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

CONSOLIDATED CONDENSED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

Index

(All amounts in EUR thousands unless otherwise stated)

I. Selected consolidated financial data

Consolidated statement of profit or loss	***in ths EUR*** ***1.01.2018-31.03.2018***	***1.01.2017-31.03.2017***
Net Operating Income (NOI)	*11 645*	*6 119*
Profit/(loss) before net financing costs	*13 611*	*(17 552)*
Profit/(loss) before tax	*8 870*	*(5 438)*
Profit/(loss) for the year	*6 601*	*(5 130)*
Number of shares	*156 133 179*	*133 931 912*
Profit per one share	*0,04*	*(0,04)*

Consolidated statement of cashflows	***1.01.2018-31.03.2018***	***1.01.2017-31.03.2017***
Cash flows from operating activities	*7 672*	*3 098*
Cash flows from investing activities	*(57 920)*	*(2 803)*
Cash flows from financing activities	*53 657*	*(711)*
Net cash flows	*3 409*	*(416)*

Consolidated statement of financial position	***in ths EUR*** ***As at 31.03.2018***	***As at 31.12.2017***	***As at 31.03.2017***
Total assets	*823 531*	*757 216*	*498 404*
Total equity	*251 372*	*244 771*	*175 620*
Non-current liabilities	*306 693*	*304 081*	*251 285*
Current liabilities	*265 466*	*208 364*	*71 499*
Number of shares	*156 133 179*	*156 133 179*	*133 931 912*
Profit per one share	*0,04*	*0,20*	*(0,04)*
Book value per one share	*1,61*	*1,57*	*1,31*

(All amounts in EUR thousands unless otherwise stated)

	in ths EUR		
	As at 31.03.2018	***As at 31.12.2017***	***As at 31.03.2017***
Financial ratios			
Balance sheet equity ratio in %	*31%*	*32%*	*35%*
Net Loan-to-Value ratio (net LTV) in %	*37%*	*41%*	*61%*
Funds from Operations (FFO)	*8 740*	*16 167*	*3 366*
Funds from Operations (FFO) per share	*0,06*	*0,10*	*0,03*
Normalised Funds from Operations (NFFO)	*10 314*	*20 051*	*3 366*
Normalised Funds from Operations (NFFO) per share	*0,07*	*0,13*	*0,03*
Adjusted Funds from Operations (AFFO)	*7 746*	*4 111*	*1 570*
Adjusted Funds from Operations (AFFO) per share	*0,05*	*0,03*	*0,01*
EPRA Net asset value (EPRA NAV)	*273 924*	*264 130*	*186 170*
EPRA Net asset value (EPRA NAV) per share	*1,75*	*1,69*	*1,39*
EPRA Triple Net asset value (EPRA NNNAV)	*251 372*	*244 771*	*175 620*
EPRA Triple Net asset value (EPRA NNNAV) per share	*1,61*	*1,57*	*1,31*

Net Loan-to-Value ratio calculated as: (Total bank loans – cash and short-term deposits as well as part of the restricted cash constituing debt service reserve account maintained at the request of the bank lenders) / Investment property
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)
Normalised Funds from Operations (NFFO) calculated as: FFO – one-off non-recurring items (e.g. acquisition costs, tender offer cost).
Adjusted Funds from Operations (AFFO) calculated as: FFO – Capitalised expenses on Investment Property or Investment Property Under Construction
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
EPRA Triple Net Asset Value (EPRA NNNAV) calculated as: EPRA NAV + Deferred tax assets on Investment Property - Deferred tax liabilities on Investment Property + Fair Value of financial instruments - Deferred tax on financial instruments – Fair value of debt.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS OF 31 MARCH 2018 AND 3 MONTHS PERIOD ENDED 31 MARCH 2018

II. Interim Condensed Consolidated Financial Statements of the Group as of 31 March 2018 and for 3 months period ended 31 March 2018

Interim Condensed Consolidated Statement of Profit or Loss

	Note	For the period 1.01.2018-31.03.2018 Unaudited € '000	1.01.2017-31.03.2017 Unaudited restated € '000
Revenue	**4**	16 776	9 677
Operating expenses	**5**	(5 131)	(3 558)
Net operating income		**11 645**	**6 119**
Administrative expenses	**6**	(1 189)	(1 036)
Fair value movement	**3**	3 179	(22 599)
Other expenses		(125)	(115)
Other income		101	79
		1 966	**(23 671)**
Profit/(loss) before net financing costs		**13 611**	**(17 552)**
Net financing costs			
- Finance cost	**8**	(5 200)	(3 770)
- Finance income	**7**	459	15 884
		(4 741)	**12 114**
Profit/(loss) before tax		**8 870**	**(5 438)**
Income tax (expenses)	**9**	(2 269)	308
Profit/(loss) for the year		**6 601**	**(5 130)**
Attributable to:			
Equity holders of the parent		6 601	(5 130)
		6 601	**(5 130)**
Earnings per share (basic and diluted):		0,04	(0,04)
EPRA per share (basic and diluted):		0,04	(0,07)

** for details of the changes in presentation of prior year data please refer to Note 19.*

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

EPRA Earnings per share - EPRA Earnings divided by the basic or diluted number of shares outstanding at the year or period end

Interim Condensed Consolidated Statement of Other Comprehensive Income

	For the period	
	1.01.2018-31.03.2018	**1.01.2017-31.03.2017**
	Unaudited	**Unaudited restated**
	€ '000	**€ '000**
Profit/(loss) for the year	**6 601**	**(5 130)**
Other comprehensive income transferable later on to the profit/(loss):		
Foreign currency translation reserve	-	1 629
Other comprehensive income/(loss)	**-**	**1 629**
Total comprehensive income/(loss) for the year, net of tax	**6 601**	**(3 501)**
Comprehensive income/(loss) attributable to:		
Equity holders of the parent	6 601	(3 501)

** for details of the changes in presentation of prior year data please refer to Note 19.*

Interim Condensed Consolidated Statement of Financial Position

		As at		
		31 March 2018	**31 December 2017**	**31 March 2017**
	Note	**Unaudited € '000**	**Audited € '000**	**Unaudited restated € '000**
ASSETS				
Non-current assets				
Investment property**	**3**	740 127	680 130	472 177
Long-term loans		44	-	227
Available for sale financial assets	**11**	-	5 897	-
Other financial assets	**11**	6 033	-	-
Other long-term assets		75	47	-
Other receivables		-	69	9
Long-term restricted cash	**13**	2 958	2 958	3 378
		749 237	**689 101**	**475 791**
Current assets				
Short-term loans		-	60	7
Trade and other receivables		12 965	10 634	7 678
Income tax receivable		-	1	39
Debentures	**10**	18 567	18 389	-
Available for sale financial assets	**11**	-	4 346	-
Other financial assets	**11**	4 448	-	-
Cash and cash equivalents	**13**	38 314	34 685	14 889
		74 294	**68 115**	**22 613**
TOTAL ASSETS		**823 531**	**757 216**	**498 404**

(All amounts in EUR thousands unless otherwise stated)

		As at		
		31 March 2018	**31 December 2017**	**31 March 2017**
		Unaudited	**Audited**	**Unaudited restated**
	Note	**€ '000**	**€ '000**	**€ '000**
EQUITY AND LIABILITIES				
Total equity				
Issued share capital		156 133	156 133	133 930
Share premium	**2**	44 026	44 026	41 259
Other reserves		8 121	8 121	
Foreign currency translation reserve		-	5 171	(3 513)
Net assets attributable to shareholders		-	-	3 944
Retained earnings		43 092	31 320	-
Equity attributable to equity holders of the parent		**251 372**	**244 771**	**175 620**
Non-current liabilities				
Bank loans	**12**	278 728	278 690	239 376
Other borrowings	**12**	-	-	21
Deferred tax liability	**9**	20 843	19 020	7 958
Guarantees retained from contractors		863	537	446
Deposits from tenants		6 259	5 834	3 484
		306 693	**304 081**	**251 285**
Current liabilities				
Bank loans	**12**	26 817	26 202	61 338
Other borrowings	**12**	223 646	165 413	-
Guarantees retained from contractors		342	508	127
Trade and other payables		14 207	15 238	9 860
Deposits from tenants		375	270	174
Income tax payable		79	733	-
		265 466	**208 364**	**71 499**
TOTAL EQUITY AND LIABILITIES		**823 531**	**757 216**	**498 404**
		Cents	Cents	Cents
NAV per share		1,61	1,57	1,31
Diluted NAV per share		1,61	1,57	1,31
EPRA NAV per share		1,75	1,69	1,39

** for details of the changes in presentation of prior year data please refer to Note 19.*

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.

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

Net Assets Value (NAV)
equity attributable to equity holders of the company and/or net assets value.

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.

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 year		-	-	-	-	-	6 601	6 601
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	**-**	**-**	**-**	**6 601**	**6 601**
Change of the functional currency		-	-	(5 171)	-	-	5 171	-
The reorganisation of the Group	**2**	-	-	-	-	-	-	-
At 31 March 2018		**156 133**	**44 026**	**-**	**-**	**8 121**	**43 092**	**251 372**
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 year		-	-	-	(5 130)	-	-	(5 130)
Other comprehensive income		-	-	1 629	-	-	-	1 629
Total comprehensive income		-	**-**	**1 629**	**(5 130)**	**-**	**-**	**(3 501)**
Issue of share capital		133 885	41 259	**-**	**-**	**-**	**-**	175 144
The reorganisation of the Group	**2**	**-**	**-**	**-**	(32 260)	**-**	**-**	(32 260)
At 31 March 2017		**133 930**	**41 259**	**(3 513)**	**3 944**	**-**	**-**	**175 620**

Interim Condensed Consolidated Statement of Cash Flows

	Note	For the period 1.01.2018-31.03.2018 Unaudited € '000	1.01.2017-31.03.2017 Unaudited restated € '000
Profit/(loss) before tax		**8 870**	**(5 438)**
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property		(3 179)	22 599
Net financing (income)/costs		4 601	(12 114)
Operating profit before changes in working capital		**10 292**	**5 047**
Decrease/(increase) in trade and other receivables		(1 158)	(2 786)
(Decrease)/increase in trade and other payables		(822)	339
Movements in deposits from tenants and other deposits		237	204
VAT settlements		255	358
Other items		(47)	(68)
Income tax paid		(1 085)	4
Cash flows from operating activities		**7 672**	**3 098**
Investing activities			
Capital expenditure on investment property		(3 763)	(2 803)
Rental Guarantee Payment (CAPEX)		1 191	-
Payment for acquisition of subsidiaries less cash acquired	**17**	(55 384)	-
Movements in loans granted		20	-
Interest received		16	-
Cash flows from investing activities		**(57 920)**	**(2 803)**
Financing activities			
Bank loan proceeds		2 095	1 325
Bank loan repayments		(1 510)	(2 738)
Proceeds from borrowings		55 000	1 465
Payment of other financing costs		-	(8)
Interest paid		(1 708)	(1 681)
Change in restricted cash		(220)	926
Cash flows from financing activities		**53 657**	**(711)**
Net increase / (decrease) in cash and cash equivalents		**3 409**	**(416)**
Cash and cash equivalents at the beginning of the period		15 657	10 010
Translation differences		-	486
Cash and cash equivalents at the end of the period	**13**	**19 066**	**10 080**

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**" or "**GW Group**") owns and manages yielding real estates throughout Poland. On 31 March 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 Asset Managers SRL 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

1.2. Basis of preparation and compliance

The interim condensed consolidated financial statements for the three months ended 31 March 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 31 March 2018 and for the 3-month period ended on 31 March 2018 and for the 3-month period ended on 31 March 2017 in relation to the profit and loss account, the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2017 and 31 March 2017 are provided for the statement of financial position. Unless indicated otherwise, all financial data in the Group's condensed consolidated financial statements have been presented in thousands of EUR.

Financial information for 3-month periods ended 31 March 2018 and 31 March 2017 presented in these interim consolidated condensed financial statements were not reviewed nor audited.

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 31 March 2018.

The 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 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 consolidated financial statements are prepared in Euro ('EUR' or '€'), rounded to the nearest thousand unless otherwise indicated, being the functional currency of the Company.
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 consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group'). Subsidiaries are fully consolidated (refer to note 17) from the date of acquisition, being the date on which the Group obtains control (refer to note 17), and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control till 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 Consolidated Financial Statements are presented in euro ("EUR") being the presentation and functional currency of the Group.
From 1 January 2018 the Group has changed the functional currency from PLN to EUR, due to the following reasons:

1) The Group plans to refinance part of its portfolio including recently acquired properties. All new loans will be 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;

(All amounts in EUR thousands unless otherwise stated)

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) Group Entities

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.
Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

c) Exchange rates used

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

	Period ended		
	31 March 2018	**31 December 2017**	**31 March 2017**
PLN/EUR	4,2085	4,1709	4,2198

	Average for the period	
	31 March 2018	**31 March 2017**
PLN/EUR	4,1806	4,3221

1.4. New and amended standards

New standards and announcements after 1 January 2018:

- IFRS 9 Financial Instruments (issued on 24 July 2014) – effective for financial years beginning on or 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;

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) - effective for financial years beginning on or after 1 January 2018;

- 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;

- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) - effective for financial years beginning on or after 1 January 2018;

- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) - effective for financial years beginning on or after 1 January 2018;

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) - effective for financial years beginning on or after 1 January 2018,

- Amendments to IAS 28 Investments in Associates and Joint Ventures which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018,

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018,

- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018;

- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018;

- 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.

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 14 and 15;
- 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 belong 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 in the Group, is classified as investment property. Investment property comprises freehold land, freehold buildings and land held under perpetual usufruct (approach is the same as for freehold properties).

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

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 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 GT II and GT III as well as ECHO Polska Properties.

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 properties as well as and NOI Guarantee Agreement in respect of Hala Koszyki, Supersam and Renoma. 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") 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, 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 Guarantor is obliged to pay to the Beneficiaries an amount equal to difference between the Assumed NOI, amounting to EUR 11,5 million p.a. 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.

Griffin TopCo II S.á r.l. and Griffin TopCo III S.á r.l. 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 100 billion as of September 2017. 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 beneficiary under and in accordance with the terms of Rental Guarantee Agreements and NOI Guarantee Agreement. 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.

ECHO Polska Properties Rental Guarantee

On 22 December 2017, Echo Polska Properties (Cyprus) PLC, as the guarantor, and Iris Capital spółka z ograniczoną odpowiedzialnością spółka komandytowa ("**Iris Capital**"), Emfold Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa ("**Emfold Investments**") and Echo – West Gate spółka z ograniczoną odpowiedzialnością spółka komandytowa ("**Echo – 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 Iris Capital (A4 Business Park) and Emfold Investments (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 Iris Capital (A4 Business Park), Emfold Investments (Tryton Business House) and Echo – West Gate (West Gate) were entered into for a term of five years in relation to specific leases with key tenants. Pursuant to each EPP Rental Guarantee, the beneficiary will receive the headline rent and service charge amount under such specic 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 agreements in the amount of EUR 2,6 million.

Changes in fair values are recorded in the 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.

	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 2018	**680 130**	**-**
Asset deal	55 815	-
Capital expenditures	994	-
Agent fees	22	-
Rent free period incentive	(13)	-
Fair value movement on investment property	3 179	-
At 31 March 2018	**740 127**	**-**

SECTION III: FINANCIAL RESULTS

4. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. 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.
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 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.

Period ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Rental income	11 914	6 536
Service charge and marketing income	4 862	3 141
	16 776	**9 677**

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.

Period ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Utilities	(2 004)	(1 438)
Property administration	(1 864)	(1 513)
Real estate taxes	(846)	(561)
Marketing services	(223)	(46)
Other property related costs	(194)	-
	(5 131)	**(3 558)**

Period ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Property expenses arising from investment property that generated rental income	(5 131)	(3 558)
Total property expenses	**(5 131)**	**(3 558)**

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. Subsidiary acquisition costs are presented within legal and consulting costs.

Period ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Legal and consulting costs	(643)	(709)
Other	(546)	(327)
Total administrative expenses	**(1 189)**	**(1 036)**

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.

Year ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Bank interest	16	39
Interest from loans to related parties	-	11
Avaiable for sale finacial assets interest	238	-
Debentures interest	177	-
Foreign exchange differences	-	15 832
Other financial income	28	2
	459	**15 884**

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.

Year ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Interest:	(5 064)	(2 694)
Bank borrowings	(1 816)	(2 001)
Loans from related parties	(3 233)	(692)
Other interest expenses	(15)	(1)
Foreign exchange differences	(120)	-
Bank charges	(15)	(1 075)
Other financial costs	(1)	(1)
	(5 200)	**(3 770)**

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

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

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

future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

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

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

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

Period ended 31 March	**2018**	**2017**
	€ '000	**€ '000**
Income tax expense		
Current income tax expense	(446)	4
Deferred income tax expense	(1 823)	304
	(2 269)	**308**

	Consolidated statement of financial position			Consolidated statement of comprehensive income	
	31 March 2018	31 December 2017	31 March 2017	1.01.-31.03.2018	1.01.-31.03.2017
Net - Deferred Tax Liability	**€ '000**	**€ '000**	**€ '000**	**€ '000**	**€ '000**
Valuation of investment property at fair value	22 552	19 304	9 262	(3 248)	4 835
Other taxable temporary differences	216	(291)	(404)	(507)	451
Interest and exchange rate differences accrued	675	2 201	999	1 526	(5 282)
Valuation of financial instruments at fair value	-	56	-	56	(37)
Recognised unutilized tax losses	(2 600)	(2 250)	(1 899)	350	337
	20 843	**19 020**	**7 958**	**(1 823)**	**304**

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 is 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 in the year.

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

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 31 March 2017, no financial assets were designated as at fair value through profit or loss. As at 31 March 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.

(All amounts in EUR thousands unless otherwise stated)

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. The value of the financial instruments as at 31 March 2018 was as follows:

Debentures
As at 31 March 2018

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Forum 60 Fundusz Inwestycyjny Zamknięty	fixed	December 2018	18 567	-	18 567
			18 567	**-**	**18 567**

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**

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 Wroclaw 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 preliminary share purchase agreement were concluded (refer to note 25), 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 are valued at amortised cost using effective interest rate method through profit and loss.

(All amounts in EUR thousands unless otherwise stated)

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 31 March 2018 was as follows:

ROFO debentures
As at 31 March 2018

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Pudsey Sp. z o.o.	fixed	December 2018	4 448	-	4 448
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1)	fixed	July 2019	3 071	3 071	-
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2)	fixed	September 2019	2 962	2 962	-
			10 481	**6 033**	**4 448**

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**

Debentures acquired in connections 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 (“PoC”) of each of the projects.

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

In the first quarter 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 2018-2019 is 49,200 sqm.
On 9 March 2017 an agreement was concluded between Echo, the Company and GPRE Management sp. z o.o. (the “**Bondholder**”) that Bondholder will purchase bonds to be issued by the respective limited

(All amounts in EUR thousands unless otherwise stated)

partners of all of the respective ROFO SPVs (the "**ROFO Agreement**"**).** The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. The Company intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) made by the Company under the ROFO Agreement amounts to EUR 9,9 million by the way of subscription for bonds issued by certain subsidiaries of Echo ("**ROFO Bonds**").
The investment of the Company under the ROFO Agreement were made solely from the proceeds from the Offering and no further debt funding is required by the Company for this purpose.
The redemption date for all the series of the ROFO Bonds is 12 June 2032, and the ROFO Bonds will be redeemed by way of the payment of a sum equal to the nominal value of each of the bonds. The ROFO Bonds accrue interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO Bonds. Final amount of interest will be adjusted by accompanied option agreement so that it reflects actual development profit realized on each of the projects. The ROFO Bonds have been issued as unsecured bonds.

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

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

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

Bank loans

The majority of the Group's bank loans are at floating interest rates. Interest costs may increase or decrease as a result of changes in the interest rates. Only Loan 2 has been secured by interest rate option cap, that has not been executed due to negative EURIBOR interest rates.

As at 31 March 2018

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 1	EURIBOR 3M + margin	April 2019	34 677	33 870	807
Loan 2	EURIBOR 3M + margin	March 2020	44 478	41 858	2 620
Loan 3	EURIBOR 3M + margin	June 2018	6 207	-	6 207
Loan 4	EURIBOR 3M + margin	January 2034	7 248	6 916	332
Loan 5	EURIBOR 3M + margin	June 2018	7 162	-	7 162
Loan 6	EURIBOR 3M + margin	July 2034	13 303	12 300	1 003
Loan 7	NBP reference rate less social indicator	June 2034	4 237	3 789	448
Loan 8	WIBOR 1M + margin	May 2018	603	-	603
Loan 9	EURIBOR 1M + margin	August 2026*	53 880	52 230	1 650
Loan 10	EURIBOR 1M + margin	June 2026	95 045	90 645	4 400
Loan 13	EURIBOR 3M + margin	June 2027	38 705	37 120	1 585
			305 545	**278 728**	**26 817**

(All amounts in EUR thousands unless otherwise stated)

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**

** 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

In December 2017 the Group received loan at fixed interest rate in the amount of EUR 165 million from Globalworth Finance Guernsey Limited, the entity related with the major shareholder ("**GFGL Loan**"). The loan was granted in order to acquire 3 new projects – i.e. Tryton Business House, A4 Business Park and West Gate. Loan has the convertible option embedded – the entire principal amount, interest accrued and other sums due from the Borrower to the Lender can be converted into shares to be issued by the Globalworth Poland Real Estate N.V. The loan can be converted based on 60-day volume weighted average price of the shares of Globalworth Poland Real Estate N.V. at the Warsaw Stock Exchange as of the date of conversion.

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

As at 31 March 2018

Lender	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Globalworth Finance Guernsey Limited	223 646	223 646	-	-
	223 646	**223 646**	**-**	**-**

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**	**-**	**-**

13. Cash and cash equivalents

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

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

Insurance proceeds and prepayment proceed accounts are also presented as short-term restricted cash.

As at	31 March 2018 € '000	31 March 2017 € '000
Unblocked		
Cash at bank and on hand	18 112	7 683
Short-term deposits	954	2 397
Cash and cash equivalents as per Consolidated Statement of Cash Flows	**19 066**	**10 080**
Blocked		
Short-term:		
Tenant deposits	5 756	3 066
Rent accounts	12 513	514
Other bank deposits	673	1 052
Other	306	177
Long-term		
Debt service reserve account	2 958	2 551
Other bank deposits	-	827
	22 206	**8 187**
Cash and cash equivalents as per Consolidated Statement of Financial Position	**41 272**	**18 267**

(All amounts in EUR thousands unless otherwise stated)

14. Fair value measurements – financial assets and financial liabilities

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

	Carrying amount			Fair value		
As at 31 December	**31 March 2018**	**31 December 2017**	**31 March 2017**	**31 March 2018**	**31 December 2017**	**31 March 2017**
Financial assets						
Long-term loans	44	-	227	44	-	227
Debentures	18 567	18 389	-	18 567	18 389	-
Available for sale financial assets	-	10 243	-	-	10 243	-
Other financial assets	10 481	-	-	10 481	-	-
Short-term loans	-	60	7	-	60	7
Trade and other receivables	12 965	10 703	7 687	12 965	10 703	7 687
Cash and cash equivalents	41 272	37 643	18 267	41 272	37 643	18 267
Financial liabilities						
Bank loans	305 545	304 892	300 714	305 545	304 892	300 714
Other borrowings	223 646	165 413	21	223 646	165 413	21
Deposits from tenants	6 634	6 104	3 658	6 634	6 104	3 658
Guarantees retained from contractors	1 205	1 045	573	1 205	1 045	573
Trade and other payables	14 207	15 238	9 860	14 207	15 238	9 860

(All amounts in EUR thousands unless otherwise stated)

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 31 March 2018, 31 December 2017 and 31 March 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 31 March 2018, 31 December 2017 and 31 March 2017 appropriately.

15. Fair value hierarchy

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

As at 31 March 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	-	-	740 127	**740 127**
Long-term loans	-	44	-	**44**
Debentures	-	18 567	-	**18 567**
Other financial assets	-	-	10 481	**10 481**
Bank loans	-	305 545	-	**305 545**
Other borrowings	-	223 646	-	**223 646**
Deposits from tenants	-	6 634	-	**6 634**
Guarantees retained from contractors	-	1 205	-	**1 205**
Trade and other payables	-	-	14 207	**14 207**

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**
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**

(All amounts in EUR thousands unless otherwise stated)

As at 31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	-	-	472 177	**472 177**
Long-term loans	-	227	-	**227**
Bank loans	-	300 714	-	**300 714**
Other borrowings	-	21	-	**21**
Deposits from tenants	-	3 658	-	**3 658**
Guarantees retained from contractors	-	573	-	**573**
Trade and other payables	-	-	9 860	**9 860**

On 27 November 2017 the amendment of Poland's Corporate Income Tax Law has been introduced, effective from 1 January 2018. One of the changes refers to implementation of a so-called "minimum levy" on the owners of shopping malls, large shops, office buildings, at the level of 0.035% per month (0.42% per year) of the excess of the initial tax value of the building over PLN 10 million. The abovementioned change is new and has no precedence in Polish taxation regime.

On 30 January 2018 a bill gradually introducing Sunday retail trade ban was signed, starting with two working Sundays per month as of 1 March 2018. As of January 2019 retail trade will be possible on one Sunday a month, while as of 2020 retail trade will be fully banned on Sundays.

Above mentioned changes are not reflected in value of investment properties as the potential impact is unknown as of the date of these financial statements.

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

In the first quarter of 2018 the revaluation allowance on trade and other receivables in the amount of EUR 107 thousand has been created. No other provision for impairment of the Group's assets have been created.

SECTION V: ASSETS ACQUISITION AND OTHER DISCLOSURES

17. Asset acquisition

On 14 March 2018, the Group acquired 100 % of the shares of Warta Tower Sp. z o.o. Sp. k. holding an office building called ‘Warta Tower’. The existing strategic management function and associated processes were not acquired with the property and, as such, the Directors consider this transaction as an asset acquisition.

The purchase price and the acquisition cost for the purchased asset amounted to c. €56.3 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. Based on the external valuation report, value of acquired investment property as at 31 March 2018 is EUR 59 million.

Purchase price presented in cash flow statement is as follows:

Payment for acquisition of subsidiaries presented in Cash Flow Statement:

Acquisition price	56 284
less:	
Cash of acquired entities	(540)
Unpaid liability	(360)
	55 384

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 € '000	Total € '000
Subsidiary's contribution		
Revenue	371	**371**
Profit/(loss) after tax	4 031	**4 031**
Quarterly subsidiary's results		
Revenue	1 948	**1 948**
Profit/(loss) after tax	4 902	**4 902**

Unaudited pro-forma Group's results	**Total of the Group**	**Already included results of the new entities**	**Quarterly results of the new entities**	**Total pro-forma of the Group**
Revenue	16 776	(371)	3 896	**20 301**
Profit/(loss) after tax	6 601	(4 031)	9 804	**12 374**

18. Consolidation of subsidiaries

Policy

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

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018, 31 December 2017 and 31 March 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 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 31 March 2018, 31 December 2017 and 31 March 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.

19. 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., Globalworth Poland Real Estate N.V. HQ figures (loans granted to SPVs, Asset management fee revenues, HQ administrative/human resources costs) as well as unallocated operations. Bonds issued by GPRE Management Sp. z o.o., Lima Sp. z o.o. 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

Consolidated Statement of Financial Position by segments

	As at 31 March 2018				
Segments	**High-street mixed-use properties € '000**	**Office properties € '000**	**Unallocated € '000**	**Consolidation eliminations € '000**	**Total € '000**
Segments non-current assets including:					-
Investment property	309 772	430 355	-	-	740 127
Investment in subsidiaries	-	-	598 863	(598 863)	-
Long-term loans	-	1 287	324 017	(325 260)	44
Other financial assets	-	-	6 033	-	6 033
Other non-current assets	1 566	1 416	51	-	3 033
	311 338	**433 058**	**928 964**	**(924 123)**	**749 237**
Segments current assets including:					
Debentures	-	-	18 567	-	18 567
Other financial assets	-	-	4 448	-	4 448
Other current assets	24 591	21 333	4 939	416	51 279
	24 591	**21 333**	**27 954**	**416**	**74 294**
Total assets	**335 929**	**454 391**	**956 918**	**(923 707)**	**823 531**
Segments non-current liabilities including:					
Bank loans	183 784	94 944	-	-	278 728
Other borrowings	56 601	246 705	23 528	(326 834)	-
Deferred tax liability	6 115	6 645	12 467	(4 384)	20 843
Guarantees retained from contractors	80	783	-	-	863
Deposits from tenants	2 992	3 267	-	-	6 259
	249 572	**352 344**	**35 995**	**(331 218)**	**306 693**
Segments current liabilities including:					
Bank loans	8 687	18 130	-	-	26 817
Other borrowings	-	-	223 646	0	223 646
Guarantees retained from contractors	161	181	-	-	342
Deposits from tenants	196	179	-	-	375
Other current liabilities	6 838	4 513	3 085	(150)	14 286
	15 882	**23 003**	**226 731**	**(150)**	**265 466**
Total liabilities	**265 454**	**375 347**	**262 726**	**(331 368)**	**572 159**

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

(All amounts in EUR thousands unless otherwise stated)

	As at 31 March 2017				
Segments	**High-street mixed-use properties € '000**	**Office properties € '000**	**Unallocated € '000**	**Consolidation eliminations € '000**	**Total € '000**
Segments non-current assets including:					-
Investment property	282 760	189 417	-	-	472 177
Investment in subsidiaries	-	-	317 267	(317 267)	-
Long-term loans	-	491	106 716	(106 980)	227
Other non-current assets	1 976	1 837	-	-	3 813
	284 736	**191 745**	**423 983**	**(424 247)**	**476 217**
Segments current assets including:					
Short-term loans	-	-	7	-	7
Other current assets	13 449	8 596	135	-	22 180
	13 449	**8 596**	**142**	**-**	**22 187**
Total assets	**298 185**	**200 341**	**424 125**	**(424 247)**	**498 404**
Segments non-current liabilities including:					
Bank loans	142 348	97 028	-	-	239 376
Other borrowings	51 734	54 257	146 832	(252 802)	21
Deferred tax liability	(2 029)	3 539	6 658	(210)	7 958
Guarantees retained from contractors	207	239	-	-	446
Deposits from tenants	1 447	2 037	-	-	3 484
	193 707	**157 100**	**153 490**	**(253 012)**	**251 285**
Segments current liabilities including:					
Bank loans	42 899	18 439	-	-	61 338
Other borrowings	-	-	1 239	(1 239)	-
Guarantees retained from contractors	89	38	-	-	127
Deposits from tenants	73	101	-	-	174
Other current liabilities	5 075	2 410	1 541	834	9 860
	48 136	**20 988**	**2 780**	**(405)**	**71 499**
Total liabilities	**241 843**	**178 088**	**156 270**	**(253 417)**	**322 784**

Consolidated Statement of Profit or Loss by segments

	1.01.2018-31.03.2018				
Segments	**High-street mixed-use properties € '000**	**Office properties € '000**	**Unallocated € '000**	**Consolidation eliminations € '000**	**Total € '000**
Revenue	7 380	9 396	-	-	16 776
Operating expenses	(2 388)	(2 695)	(48)	-	(5 131)
Segment NOI	**4 992**	**6 701**	**(48)**	**-**	**11 645**
Asset management income	-	-	843	(843)	-
Asset management expense	(236)	(568)	(39)	843	-
Other administrative expenses	(182)	(407)	(1 518)	918	(1 189)
Fair value movement	28	3 966	-	(815)	3 179
Other expenses	(65)	(66)	6	-	(125)
Other income	49	52	-	-	101
Foreign exchange gains	(86)	57	(85)	(6)	(120)
Finance costs	(2 108)	(4 874)	(3 612)	5 514	(5 080)
Finance income (excl. foreign exchange gains)	11	43	4 316	(3 911)	459
Segment results	**2 403**	**4 904**	**(137)**	**1 700**	**8 870**
Profit/(loss) before tax	**2 403**	**4 904**	**(137)**	**1 700**	**8 870**

	1.01.2017-31.03.2017				
Segments	**High-street mixed-use properties € '000**	**Office properties € '000**	**Unallocated € '000**	**Consolidation eliminations € '000**	**Total € '000**
Revenue	5 115	4 562	-	-	9 677
Operating expenses	(2 234)	(1 324)	-	-	(3 558)
Segment NOI	**2 881**	**3 238**	**-**	**-**	**6 119**
Other administrative expenses	(344)	(743)	(1 199)	348	(1 938)
Fair value movement	(13 623)	(8 976)	-	-	(22 599)
Other expenses	(104)	(1)	(10)	-	(115)
Other income	79	-	-	-	79
Foreign exchange losses	9 948	7 382	(1 510)	12	15 832
Finance costs (excl. foreign exchange losses)	(1 802)	(1 759)	(1 609)	2 302	(2 868)
Finance income	47	8	2 145	(2 148)	52
Segment results	**(2 918)**	**(851)**	**(2 183)**	**514**	**(5 438)**
Profit/(loss) before tax	**(2 918)**	**(851)**	**(2 183)**	**514**	**(5 438)**

Rental income

	1.01.2018-31.03.2018 € '000	1.01.2017-31.03.2017 € '000
City of Investment Property location		
Gdansk	990	-
Katowice	2 569	786
Krakow	1 238	1 028
Lodz	1 306	1 298
Warsaw	3 112	1 591
Wroclaw	2 699	1 833
Total	**11 914**	**6 536**

City of Investment Property location	31 March 2018 € '000	31 December 2017 € '000	31 March 2017 € '000
Gdansk	56 350	56 350	-
Katowice	130 149	130 050	56 064
Krakow	70 782	70 660	65 019
Lodz	71 471	71 270	69 674
Warsaw	230 334	170 760	144 383
Wroclaw	181 041	181 040	137 037
Total	**740 127**	**680 130**	**472 177**

20. Changes in presentation of Interim Condensed Financial Statements as at 31 March 2017

There were no errors in the prior period 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 Consolidated Financial Statements to the Globalworth's policy. The following changes have been introduced:

Consolidated Statement of Financial Position

		Adjustments							
As at 31 March 2017	**Approved € '000**	**1**	**2**	**3**	**4**	**5**	**6**	**Amended € '000**	
ASSETS									**ASSETS**
Non-current assets									**Non-current assets**
Completed investment property	472 177					-		472 177	Investment property*
Investment property under construction	-					-		-	
Long term loans	227							227	Long-term loans
Other receivables	9							9	Other receivables
Long-term restricted cash	3 804						(426)	3 378	Long-term restricted cash
Deferred tax assets	5 095		(5 095)					-	Deferred tax assets
	481 312	**-**	**(5 095)**	**-**	**-**	**-**	**(426)**	**475 791**	
Current assets									**Current assets**
Short term loans	7							7	Short-term loans
Rent and other receivables	7 678							7 678	Trade and other receivables
Income tax receivable	39							39	Income tax receivable
Restricted cash	4 383	(4 383)						-	
Cash and short-term deposits	10 080	4 383					426	14 889	Cash and cash equivalents
	22 187	**-**	**-**	**-**	**-**	**-**	**426**	**22 613**	
TOTAL ASSETS	**503 499**	**-**	**(5 095)**	**-**	**-**	**-**	**-**	**498 404**	**TOTAL ASSETS**

		Adjustments							
As at 31 March 2017	**Approved € '000**	**1**	**2**	**3**	**4**	**5**	**6**	**Amended € '000**	
EQUITY AND LIABILITIES									**EQUITY AND LIABILITIES**
									Total equity
Issued share capital	133 930							133 930	Issued share capital
Share premium	41 259							41 259	Share premium
Foreign currency translation reserve	(3 513)							(3 513)	Foreign currency translation reserve
Net assets attributable to shareholders	3 944							3 944	Net assets attributable to shareholders
Equity attributable to equity holders of the parent	**175 620**	-	-	-	-	-	-	**175 620**	Equity attributable to equity holders of the p
Non-current liabilities									**Non-current liabilities**
Bank loans	239 376							239 376	Bank loans
Other borrowings	21							21	Other borrowings
Deferred tax liability	13 053		(5 095)					7 958	Deferred tax liability
				446				446	Guarantees retained from contractors
Deposits from tenants and other deposits	3 930			(446)				3 484	Deposits from tenants
	256 380	-	**(5 095)**	-	-	-	-	**251 285**	
Current liabilities									**Current liabilities**
Bank loans	61 338							61 338	Bank loans
				127				127	Guarantees retained from contractors
Trade and other payables	7 454				2 406			9 860	Trade and other payables
Capex payables	2 406				(2 406)			-	
Deposits from tenants and other deposits	301			(127)				174	Deposits from tenants
	71 499	-	-	-	-	-	-	**71 499**	
Total equity and liabilities	**503 499**	-	**(5 095)**	-	-	-	-	**498 404**	**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 guarantees retained from contractors from deposits from tenants (previously all deposits was presented under the same line 'Deposits from tenants and other deposits'),
4) Transfer of 'Capex payables' from the separate line into the aggregated position of 'Trade and other payables',
5) Combining 'Completed investment property' and 'Investment property under construction' into one position i.e. 'Investment property'. As at 31 March 2017 there were no investments under construction.
6) 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.

Consolidated Statement of Profit or Loss

Period ended 31 March 2017	Approved € '000	Adjustments 7	8	9	10	11	12	Amended € '000	
Rental income	6 418	3 141	115			3		9 677	Revenue
Service charge and marketing income	3 141	(3 141)						-	
Property operating expenses	(3 658)				100			(3 558)	Operating expenses
Net rental income	**5 901**	**-**	**115**	**-**	**100**	**3**	**-**	**6 119**	**Net operating income**
Administrative expenses	(1 867)			8		(79)	902	(1 036)	Administrative expenses
Valuation gain/(loss) from investment property	(22 496)				(100)	(3)		(22 599)	Fair value movement
			(115)			-		(115)	Other expenses
						79		79	Other income
	(24 363)	**-**	**(115)**	**8**	**(100)**	**(3)**	**902**	**(23 671)**	
Operating profit	**(18 462)**	**-**	**-**	**8**	**-**	**-**	**902**	**(17 552)**	**Profit/(loss) before net financing costs**
									Net financing costs
Finance cost	(2 860)			(8)			(902)	(3 770)	- Finance cost
Finance income	15 884							15 884	- Finance income
	13 024	**-**	**-**	**(8)**	**-**	**-**	**(902)**	**12 114**	
Profit/(loss) before tax	**(5 438)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5 438)**	**Profit/(loss) before tax**
Income tax (expenses)/gain	308							308	Income tax (expenses)/gain
Profit/(loss) for the year	**(5 130)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5 130)**	**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',
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'.
12) Reclassification of expenses between administrative expenses to finance cost

Consolidated Statement of Cash Flows

Period ended 31 March 2017	Approved € '000	Adjustments 9	10	11	13	Amended € '000	
Profit/(loss) before tax	**(5 438)**	-	-			**(5 438)**	**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	22 496		100	3		22 599	Fair value movement on investment property
Finance income	(15 884)				15 884	-	
Finance expense	3 762	8			(15 884)	(12 114)	Net financing costs
	4 936	**8**	**100**	**3**	-	**5 047**	**Operating profit before changes in working capital**
Working capital adjustments							
Decrease/(increase) in rent and other receivables	(2 786)					(2 786)	Decrease/(increase) in trade and other receivables
(Decrease)/increase in trade and other payables	339					339	(Decrease)/increase in trade and other payables
Movements in deposits from tenants and other deposits	204					204	Movements in deposits from tenants and guarantees retained from contractors
VAT settlements	358					358	VAT settlements
Other Items	35		(100)	(3)		(68)	Other items
Income tax paid	4					4	Income tax paid
Net cash flow from operating activities	**3 090**	**8**	-	-	-	**3 098**	**Cash flows from operating activities**
Investing activities							**Investing activities**
Capital expenditure on investment property	(2 803)					(2 803)	Capital expenditure on investment property
Net cash flow from investing activities	**(2 803)**		-	-	-	**(2 803)**	**Cash flows from investing activities**

Period ended 31 March 2017	Approved € '000	Adjustments 9	10	11	13	Amended € '000	
Financing activities							**Financing activities**
Bank loan proceeds	1 325					1 325	Bank loan proceeds
Bank loan repayments	(2 738)					(2 738)	Bank loan repayments
Proceeds from borrowings	1 465					1 465	Proceeds from borrowings
		(8)				(8)	Payment of other financing costs
Interest paid	(1 681)					(1 681)	Interest paid
Change in restricted cash	926					926	Change in restricted cash
Net cash flow from financing activities	**(703)**	**(8)**	-	-	-	**(711)**	**Cash flows from financing activities**
Net increase/(decrease) in cash and cash equivalents	**(416)**		-	-	-	**(416)**	**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	486					486	Translation differences
Cash and cash equivalents at the end of the period	**10 080**	-	-	-	-	**10 080**	**Cash and cash equivalents at the end of the period**

13) Combining 'Finance income' and 'Finance expenses' into one position i.e. 'Net financing costs'.

21. Description of achievements or failures of the Group and indication of major events in the first quarter of 2018

Purchase agreement regarding Warta Tower in Warsaw

On March 14, 2018, the Board of Directors of Globalworth Poland Real Estate N.V. announced that, through its controlled companies, it concluded a purchase agreement with KREH2 spółka z ograniczoną odpowiedzianością and Chmielna S. r.l. Under the agreement the Company purchased 100% of interest in Chmielna Inwestycje KREH2 spółka z oraniczoną odpowiedzianością 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 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 acquired company.
The acquisition was financed through a second tranche of GFGL Loan described in current report no. 34/2017, dated 19 December 2017, 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. r.l.

Extension of the bank loan

On 8 February 2018 Lamantia sp. z o.o. sp. k. and Dolfia sp. z o.o. (as borrowers) and Bakalion sp. z o.o. (as guarantor) agreed with Aareal Bank AG to amend the Facility Agreement (Amendment no 5 to the Facility Agreement Dated 12 February 2013) and extend the final maturity date until 13 June 2018.

Additional loan for future acquisitions

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 loan agreement with subsidiary of Globalworth Asset Managers S.R.L., i.e. Globalworth Finance Guernsey Limited and extend the availability period for additional loan from two to three months from the date of the loan agreement (refer to Note 12).

Private placement of EUR 400,000,000

On 27 February 2018 the Board of Directors of Globalworth Poland Real Estate N.V. decided to propose to the general meeting of the Company the approval of a private placement of EUR 400,000,000 (with an over-allotment option in the case of significant investor demand) at an expected pricing at or around prevailing EPRA NNNAV per share (a net asset value per share calculated in accordance with European Public Real Estate Association methodology) offered to selected investors, including, among others, the major shareholders of the Company and the major shareholders of Globalworth Real Estate Investments Limited (the "**Private Placement**").

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

Except from the significant events described in item 2 of this report, in Q1 2018 the subsidiaries of Globalworth Poland Real Estate N.V. signed new leases and renewals for a total GLA of over 11,000 sq. meters. The average occupancy ratio increased from 92.4% as at 31 December 2017 to 93.2% as at 31 March 2018. If the Rental Guarantees applicable to office component in the portfolio are taken into account, the average occupancy ratio was 97.7% as at 31 March 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 99.0% as at 31 March 2018.

23. Explanations on the seasonality or cyclicality 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 cyclicality.

24. Dividend paid (or declared)

On April 26, 2018 the Annual General Meeting of Globalworth Poland Real Estate N.V. (the "Company") resolved to distribute the amount of EUR 11.3 million to the Company's shareholders. The Annual General Meeting of the Company resolved to distribute a dividend of EUR 0.07 cents per ordinary share over the financial year 2017, provided that, if the maximum amount of the Private Placement will be executed, then a dividend per ordinary share will amount to EUR 0.02 cents (the "Dividend"). In accordance with the resolution adopted by the Annual General Meeting of the Company dated 26 April 2018, the Dividend will be paid on 28 June 2018.

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

As at 31 March 2018 the Group had mortgages on investment properties in the amount of EUR 596,630. 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 over collection of movable assets and property rights of the borrowers;
- Power of attorney to bank accounts of the borrowers;
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts;

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

Established towards other third parties:

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

Transmission service easement for investment property regarding transformer station

26. Subsequent events

Change of the Company's business name

On April 26, 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.

*Second loan facility with Globalworth Finance Guernsey Limited (“**GF**”)*

On 16 April 2018, the Globalworth Poland Real Estate N.V. (the **“Company”**) concluded a second loan facility with GF in the amount of EUR 400,000,000 divided into two available tranches (the **"Second Facility"**). On 20 April 2018, the Company drawn down a net amount of EUR 229,300,000 under the Second Facility. As per the same date, the Company contributed EUR 230,000,874 to its subsidiaries with the intention to repay bank loans.

Announcement of planned acquisition of Quattro Business Park

On May 9 2018 the Board of Directors of Globalworth Poland Real Estate N.V. announced that, following the completion of the main phase of the due diligence and reaching agreement on the main terms of the transaction documentation, it has decided to proceed with the transaction involving the purchase, through its controlled company, from SOF-10 Quattro NL B.V. of 100% of the shares in Blackwyn Investments spółka z ograniczoną odpowiedzialnością, holding the legal title to an office building complex under the name of Quattro Business Park in Cracow, located at Aleja Generała Tadeusza Bora-Komorowskiego 25 in Cracow, Poland. The price for the shares in the Target will be calculated on the basis of the amount of EUR 139,000,000 adjusted to the acquired company's cash, debt and working capital position. Within the transaction, the purchaser may either repay or refinance the existing bank loan granted by Bank Polska Kasa Opieki S.A. Furthermore, pursuant to the information provided by the Seller as at the date hereof, the property's gross leasable area (**"GLA"**) amounts to 60,200 m2, the annual contracted rental income of the Property generated by the occupancy ratio of 99% amounts to EUR 10.7 million and weighted average lease term ("**WALT**") amounts to 3 years. Tenants include Capgemini, Google and Luxoft. The main terms of the transaction have been agreed. The transaction is subject to finalising the transaction documentation and agreeing the remaining conditions between the parties, including the purchase price for the shares (to be calculated taking into account the amount of EUR 139,000,000), obtaining internal corporate consents and obtaining the decision of the President of UOKiK on granting clearance to the transaction.

Change in the Board of Directors

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.

Repayment of bank loans

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.

Refinancing of four assets

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, West Gate and West Link projects with a consortium of banks: Landesbank Hessen-Thüringen and Deutsche Pfandbriefbank AG.
The total facility amounts to EUR 100,000,000 EUR, bears market level margin, matures in 7 years and is hedged in nearly 95%.

West Link purchase

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 m2, 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.

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 31 March 2018 the Group is 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 Globalworth Asset Managers SRL 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 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 Sebrena 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.

Akka 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 B201.731.

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.á 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 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 limited partner to Emfold investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Emfold Investments Spółka z ograniczoną odpowiedzialnością Sp. k. – partnership 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 611695. The partnership 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 general partner to 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 - 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 406675. The company is a limited partner to A4 Business Park Iris Capital Spółka z ograniczoną odpowiedzialnością Sp.k.

A4 Business Park - Iris Capital Spółka z ograniczoną odpowiedzialnością Sp. k. – partnership 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 Kielce, X Business Department of the National Court Register, with the reference KRS number 614852. The partnership 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 general partner to Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.

West Gate Wrocław Sp. z o.o. – company acquired by the Group on 22 December 2017 - a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at 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 limited partner to Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.

West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. – partnership 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 Kielce, X Business Department of the National Court Register, with the reference KRS number 615824. The partnership is the owner of the office building located in Wrocław known as "West Gate".

Warta Tower 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 general partner to Warta Tower Spółka z ograniczoną odpowiedzialnością Sp.k.

Warta LP 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 limited partner to Warta Tower Spółka z ograniczoną odpowiedzialnością Sp.k.

Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k. – partnership acquired by the Group on 13 March 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 Warsaw, XII Business Department of the National Court Register, with the reference KRS number 536989. The partnership is the owner of the office building located in Warsaw known as "Warta Tower".

GPRE Property Management 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 0000717733.

(All amounts in EUR thousands unless otherwise stated)

Entity	*Registered office*	*As at 31 March 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*
Dom Handlowy Supersam 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*
Akka SCSp	*Luxembourg / Luxembourg*	*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*
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 „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*
West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k.	*Warsaw/Poland*	*100*	*full*
Warta Tower Sp. z o.o.	*Warsaw/Poland*	*100*	*full*
Warta LP Sp. z o.o.	*Warsaw/Poland*	*100*	*full*
Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.	*Warsaw/Poland*	*100*	*full*
GPRE Property Management 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
• 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
• Thomas Martinus de Witte	- Independent Non-executive Director
• Norbert Sasse	- Independent Non-executive Director
• George Muchanay	- 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.

1.2. Reorganisation

Reorganisation of the Group has been described in Note 2 to Interim Condensed 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 9 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);
- slower pace and lower than expected probability of implementation of the REIT legislation in Poland;
- continuously increasing supply of new office buildings in Polish real estate market;
- 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 and its long term impact on retails assets
- decreased 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

(All amounts in EUR thousands unless otherwise stated)

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

- further office acquisitions require capital increases.

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 31 March 2018 was as follows:

Shareholders	**Number of shares**	**Par value per share [EUR]**	**Value of share capital [EUR]**	**%**
Globalworth Asset Managers SRL	111 890 933	1	111 890 933	71,66
Nationale Nederlanden OFE	15 600 000	1	15 600 000	9,99
European Bank for Reconstruction and Development	14 807 000	1	14 807 000	9,48
Other shareholders	13 835 246	1	13 835 246	8,87
Total	**156 133 179**		**156 133 179**	**100,00**

From the balance sheet date till the report publication date there were no changes in the owenership structure.

5. Share capital structure

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

6. Information on court proceedings

At the end of first 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 three months of 2018 neither the Company nor its subsidiaries entered into transactions with related parties under terms other than market terms.

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 three 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 Globalworth Poland Real Estate N.V. 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 Griffin Premium RE Group's capacity to meet its obligations

Appointments and resignation from 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 2017.

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.

New appointments are described in the Note 25 to Interim Condensed Financial Statements

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.