS ACQUISITION AND OTHER DISCLOSURES

19. Asset acquisition

In the nine month of 2018 the Group has acquired 100% of shares of following entities:

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

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

The purchase price and the acquisition cost for the purchased assets amounted to c. EUR 328.8 million to be adjusted to reflect the net asset value as of the date of the execution of the agreement on the basis of the closing balance sheet of the newly acquired company. The difference between the purchase price and executed payments in the amount of EUR 1.1 million net settlement results from the final price settlement and is presented as a part of “Receivables from Sellers (price adjustments)”. Based on the latest external valuation report, value of acquired investment properties as at 30 September 2018 is above EUR 342 million.

Purchase price presented in cash flow statement is as follows:

Payment for acquisition of subsidiaries presented in Cash Flow Statement:

	Warta Tower	West Link	Quattro	Spektrum	Total
Acquisition price	56 325	32 539	138 860	102 156	329 880
less:					
Cash of acquired entities	(540)	(163)	(1 466)	(2 284)	(4 453)
Unpaid liability	(4)	(478)	(336)	(257)	(1 075)
	55 781	31 898	137 058	99 615	324 352

Set off with debentures **(18 684)**

Payment for newly acquired Entities	(305 668)
Payment for other Entities	(4)
Payment received from Seller (Price adjustment)	936
Payment for Entities acquired in 2017	(1 139)
	(305 875)

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

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

	Warta Tower	West Link	Quattro	Spektrum	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Subsidiary's contribution					
Revenue	4 305	1 009	3 990	1 786	11 090
Profit/(loss) after tax	5 642	161	2 500	(127)	8 176
Nine-month subsidiary's results					
Revenue	5 882	1 365	9 658	5 448	22 353
Profit/(loss) after tax	6 513	9 426	2 319	(4 070)	14 188

20. Consolidation of subsidiaries

Policy

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

The Interim Condensed Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2018, 31 December 2017 and 30 September 2017. Specifically, the Group controls an investee if, and only if, it has:

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

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

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

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

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

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

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

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 30 September 2018, 31 December 2017 and 30 September 2017, are disclosed in section "Structure of the Group" of the Note 1.1. in the Directors' Report. There are no other subsidiaries which were not consolidated.

21. Reporting by segments

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

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

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

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

Moreover the Group distinguishes the Unallocated and Consolidation eliminations segments. The first segment comprises of GPRE Management Sp. z o.o., IB14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Lima Sp. z o.o., Luapele Sp. z o.o., Globalworth Poland Real Estate N.V. HQ figures (loans granted to SPVs, Asset management fee revenues, HQ administrative/human resources costs) as well as unallocated operations. Bonds issued by GPRE Management Sp. z o.o., Luapele Sp. z o.o., Lima Sp. z o.o. and purchased by IB14 are presented per net, as both entities belong to the Unallocated segment. All other transactions between individual segments are eliminated in the Consolidation eliminations segment – mainly intercompany loans and asset management fee.

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Financial Position by segments

	As at 30 September 2018				
	High-street mixed-use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Segments non-current assets including:					-
Investment property	317 525	718 353	-	-	1 035 878
Investment in subsidiaries	-	-	1 042 567	(1 042 567)	-
Long-term loans	815	2 873	745 867	(749 509)	46
Other financial assets	-	-	2 826	-	2 826
Other non-current assets	20	5	234	-	259
	318 360	721 231	1 791 494	(1 792 076)	1 039 009
Segments current assets including:					
Short-term loans	-	447	-	(447)	-
Other financial assets	-	-	10 250	-	10 250
Other current assets	18 050	35 474	28 978	2 194	84 696
	18 050	35 921	39 228	1 747	94 946
Total assets	336 410	757 152	1 830 722	(1 790 329)	1 133 955
Segments non-current liabilities including:					
Bank loans	37 660	96 725	-	-	134 385
Other borrowings	195 909	527 649	272 010	(756 437)	239 131
Deferred consideration payable	-	-	699	-	699
Deferred tax liability	7 878	14 232	10 921	(11 367)	21 664
Guarantees retained from contractors	78	972	-	-	1 050
Deposits from tenants	2 219	6 226	-	-	8 445
	243 744	645 804	283 630	(767 804)	405 374
Segments current liabilities including:					
Bank loans	2 248	2 332	-	-	4 580
Other borrowings	-	-	20	(20)	-
Guarantees retained from contractors	145	462	-	-	607
Deposits from tenants	189	588	-	-	777
Other current liabilities	3 220	5 162	3 201	30	11 613
	5 802	8 544	3 221	10	17 577
Total liabilities	249 546	654 348	286 851	(767 794)	422 951

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

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

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

As at 30 September 2017					
	High-street mixed-use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Segments non-current assets including:					-
Investment property	306 501	202 706	-	-	509 207
Investment in subsidiaries	-	-	337 665	(337 665)	-
Long-term loans	-	380	109 336	(109 696)	20
Debentures	-	-	18 210	-	18 210
Available for sale financial assets	-	-	6 581	-	6 581
Other non-current assets	1 602	1 462	5	-	3 069
	308 103	204 548	471 797	(447 361)	537 087
Segments current assets including:					
Other current assets	17 021	10 907	6 151	(490)	33 589
	17 021	10 907	6 151	(490)	33 589
Total assets	325 124	215 455	477 948	(447 851)	570 676
Segments non-current liabilities including:					
Bank loans	182 554	95 995	-	-	278 549
Other borrowings	53 384	55 178	149 220	(257 761)	21
Deferred tax liability	5 038	5 544	5 028	1	15 611
Guarantees retained from contractors	73	207	-	-	280
Deposits from tenants	2 885	1 996	-	-	4 881
	243 934	158 920	154 248	(257 760)	299 342
Segments current liabilities including:					
Bank loans	7 681	18 238	-	-	25 919
Other borrowings	-	-	3 296	(3 296)	-
Guarantees retained from contractors	185	49	-	-	234
Deposits from tenants	95	50	-	-	145
Other current liabilities	7 419	2 162	1 896	(758)	10 719
	15 380	20 499	5 192	(4 054)	37 017
Total liabilities	259 314	179 419	159 440	(261 814)	336 359

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Profit or Loss by segments

	1.01.2018-30.09.2018				
	High-street mixed- use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	20 805	38 604	-	-	59 409
Operating expenses	(6 706)	(10 503)	(297)	223	(17 283)
Segment NOI	14 099	28 101	(297)	223	42 126
Asset management income	-	-	2 310	(2 310)	-
Asset management expense	(591)	(1 592)	(127)	2 310	-
Other administrative expenses	(319)	(1 038)	(4 854)	2 757	(3 454)
Fair value movement	6 515	15 959	90	(363)	22 201
Other expenses	(167)	(80)	2	-	(245)
Other income	98	176	7	-	281
Gain/(loss) from valuation of financial instruments	-	-	2 832	-	2 832
Foreign exchange loss	(11)	(216)	(309)	53	(483)
Finance costs (excl. foreign exchange losses)	(11 913)	(22 418)	(17 012)	28 668	(22 675)
Finance income	57	171	27 758	(27 579)	407
Segment results	7 768	19 063	10 400	3 759	40 990
Gain on sale of subsidiary	-	-	1 377	(1 377)	-
Profit/(loss) before tax	7 768	19 063	11 777	2 382	40 990

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	1.07.2018-30.09.2018				
	High-street mixed- use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	7 077	17 294	-	-	24 371
Operating expenses	(2 117)	(4 756)	(208)	134	(6 947)
Segment NOI	4 960	12 538	(208)	134	17 424
Asset management income	-	-	742	(742)	-
Asset management expense	(135)	(567)	(40)	742	-
Other administrative expenses	(119)	(191)	(2 153)	819	(1 644)
Fair value movement	(124)	459	90	2 444	2 869
Other expenses	(27)	(40)	2	-	(65)
Other income	45	53	7	-	105
Gain/(loss) from valuation of financial instruments	-	-	1 179	-	1 179
Foreign exchange gain	72	(34)	(42)	59	55
Finance costs	(3 990)	(10 530)	(3 350)	14 248	(3 622)
Finance income (excl. foreign exchange gains)	30	88	16 434	(16 504)	48
Segment results	712	1 776	12 661	1 200	16 349
Gain on sale of subsidiary	-	-	1 377	(1 377)	-
Profit/(loss) before tax	712	1 776	14 038	(177)	16 349

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	1.01.2017-30.09.2017				
	High-street mixed- use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	17 535	14 684	52	(52)	32 219
Operating expenses	(6 627)	(3 734)	(1)	-	(10 362)
Segment NOI	10 908	10 950	51	(52)	21 857
Asset management income	-	-	762	(762)	-
Asset management expense	(430)	(332)	-	762	-
Other administrative expenses	(1 130)	(1 615)	(2 431)	614	(4 562)
Fair value movement	6 678	8 337	-	-	15 015
Other expenses	(354)	(324)	(12)	-	(690)
Other income	191	82	-	-	273
Foreign exchange gains	5 185	4 097	1 453	108	10 843
Finance costs	(6 238)	(5 585)	(7 788)	12 546	(7 065)
Finance income (excl. foreign exchange gains)	73	27	12 577	(12 193)	484
Segment results	14 883	15 637	4 612	1 023	36 155
Profit/(loss) before tax	14 883	15 637	4 612	1 023	36 155

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

	1.07.2017-30.09.2017				
	High-street mixed-use properties	Office properties	Unallocated	Consolidation eliminations	Total
Segments	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	6 155	5 095	52	(52)	11 250
Operating expenses	(2 158)	(1 156)	(1)	-	(3 315)
Segment NOI	3 997	3 939	51	(52)	7 935
Asset management income	-	-	375	(375)	-
Asset management expense	(218)	(183)	26	375	-
Other administrative expenses	(326)	(403)	(1 639)	82	(2 286)
Fair value movement	5 924	3 745	-	-	9 669
Other expenses	31	(52)	(1)	-	(22)
Other income	55	45	-	-	100
Foreign exchange gains	(4 530)	(3 159)	2 572	96	(5 021)
Finance costs	(2 287)	(1 823)	(3 275)	5 153	(2 232)
Finance income (excl. foreign exchange gains)	13	11	5 454	(5 105)	373
Segment results	2 659	2 120	3 563	174	8 516
Profit/(loss) before tax	2 659	2 120	3 563	174	8 516

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

Revenue

	1.01.2018- 30.09.2018	1.07.2018- 30.09.2018	1.01.2017- 30.09.2017	1.07.2017- 30.09.2017
	€ '000	€ '000	€ '000	€ '000
City of Investment Property location				
High street segment:				
Katowice	5 048	1 691	4 047	1 410
Warsaw	6 937	2 236	5 250	2 092
Wroclaw	8 820	3 150	8 238	2 653
	20 805	7 077	17 535	6 155
Office segment:				
Gdansk	3 834	1 238	-	-
Katowice	5 040	1 649	-	-
Krakow	8 664	5 216	4 473	1 566
Lodz	5 344	1 786	5 327	1 799
Warsaw	11 186	5 444	4 884	1 730
Wroclaw	4 536	1 961	-	-
	38 604	17 294	14 684	5 095
Total	59 409	24 371	32 219	11 250

Investment property

	30 September 2018	31 December 2017	30 September 2017
	€ '000	€ '000	€ '000
City of Investment Property location			
High street segment:			
Katowice	60 792	61 530	61 695
Warsaw	118 528	108 430	105 352
Wroclaw	138 205	139 140	139 454
	317 525	309 100	306 501
Office segment:			
Gdansk	56 420	56 350	-
Katowice	68 480	68 520	-
Krakow	215 498	70 660	69 633
Lodz	71 272	71 270	69 660
Warsaw	230 017	62 330	63 413
Wroclaw	76 666	41 900	-
	718 353	371 030	202 706
Total	1 035 878	680 130	509 207

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

22. Changes in presentation of Interim Condensed Financial Statements as at 30 September 2017

There were no errors in the reported data of prior periods that would imply changes in the comparative data. Due to becoming a part of the Globalworth Group, Globalworth Poland Group adjusted the presentation of current and prior year Interim Condensed Consolidated Financial Statements to the Globalworth Group's policy.

The following changes have been introduced:

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2017	Adjustments						Amended € '000	
	Approved € '000	1	2	3	4	5	6	
ASSETS								ASSETS
Non-current assets								Non-current assets
Completed investment property	509 207							509 207 Investment property
Investment property under construction	-							-
Property, plant and equipment	-						-	-
Long term loans	20						20	Long-term loans
Debentures	18 210						18 210	Debentures
Available for sale financial assets	6 581						6 581	Available for sale financial assets
Other receivables	111						12	Other long-term assets
Long-term restricted cash	2 958						(12)	Other receivables
Deferred tax assets	3 401		(3 401)					2 958 Long-term restricted cash
	540 488	-	(3 401)	-	-	-	-	- Deferred tax assets
Current assets								Current assets
Short term loans	-							- Short-term loans
Rent and other receivables	6 942							6 942 Trade and other receivables
Income tax receivable	-							- Income tax receivable
Restricted cash	8 050	(11 576)				3 526		-
Cash and short-term deposits	18 597	11 576				(3 526)		26 647 Cash and cash equivalents
	33 589	-	-	-	-	-	-	33 589
TOTAL ASSETS	574 077	-	(3 401)	-	-	-	-	570 676 TOTAL ASSETS

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

As at 30 September 2017	Adjustments							Amended € '000	
	Approved € '000	1	2	3	4	5	6		
EQUITY AND LIABILITIES									EQUITY AND LIABILITIES
									Total equity
Issued share capital	156 133							156 133	Issued share capital
Share premium	44 026							44 026	Share premium
Other reserves	8 121							8 121	Other reserves
Foreign currency translation reserve	(2 530)							(2 530)	Foreign currency translation reserve
Net assets attributable to shareholders									Net assets attributable to shareholders
Accumulated profit	28 567							28 567	Retained earnings
Equity attributable to equity holders of the parent	234 317	-	-	-	-	-	-	234 317	Equity attributable to equity holders of the parent
Non-current liabilities									Non-current liabilities
Bank loans	278 549							278 549	Bank loans
Other borrowings	21							21	Other borrowings
Deferred tax liability	19 012		(3 401)	280				15 611	Deferred tax liability
Deposits from tenants and other deposits	5 161			(280)				4 881	Guarantees retained from contractors
	302 743	-	(3 401)	-	-	-	-	299 342	Deposits from tenants
Current liabilities									Current liabilities
Bank loans	25 919							25 919	Bank loans
Other borrowings	-			234				-	Other borrowings
Trade and other payables	5 216				5 503			234	Guarantees retained from contractors
Capex payables	5 503				(5 503)			10 719	Trade and other payables
Deposits from tenants and other deposits	379			(234)				-	Deposits from tenants
	37 017	-	-	-	-	-	-	37 017	
Total equity and liabilities	574 077	-	(3 401)	-	-	-	-	570 676	Total equity and liabilities

- 1) Combining “Cash and short-term deposits” and “short-term restricted cash” into one position i.e. “Cash and cash equivalents”,
- 2) Netting of deferred tax assets and liabilities,
- 3) Separating the retentions from contractors from deposits from tenants (previously all deposits was presented under the same line “Deposits from tenants and other deposits”),

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

- 4) Transfer of “Capex payables” from the separate line into the aggregated position of “Trade and other payables”,
- 5) Change of presentation of tenants’ deposits from long-term to short-term as they can be utilized to cover tenants’ obligation due or current liabilities for capital expenditures.
- 6) Change in the presentation of minor tangible assets not related to the investment properties.

Consolidated Statement of Profit or Loss

Period ended 30 September 2017	Adjustments						Amended € '000	
	Approved € '000	7	8	9	10	11		
Rental income	22 202	9 729	284			4	32 219	Revenue
Service charge and marketing income	9 729	(9 729)					-	
Property operating expenses	(10 705)				343		(10 362)	Operating expenses
Net rental income	21 226	-	284	-	343	4	21 857	Net operating income
Administrative expenses	(4 720)			29		129	(4 562)	Administrative expenses
Valuation gain/(loss) from investment property	15 358		(284)		(343)	(406)	15 015	Fair value movement
						273	(690)	Other expenses
							273	Other income
	10 638	-	(284)	29	(343)	(4)	10 036	
Operating profit	31 864	-	-	29	-	-	31 893	Profit/(loss) before net financing costs
	-						-	Gain/(loss) from valuation of financial instruments
								Net financing costs
Finance cost	(7 036)			(29)			(7 065)	- Finance cost
Finance income	11 327						11 327	- Finance income
	4 291	-	-	(29)	-	-	4 262	
Profit/(loss) before tax	36 155	-	-	-	-	-	36 155	Profit/(loss) before tax
Income tax (expenses)/gain	(7 588)						(7 588)	Income tax (expenses)/gain
Profit/(loss) for the year	28 567	-	-	-	-	-	28 567	Profit/(loss) for the year

- 7) Combining “Rental income” and “service charge and marketing income” into one position i.e. “Revenue”,
- 8) Changing the presentation of bad debt allowance from “Rental income” (as a diminishing position) to “Other expenses”,
- 9) Changing the presentation of bank charges from “Administrative expenses” to “Finance cost”,

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

- 10) Changing the presentation of agent fees from “Property operating expenses” to “Fair value movement”,
11) Transfer of other income and other expenses from “Administrative expenses” to “Other income” and “Other expenses” line. Transfer of income from penalty for early termination of agreement to “Revenue”. ‘Other expenses’ embrace creation of doubtful debts provision, repairs to be covered by insurance company, penalties. Under ‘Other income’ reversal of provisions for doubtful debts, reversal of too high provision from prior periods are presented and adjustments of settlements from prior periods.

Consolidated Statement of Cash Flows

Period ended 30 September 2017	Adjustments					Amended € '000	
	Approved € '000	5	9	10	12		
Profit/(loss) before tax	36 155					36 155	Profit/(loss) before tax
Adjustments to reconcile profit before tax to net cash flows							Adjustments to reconcile profit before tax to net cash flows
Valuation (gain)/loss on investment property and impairment	(15 358)			343		(15 015)	Fair value movement on investment property
Gain/ (loss) on investing activities	222				(222)	-	
Finance income	(11 327)				11 327	-	
Finance expense	6 814		29		(11 105)	(4 262)	Net financing income
	16 506		29	343		16 878	Operating profit before changes in working capital
Working capital adjustments							
Decrease/(increase) in rent and other receivables	(171)					(171)	Decrease/(increase) in trade and other receivables
(Decrease)/increase in trade and other payables	(1 310)					(1 310)	(Decrease)/increase in trade and other payables
Movements in deposits from tenants and other deposits	1 617					1 617	Movements in deposits from tenants and guarantees retained from contractors
VAT settlements	(103)					(103)	VAT settlements
Other Items	(845)			(343)		(1 188)	Other items
Income tax paid	42					42	Income tax paid
Net cash flow from operating activities	15 736		29			15 765	Cash flows from operating activities
Investing activities							Investing activities
Capital expenditure on investment property	(10 779)					(10 779)	Capital expenditure on investment property
Rental Guarantee Payment (CAPEX)	1 773					1 773	Expenditure on investment property under construction
Purchase of financial assets	(23 976)					(23 976)	Purchase of financial assets
Interest received	33					33	Interest received
Net cash flow from investing activities	(32 949)					(32 949)	Cash flows from investing activities

Globalworth Poland Real Estate Group
Interim Condensed Consolidated Financial Statements

(All amounts in EUR thousands unless otherwise stated)

Period ended 30 September 2017	Adjustments					Amended € '000	
	Approved € '000	5	9	10	12		
Financing activities							Financing activities
Proceeds from issue of share capital	29 074					29 074	Proceeds from share issuance
Bank loan proceeds	8 816					8 816	Bank loan proceeds
Bank loan repayments	(6 741)					(6 741)	Bank loan repayments
Proceeds from borrowings	1 482					1 482	Proceeds from borrowings
Interest paid	(5 350)		(29)			(5 350)	Payment of other financing costs
Change in restricted cash	(1 895)	(3 526)				(5 421)	Interest paid
Net cash flow from financing activities	25 386	(3 526)	(29)	-		21 831	Cash flows from financing activities
Net increase/(decrease) in cash and cash equivalents	8 173	(3 526)		-	-	4 647	Net increase / (decrease) in cash and cash equivalents
Cash and cash equivalents at the beginning of the period	10 010					10 010	Cash and cash equivalents at the beginning of the period
Translation differences	414					414	Translation differences
Cash and cash equivalents at the end of the period	18 597	(3 526)	-	-	-	15 071	Cash and cash equivalents at the end of the period

12) Combining “Finance income” and “Finance expenses” into one position i.e. “Net financing costs”.

23. Description of achievements or failures of the Group and indication of major events in the nine months of 2018

Purchase agreement regarding Warta Tower in Warsaw

On 14 March 2018, the Company through its controlled entity concluded an agreement based on which it purchased 100% of shares in Chmielna Inwestycje KREH2 spółka z ograniczoną odpowiedzialnością spółka komandytowa, holding legal rights to the office building Warta Tower in Warsaw. The total consideration for the interest in the Target amounted to c. EUR 55 million and after the final adjustments of the final price for the shares amounted to EUR 8,108,000.

The acquisition was financed through a second tranche of GFGL Loan amounting to EUR 55 million. Under the agreement the sellers granted standard warranties and indemnities to the purchasers which are customary for this type of the transaction. The sellers obligations under the agreement are subject to the guarantee of Kulczyk Real Estate Holding S.à r.l.

Purchase of West Link in Wrocław

On 25 May 2018, the Company through its controlled entity acting as the purchaser and Echo Investment S.A. and the entities controlled by it acting as the sellers concluded a final share purchase agreement regarding the purchase of 100% of the shares in the general partner and the limited partner of West Gate II – Projekt Echo – 114 Spółka z ograniczoną odpowiedzialnością sp.k. The acquired companies are the owners of the real property in Wrocław and the “West Link” office building located thereon.

The building’s GLA amounts to 14,400 sq meters, the annual contracted rental income of the building generated by the occupancy ratio of 100% amounts to EUR 2.5 million, and its WALT exceeds 6 years. The main tenant is Nokia Solutions and Network sp. z o.o.

Purchase of Quattro in Cracow

On 21 June 2018, the Company through its controlled entity concluded an agreement based on which it purchased 100% of shares in Blackwyn Investments spółka z ograniczoną odpowiedzialnością, holding legal rights to the complex of office buildings Quattro Business Park in Cracow. The price for the shares was calculated on the basis of the amount of EUR 139 million adjusted to the acquired company’s cash, debt and working capital position. Within the transaction, the purchaser repaid bank loan granted by Bank Polska Kasa Opieki S.A. The property’s GLA amounts to 60,200 sq meters, the annual contracted rental income of the property generated by the occupancy ratio of 99% amounts to EUR 10.7 million and WALT amounts to 3 years.

The Acquisition was financed partly with the Private Placament and partly with GFGL Loan.

Purchase agreement regarding Spektrum Tower in Warsaw

On 12 July 2018, the Company concluded the agreement based on which it purchased 100% shares in Spektrum Tower spółka z ograniczoną odpowiedzialnością, holding legal rights to the office building Spektrum Tower in Warsaw. The price for shares was calculated on basis of the amount of EUR 101,000,000 adjusted to the acquired company’s cash, debt and working capital position. Final price may be adjusted due to retentions. Within the transaction, the purchaser repaid bank loan granted by Bank BerlinHyp AG. The property’s GLA amounts to 29,500 sq meters, the annual contracted rental

income of the property generated by the occupancy ratio of 93% amounts to EUR 6.3 million and WALT amounts to 5 years. Office building is leased to over 60 tenants. The acquisition was financed partly with the Private Placament and partly with GFGL Loan.

Changes in the financing structure

On 27 February 2018 the Board of Directors of Globalworth Poland Real Estate N.V. resolved that the Company as borrower will sign amendment to the GFGL Loan which extended the availability period from two to three months from the date of the loan agreement. Additionally Second facility was concluded with maturity date of 7 years from the drwdown (for details please refer to Note 12).

In April 2018 Centren Sp. z o.o., Dolfia Sp. z o.o., Lamantia Sp. z o.o., Ebgaron Sp. z o.o., Nordic Park Offices Spółka komandytowa Sp. z o.o., DH Handlowy Supersam Katowice Sp. z o.o., Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. repaid bank loans amounting to EUR 215,056,000 in total, including interest and fees.

Moreover, on 25 May 2018, subsidiaries of the Company have entered into a credit facility agreement for the purpose of financing or refinancing of Lubicz, Tryton Business House, West Gate and West Link projects with a consortium of Landesbank Hessen-Thüringen and Deutsche Pfandbriefbank AG. The total facility amounts to EUR 100 million, bears market level margin, matures in 7 years and is hedged in 95%.

Hala Koszyki Sp. z o.o. prepaid bank loan amounting to EUR 18,065,227 in June 2018 and EUR 1,915,090 in July 2018.

Change of the Company's business name

On 26 April 2018 the Annual General Meeting of Shareholders amended change of the Company's name from Griffin Premium RE.. N.V. to Globalworth Poland Real Estate N.V.

Private placement of EUR 400,000,000

For details of Private Placement of EUR 400,000,000 please refer to Note 4 of the Director's Report.

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

Except from the significant events described in Note 23 of this report, in the period of three quarters of 2018 the subsidiaries of Globalworth Poland Real Estate N.V. signed new leases and renewals for a total GLA of over 25,400 sq meters. The average occupancy ratio increased from 92.4% as at 31 December 2017 to 94.7% as at 30 September 2018. If the Rental Guarantees applicable to office component in the portfolio are taken into account, the average occupancy ratio was 96.7% as at 30 September 2018. If both the Rental Guarantees applicable to office component and the NOI Guarantee applicable to retail component in the portfolio are taken into account, the average occupancy ratio was 98.0% as at 30 September 2018.

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

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

26. Dividend paid (or declared)

On 26 April 2018 the Annual General Meeting of Globalworth Poland Real Estate N.V. resolved to distribute the amount of EUR 11.2 million (PLN 0.11 per share) to the Company's shareholders.

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

As at 30 September 2018 the Group had mortgages on investment properties in the amount of EUR 202,391 thousand.

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

Granted by the borrowers towards the financing banks:

- Financial and registered pledges over bank accounts of the borrowers;
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships;
- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships;
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships;
- Registered pledges and ordinary pledges on the monetary receivables of the limited partner;
- Registered pledges and ordinary pledges on the monetary receivables of the general partner;
- Registered pledges over collection of movable assets and property rights of the borrowers;
- Power of attorney to bank accounts of the borrowers;
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts;

- Security assignment in relation to rights under subordinated debt;
- Subordination of the existing intercompany debts;
- Blank promissory notes with promissory note declarations;
- Statements on voluntary submission to execution.

Established towards other third parties:

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

Transmission service easement for investment property regarding transformer station.

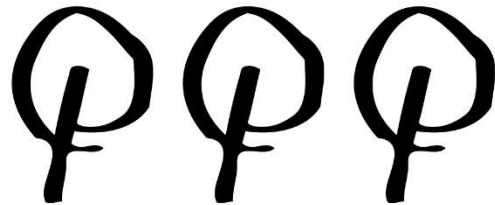
28. Subsequent events

Preliminary conditional sale and purchase agreement ('Preliminary Agreement') regarding Skylight and Lumen

On 31 October 2018, the Company, concluded a Preliminary Agreement regarding the sale of all rights and obligations of the sellers resulting from their current and/or future membership in Złote Tarasy Tower Warsaw III S.Á.R.L. spółka jawna ("**ZTT**"). The transaction envisages that as of the day of conclusion of the final agreement ("**Final Agreement**"), ZTT will hold the ownership right to the office buildings Skylight and Lumen, together with the share in the co-ownership right to parking and the land, on which the offices and parking are located. The total price was agreed in the amount of EUR 190,000,000 and will be adjusted *inter alia* by the working capital. The property's GLA amounts to 45,500 sq meters, the annual contracted rental income of the property generated by the occupancy ratio of 89% amounts to EUR 11.5 million and WALT is nearly 4 years.

Execution of the Final Agreement is subject to fulfilment of customary conditions precedent.

globalworthTM



DIRECTOR's REPORT

III. Director's Report

1. General information

Globalworth Poland Real Estate Group (further "**Globalworth Poland Real Estate Group**" or "**the Group**") owns and manages yielding real estates throughout Poland. On 30 September 2018 the Group was composed of the entities presented below in Note 1.1. In the period until 3 March 2017 these entities were owned directly or indirectly by Griffin Topco II S.á r.l. ("**GT II**") and Griffin Topco III S.á r.l. ("**GT III**"), which are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Management Group LLC.

On 21 December 2016, Globalworth Poland Real Estate N.V. ("**the Company**") was incorporated with the aim to become a holding Company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange. With effect from March 2017 Globalworth Poland Real Estate N.V. became the legal parent of entities' operations which were previously directly and indirectly controlled and managed by GT II and GT III following a reorganisation as described in the Note 1.2. As a result of the settlement of the tender offer on 6 December 2017 the Globalworth Group became the major shareholder of the Company.

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

1.1. Structure of the Group

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

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

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

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

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

Globalworth Poland Real Estate N.V. (formerly known as Griffin Premium RE.. N.V.)- a private limited liability company, with its registered office at Claude Debussylaan 15, 1082MC Amsterdam. On 21 December 2016, the company was registered in the Netherlands Chamber of Commerce Business Register under the number 67532837.

Bakalion Sp. z o.o. – Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446054.

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

Centren Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2013. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 465417. The company owns an office property located in Łódź called "Green Horizon".

Dolfia Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 445995.

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

Ebgaron Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446794.

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

Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o) – Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 30 September 2011. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 399453. On 22 November 2017 Entity merged with Hala Koszyki Sp. z o.o. and Grayson Investments Sp. z o.o. using the interest pooling method. After merger the Entity changed the name into Hala Koszyki Sp. z o.o. The company is the owner the complex of three office and one retail building located in Warsaw known as "Hala Koszyki".

Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The partnership was formed as a result of the conversion of Cyrion Sp. z o.o. into Lamantia Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 8 December 2015. The registration of the conversion was made on 21 December 2015. The partnership is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 593148. The partnership owns an office property located in Warsaw called "Philips House".

Lamantia Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 551021. The company is a general partner to Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k.

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The partnership was formed as a result of the conversion of Kafue Investments Sp. z o.o. into Nordic Park Offices Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 15 April 2016. The registration of the conversion was made on 11 May 2016. The partnership is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 617700. The partnership owns an office property located in Warsaw called "Nordic Park".

Nordic Park Offices Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2016. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602816. The company is a general partner to Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k.

DH Supersam Katowice Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 15 October 2010. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 382110. The company is the owner of the high-street mixed-use building located in Katowice known as "Supersam".

Dom Handlowy Renoma Sp. z o.o. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015 as Sebrana Sp. z o.o. On 18 June 2015 its name was changed into Dom Handlowy Renoma Sp. z o.o. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 545107. The company is a general partner to Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.

Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. - Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The partnership was formed on the basis of a Notarial Deed drawn up on 27 November 2009. On 2 December 2015 DH Renoma Sp. z o.o. changed its legal form into Dom Handlowy Renoma Sp. z o.o. Sp.k. The partnership was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register on 28 January 2015, with the reference KRS number 589297. The partnership is the owner of the high-street mixed-use building located in Wrocław known as "Renoma".

IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych - The Fund operates on the basis of Investment Funds and Management of Alternative Investment Funds Act of 27 May 2004 (Journal of Laws of 2016, Item 1896, as amended).

On 20 November 2015, the Fund was entered in the register of Investment Funds maintained by the Regional Court (Sąd Okręgowy) in Warsaw, 7th Civil Registry Division, under No. RFi 1250.

Charlie RE Sp. z o.o. - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594818.

December RE Sp. z o.o. - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594700.

Akka RE Sp. z o.o. - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the

District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594695.

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

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

GPRE Management Sp. z o.o. - acquired by the Group in January 2017 – an entity in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602904.

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

Lima Sp. z o.o. – company acquired by the Group on 25 April 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 654807.

Ormonde Sp. z o.o. – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 403662. The company is a shareholder to Tryton Business Park Sp. z o.o. (formerly was a general partner to Emfold Investments Spółka z ograniczoną odpowiedzialnością Sp. k.).

Emfold Investments Sp. z o.o. – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 590437. The company is a shareholder to Tryton Business Park Sp. z o.o. (formerly was a limited to partner to Emfold Investments Spółka z ograniczoną odpowiedzialnością Sp. k.).

Tryton Business Park Sp. z o.o. (formerly: Emfold Investments Spółka z ograniczoną odpowiedzialnością Sp. k.) – company acquired by the Group on 22 December 2017. Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The partnership was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 746244. The company is the owner of the office building located in Gdańsk known as “Tryton Business House”.

Wetherall Investments Sp. z o.o. – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 405166. The company is a shareholder to A4 Business Park Spółka z ograniczoną odpowiedzialnością (formerly: A4 Business Park - Iris Capital - Spółka z ograniczoną odpowiedzialnością Sp. k.)

Iris Capital Sp. z o.o. - company acquired by the Group on 22 December 2017 - company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The company was entered in Register of Businesses of the National Court Register maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 406675. The company is a shareholder to A4 Business Park Spółka z ograniczoną odpowiedzialnością (formerly: A4 Business Park - Iris Capital - Spółka z ograniczoną odpowiedzialnością Sp. k.)

A4 Business Park Sp. z o.o. (formerly: A4 Business Park – Iris Capital Spółka z ograniczoną odpowiedzialnością Sp. k.) – company acquired by the Group on 22 December 2017 - a company in the form of limited liability. Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 747264. The company is the owner of the office building located in Katowice known as “A4 Business Park”.

Wagstaff Investments Sp. z o.o. – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 404848. The company is a shareholder to West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.).

West Gate Wrocław Sp. z o.o. (formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością) – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 412286. The company is a shareholder to West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.)

West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.) – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company. Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The company was entered in the Register of Businesses maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 615824. The company is the owner of the office building located in Wrocław known as “West Gate”.

Warta Tower Sp. z o.o. (formerly: Kohala Sp. z o.o.) – company acquired by the Group on 20 February 2018 - a company in the form of limited liability company existing under the laws of the Republic of

Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 718648. The company is a shareholder to Warta Tower Investments Sp. z o.o. (formerly was a general partner to Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.).

Warta LP Sp. z o.o. (formerly: Kumu Sp. z o.o.) - company acquired by the Group on 20 February 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 716976. The company is a shareholder to Warta Tower Investments Sp. z o.o. (formerly was a limited partner to Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.).

Warta Tower Investments Sp. z o.o. (formerly Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.) – the company acquired by the Group on 14 March 2018. Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 745615. The company is the owner of the office building located in Warsaw known as “Warta Tower”.

GPRE Property Management Sp. z o.o. (formerly: Mokulele Sp. z o.o.) – company acquired by the Group on 29 March 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 717733.

Quattro Business Park Sp. z o.o. (formerly: Blackwyn Investments Sp. z o.o.) – company acquired by the Group on 21 June 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 480970. The company is the owner of the office building located in Kraków known as “Quattro Business Park”.

West Link Sp. z o.o. (previously Projekt Echo - 114 Sp. z o.o.) – company acquired by the Group on 25 May 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 580707. The company is a general partner to West Link Spółka z ograniczoną odpowiedzialnością Sp. k.

Elissea Investments Sp. z o.o. – company acquired by the Group on 25 May 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 591180. The company is a limited partner to West Link Spółka z ograniczoną odpowiedzialnością Sp. k.

West Link Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k.) – partnership acquired by the Group on 25 May 2018. Registered office is located at Marszałkowska 142 Street, Warsaw, Poland. The partnership was entered in the Register of Businesses maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 619132. The partnership is the owner of the office building located in Wrocław known as "West Link".

Luapele Sp. z o.o. – company acquired by the Group on 8 June 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 728639.

Spektrum Tower Sp. z o.o. – company acquired by the Group on 12 July 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 307303. The company is the owner of the office building located in Warsaw known as "Spektrum Tower".

Gold Project Sp. z o.o. (formerly: Haola Sp. z o.o.) – company acquired by the Group on 30 July 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 728002.

Kumula Sp. z o.o. – company acquired by the Group on 30 July 2018 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Marszałkowska 142 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 728107.

Globalworth Poland Real Estate N.V. Group
Director's report for the period ended 30 September 2018

(All amounts in EUR thousands unless otherwise stated)

Entity	Registered office	As at 30 September 2018	Consolidation method
		%	
Globalworth Poland Real Estate N.V. (parent company)	Amsterdam/The Netherlands	100	full
Bakalion Sp. z o.o.	Warsaw/Poland	100	full
Centren Sp. z o.o.	Warsaw/Poland	100	full
Dolfia Sp. z o.o.	Warsaw/Poland	100	full
Ebgaron Sp. z o.o.	Warsaw/Poland	100	full
Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o.)	Warsaw/Poland	100	full
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Lamantia Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
DH Supersam Katowice Sp. z o.o.	Warsaw/Poland	100	full
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Nordic Park Offices Sp. z o.o.	Warsaw/Poland	100	full
Charlie SCSp	Luxembourg / Luxembourg	100	full
December SCSp	Luxembourg / Luxembourg	100	full
Akka RE Sp. z o.o.	Warsaw/Poland	100	full
Charlie RE Sp. z o.o.	Warsaw/Poland	100	full
December RE Sp. z o.o.	Warsaw/Poland	100	full
IB 14 FIZ Aktywów Niepublicznych	Warsaw/Poland	100	full
GPRE Management Sp. z o.o.	Warsaw/Poland	100	full
Lima Sp. z o.o.	Warsaw/Poland	100	full
Griffin Premium RE Lux S.á r.l.	Luxembourg / Luxembourg	100	full
Ormonde Sp. z o.o.	Warsaw/Poland	100	full
Emfold Investments Sp. z o.o.	Warsaw/Poland	100	full
Tryton Business Park Sp. z o.o.	Warsaw/Poland	100	full
(formerly: Emfold Investments Spółka z ograniczoną odpowiedzialnością Sp. k.)	Warsaw/Poland	100	full
Wetherall Investments Sp. z o.o.	Warsaw/Poland	100	full
Iris Capital Sp. z o.o.	Warsaw/Poland	100	full
A4 Business Park Sp. z o.o. (formerly A4 Business Park - Iris Capital - Spółka z ograniczoną odpowiedzialnością Sp. k.)	Warsaw/Poland	100	full
Wagstaff Investments Sp. z o.o.	Warsaw/Poland	100	full
West Gate Wrocław Sp. z o.o.	Warsaw/Poland	100	full
(formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością)	Warsaw/Poland	100	full
West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
(formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.)	Warsaw/Poland	100	full
Warta Tower Sp. z o.o. (formerly: Kohala Sp. z o.o.)	Warsaw/Poland	100	full
Warta LP Sp. z o.o. (formerly: Kumu Sp. z o.o.)	Warsaw/Poland	100	full
Warta Tower Investments Sp. z o.o.	Warsaw/Poland	100	full
(formerly: Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.)	Warsaw/Poland	100	full
GPRE Property Management Sp. z o.o. (formerly: Mokulele Sp. z o.o.)	Warsaw/Poland	100	full
Quattro Business Park Sp. z o.o. (formerly Blackwyn Investments Sp. z o.o.)	Warsaw/Poland	100	full
West Link Sp. z o.o. (previously Projekt Echo - 114 Sp. z o.o.)	Warsaw/Poland	100	full
Elissea Investments Sp. z o.o.	Warsaw/Poland	100	full
West Link Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k.)	Warsaw/Poland	100	full
Luapele Sp. z o.o.	Warsaw/Poland	100	full
Spektrum Tower Sp. z o.o.	Warsaw/Poland	100	full
Gold Project Sp. z o.o. (formerly: Haola Sp. z o.o.)	Warsaw/Poland	100	full
Kumula Sp. z o.o.	Warsaw/Poland	100	full

Management Board of:

Globalworth Poland Real Estate N.V.

- Małgorzata Turek - Executive Director
- Rafał Pomorski - Executive Director
- Ioannis Papalekas - Non-executive Director
- Dimitris Raptis - Non-executive Director
- Norbert Sasse - Non-executive Director
- George Muchanya - Non-executive Director
- Maciej Dyjas - Non-executive Director (until 27 February 2018)
- Nebil Senman - Non-executive Director (until 27 February 2018)
- Claudia Pendred - Independent Non-executive Director
- Marcus M.L.J. van Campen - Independent Non-executive Director
- Andreas Segal - Independent Non-executive Director (until 15 September 2018)
- Thomas Martinus de Witte - Independent Non-executive Director

On 26 April 2018 Norbert Sasse and George Muchanya were appointed as non-executive directors of the Company, for a term until immediately after the annual general meeting of the Company held in 2022, such in accordance with the nomination by the Board of Directors. Andreas Segal voluntarily resigned from the function of independent non-executive director of the Company with effect from 15 September 2018.

1.2. Reorganisation

Reorganisation of the Group has been described in Note 2 to Interim Condensed Consolidated Financial Statements.

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

The Group has not made public any forecasts of its 2018 results.

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

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

- uncertainty as to key assumptions of fiscal policy in Poland (on-going changes to existing tax laws and their interpretation);
- suspended implementation of the REIT legislation in Poland;
- continuously increasing supply of new office buildings in Polish real estate market; tenants' pressure on incentives (rent free periods, fit - outs, others), "result oriented" rental structures (affordability clauses) getting more and more popular among retail tenants;
- new retail developments in cities where the Company's mixed-use assets are located;
- e-commerce impacting traditional retail in shopping centers;
- Sunday's retail ban for shopping impacting retail assets with limited entertainment and restaurant components;
- decreasing competition in Polish banking sector due to its consolidation and "repolonization";

- decreasing availability of new employees for SCC/BPO sector which might impact the further expansions of these companies;
- general scarcity of employees in the entire economy and pressure on salaries increase;
- noticeable price increase of utilities (electricity, heating, 30-40% YoY);
- increasing prices of construction labor and materials.

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

- further office acquisitions require capital increases;
- limited availability of investment products with reasonable pricing.

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

According to the information available to Globalworth Poland Real Estate N.V., the shareholding structure of the Company as at 30 September 2018 was as follows:

Shareholders	Number of shares	Par value per share [EUR]	Value of share capital [EUR]	%
Globalworth Holding B.V.	302 973 736	1	302 973 736	68,43
Growthpoint Properties International (Pty) Ltd	95 541 401	1	95 541 401	21,58
Nationale Nederlanden OFE	15 600 000	1	15 600 000	3,52
European Bank for Reconstruction and Development	14 807 000	1	14 807 000	3,34
Other shareholders	13 835 246	1	13 835 246	3,13
Total	442 757 383		442 757 383	100,00

On 8 June 2018 Globalworth Poland Real Estate N.V. issued 286,624,204 ordinary shares with a nominal value of EUR 1.00 per share, of which 95,541,401 shares were allotted to Growthpoint Properties International (PTY) Ltd and 191,082,803 shares were allotted to Globalworth Holding B.V ("Private Placement"). A sale price per one such share equaled to EUR 1.57 and the Company raised in total EUR 450,000,000.28, with the surplus above the nominal value being allocated to the share premium.

5. Share capital structure

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

6. Information on court proceedings

At the end of third quarter of 2018, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

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

In the period of nine months of 2018 neither the Company nor its subsidiaries entered into transactions with related parties under terms other than market terms.

The related party transactions, except for the ones described in the Notes 8 and 12 of Interim Condensed Consolidated Financial Statements, are set out in the table below:

		Income statement		Statement of financial position	
		Income/(expense)		Amounts owing (to)/from	
Name	Nature of transactions / balances amounts	30 September 2018 €'000	30 September 2017 €'000	30 September 2018 €'000	31 December 2017 €'000
Mindspace Ltd.	Trade and other Revenue	-	-	2	588
	Deposits from tenant	641	-	-	-
		-	-	(654)	(1 250)
Growthpoint Properties International (Pty) Ltd	Equity cost	-	-	2 250	-
Globalworth Holding B.V.	Equity cost	-	-	4 500	-

The equity costs result from an underwriting fee paid, amounting to 1.5% of the equity investment under the Private Placement.

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

In the period of nine months of 2018, neither Globalworth Poland Real Estate N.V. nor any of its subsidiaries issued any guarantees to third parties whose value exceeds 10% of the Company's equity.

9. Other information that the Company believes to be important to assess the personnel, economic and financial situation, the financial result and any changes in these aspects of business, and information significant for the assessment of Globalworth Poland Group's capacity to meet its obligations

Changes in the Board of Directors

Ms. M.W. Dyjas and Mr. Mr. N. Senman voluntarily resigned as non-executive Directors of the Company with effect from 27 February 2018.

On 26 April 2018 Annual General Meeting resolved to discharge all the Members of the Board of Directors from liability for the performance of their duties in the financial year 2017 insofar as the performance of such duties is disclosed in the 2017 annual accounts or has otherwise been communicated to the general meeting of the Company.

Andreas Segal voluntarily resigned from the function of independent non-executive director of the Company with effect from 15 September 2018.

New appointments are described in the Note 1 to Director's report.

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

Factors to influence the result in the coming periods include:

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