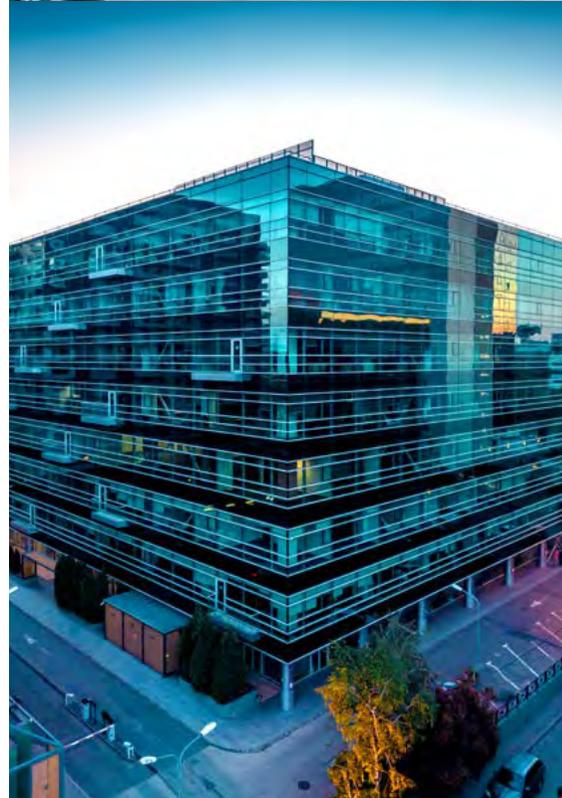
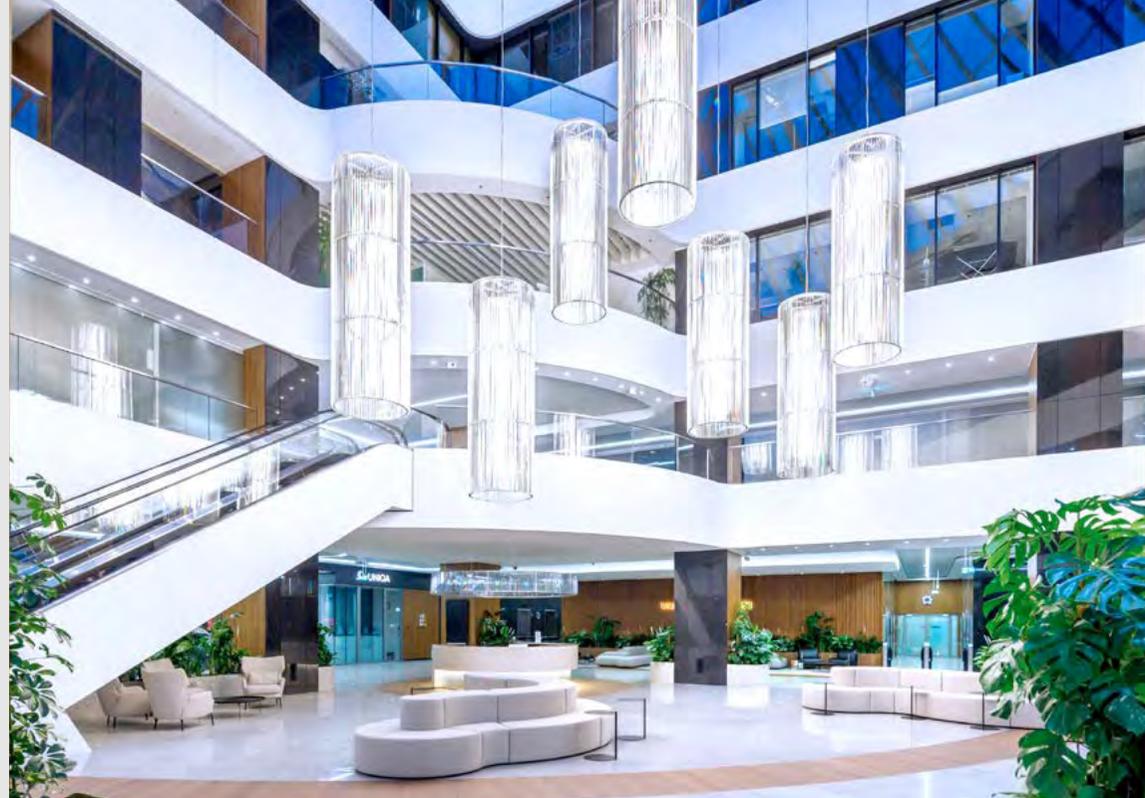




Creating places for a sustainable future.

Globalworth
Annual Report and Financial Statements 2023



globalworth
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Inside this report

Welcome to our Annual Report 2023

In a transformative year, Globalworth, a real estate pioneer in CEE, led Poland and Romania's markets through resilience and innovation, heralding a future shaped by strategic foresight and unmatched ambition.

Our mission is to acquire, develop, and manage primarily office real estate assets, striving to become the preferred landlord for leading national and multinational corporations across the region.

Our reporting

We are of the view that diligent performance monitoring and reporting enable us to support and effectively manage our achievements. In line with this ongoing endeavour, we released Globalworth's "2022 Sustainable Development Report" in July 2023.

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-  Visit online resource

 Visit our website

 Read our Sustainability Report 2022

 Visit our X page

 Visit our YouTube channel

At Globalworth, our purpose is clear

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

Fostering an environment that attracts and retains individuals is a principal objective of ours, realised by developing a portfolio that is vibrant, contemporary, and more environmentally friendly.

Our values



One Team



Act with Integrity



Respect, Diversity and Inclusion



Build an Environmentally Friendly & Sustainable Future



Client-centric focus



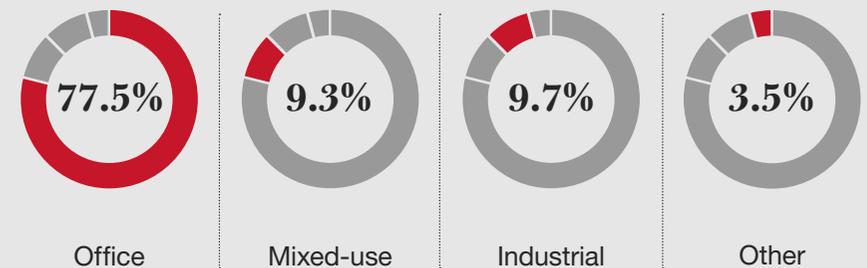
Strategic Report

Our strategy is driven by the commitment to provide enduring value for our stakeholders, aligning with the evolving dynamics of the real estate market.

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Property type (% GAV)



Our Approach

We are a leading real estate company in the CEE region

Our purpose

Guided by our strategy

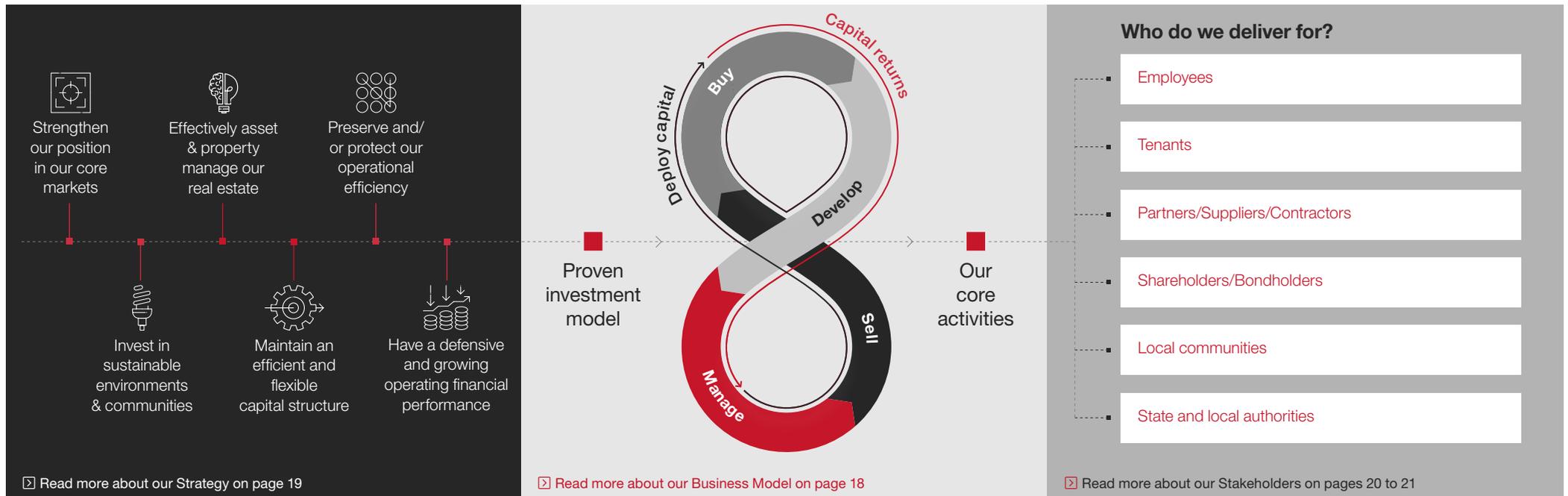
We utilise our six-pillar strategy to deliver attractive, sustainable long-term value to our shareholders and other stakeholders.

Delivered with our business model

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

Creating value for stakeholders

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



[Read more about our Strategy on page 19](#)

[Read more about our Business Model on page 18](#)

[Read more about our Stakeholders on pages 20 to 21](#)

Underpinned by our values

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



One Team



Act with Integrity



Respect, Diversity and Inclusion



Build an Environmentally Friendly & Sustainable Future



Client-centric focus

Highlights of the Year

Our performance

Globalworth's performance throughout the year remained resilient, despite global challenges, as we continued to implement our "local landlord" approach, with an increasing focus on sustainability.

Operational Highlights

- Record year in leasing with 314.4k sqm taken-up or extended at an average WALL of 6.0 years despite continued challenging market conditions.
 - Improved our average WALL in our standing commercial properties to 4.9 years (from 4.4 years as of December 2022).
- As of 31 December 2023, the average standing occupancy of our combined commercial portfolio was 88.3% (88.7% including tenant options), representing a 2.6% rebound compared to the previous year-end.
 - Resilient performance of our capital cities standing commercial properties at 92.0% average occupancy.
- The total annualised contracted rent of our combined portfolio increased by 6.3% to €201.2 million, compared to year-end 2022.
 - Like-for-like annualised commercial contracted rents in our combined standing commercial portfolio increased by 4.9% to €190.0 million.
- Standing portfolio GLA stood at 1.4 million sqm marginally decreasing with 19.6k sqm compared to year-end 2022.
 - Successfully finalised the sale of Warta Tower in Warsaw.
 - Delivered our first logistic/light industrial facility in Targu Mures, Romania.

- Total combined portfolio value decreased by 5.2% to €3.0 billion, mainly due to sales and negative revaluation adjustments.
 - Like-for-like decrease of 4.0% in the appraised value of our standing commercial properties compared to year-end 2022.
- Developments activity scaled down and focused on high-quality logistic/light-industrial facilities in Romania (19.3k sqm) and the finalisation of refurbishment/repositioning of two mixed-use properties in Poland.
- Continued our active investment and upgrade program, investing over €43.2 million during the year in our standing commercial portfolio aiming at bringing all our buildings at the highest level of energy efficiency, technology, and comfort.
- Sustainability:
 - €2.5 billion in 59 green-certified properties in our portfolio accounting for 92.5% of our standing commercial portfolio by value;
 - 27 properties were certified or recertified with BREEAM Very Good or higher certifications in the period;
 - Maintained our "low-risk" rating by Sustainalytics at 11.1 and "A" rating by MSCI;
 - SBTi approved our targets to reduce GHG emissions intensity by 46% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and commit to measuring and reducing Scope 3.

Portfolio Open Market Value

€3.0bn

(5.3%) on 31 Dec. 2022

IFRS Earnings before tax

€(61.5)m

€(11.2)m in 2022

IFRS Earnings per share

(23) cents

(8) cents in 2022

Shareholders' equity

€1.6bn

(3.3%) on 31 Dec. 2022

Adjusted normalised EBITDA

€131.4m

4.3% in 2022

EPRA Earnings per share

26 cents

(19%) in 2022

EPRA NRV per share

€6.94

(16.2%) on 31 Dec. 2022

NOI

€147.0m

5.2% in 2022

Revenues

€240.4m

0.5% in 2022



At a Glance

Creating environments where businesses can flourish

About us

We own 71 standing buildings in prime locations in 14 of the largest and most liquid sub-markets in Poland and Romania.

Our portfolio primarily comprises 29 Class "A" offices. It also includes a number of landmark and strategic investments mainly in mixed-use (office/commercial) as well as some logistics and light-industrial properties.

Poland

Read more on pages 30 and 31

Romania

Read more on page 27 and 28

Our portfolio

€3.0bn

Combined Portfolio Value (GAV)
€3.2bn (2022)

88.3%

Standing Commercial Occupancy
85.6% (2022)

1,386.0k sqm

Standing GLA
1,405.6k sqm (2022)

71

Standing Properties
71 (2022)

€201.2m

Contracted Rent
€189.2m (2022)

94.2k sqm

GLA Under Development/Refurbishment
104.9k sqm (2022)

Our responsible approach



👤 People

Our team of 269 professionals aims to create value for our shareholders, our tenants and the local communities by acting consistently in an ethical, socially responsible manner.

📍 Places

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



⚙️ Technology

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



How we create value

📍 Prime locations

We invest in prime locations in fast-growing regions in Poland & Romania. Globalworth is present in 14 cities in these countries.

🏢 Class A offices

We primarily focus on Class A offices (77%) and other selected investments in mixed-use and industrial spaces.

🌿 High-quality

Our assets are modern, high-quality properties. Currently, 100% of our assets have, or are undergoing environmental certification.

👤 Established tenants

Our tenant base principally comprises (+98%) well-recognised national and multinational corporates in their respective markets.

📈 Revenue streams

Revenue streams are backed by long-term, euro-denominated, triple net, inflation-linked leases.

Investment Case

Six reasons to invest

1 Focus on the largest real estate markets in the CEE

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

€3.0bn

Open Market Value

[Read more on page 15](#)

2 Strong management platform with local presence

We are a multi-skilled platform, with substantial on-the-ground operations in our focus markets, with a team of 269 experienced professionals combining local insight with an international approach.

1,086.6k sqm

Internally managed spaces

[Read more on page 61](#)

3 High-quality real estate portfolio

We own a sizeable and modern real estate portfolio in 14 of the largest and most liquid sub-markets in Poland and Romania which primarily comprises Class A offices, and select landmark and strategic investments mainly in mixed-use and industrial properties.

1,386.0k sqm

GLA

[Read more on page 25](#)

4 Strong cash flows with further upside

Our portfolio is predominantly leased to a diverse and international tenant base on triple-net, long-dated, annually indexed, Euro-denominated leases. Our assets and liabilities are principally Euro-denominated, minimising local currency exposure. Further cash flow creation potential from future take-up and development pipeline.

€240.4m

Consolidated revenues

[Read more on page 46](#)

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

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

€1.8bn

Share capital

[Read more on page 43](#)

6 Multiple growth drivers to our business

We continuously explore our markets for value-added investment opportunities in Poland and Romania. We proactively seek asset management initiatives for our portfolio and operations, targeting enhanced revenue streams and improved efficiency.

€43.2m

Investment in renovation and upgrades

[Read more on page 19](#)

Investment Case continued



Our local landlord approach to managing our real estate platform offers sustainable real estate solutions to our business partners and is supported by strong local teams of professionals.



Sustainable solutions

92.5% of our standing commercial portfolio is environmentally certified, with several of our properties holding additional ESG-related certifications.

[Read more on page 58](#)



Local landlord approach

Our team of 269 experienced professionals on-the-ground combines local insight with an international approach, offering premium services to our partners, efficiently managing our portfolio, and creating value for our stakeholders.

[Read more on page 61](#)



Our business partners

Our business partners include a diverse range of suppliers, service providers and lenders, who range from small businesses to multinational companies. Effectively and responsibly managing our business partners is key to the success of our operations.

[Read more on page 11](#)



Sustainable Solutions



We remain committed to investing in energy efficient properties, with 59 green-certified properties valued at €2.5 billion.

[Read more about our sustainable places on pages 56 to 61](#)

Our Accreditations

BREEAM-accredited properties account for 82.0% of our green-certified standing portfolio by value, with the remaining properties being holders of other certifications (LEED Gold or Platinum and Edge).

82.0%
of our green properties are BREEAM-accredited

[Click here to learn more about our certified properties](#)



Lubicz lobby

Technology

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

Renewable Resources

100% of the energy used in our portfolio is from renewable sources.

Health & Safety

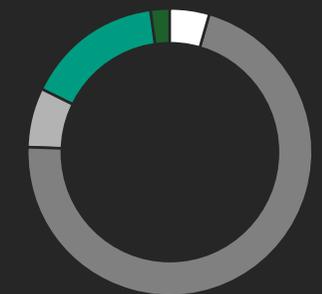
Maintaining a healthy and safe environment for our people and for those who work at or visit our properties, as well as the wider communities to which we belong.

Wellness & Accessibility

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



Green Certified Properties (by value)



- BREEAM Very Good: 6%
- BREEAM Excellent: 69%
- BREEAM Outstanding: 7%
- LEED Platinum: 15%
- LEED Gold: 3%

Local Landlord Approach



We are a team of 269 professionals. Predominantly based in Poland and Romania, we respond with agility and use our robust knowledge of our markets to deliver value for all our stakeholders.

[Read more about our sustainable places on pages 56 to 61](#)

**In-house Capabilities**

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

1,086.6k sqm
of high-quality standing GLA

€2.4 billion
total value

We manage all of our properties in Poland internally, and in Romania, we manage all but one of our office properties in-house.

Local Knowledge

Most of our team of 269 professionals are based in our two main offices in Warsaw and Bucharest. Team members are also located in regional cities in Poland and Romania, Cyprus and the UK.

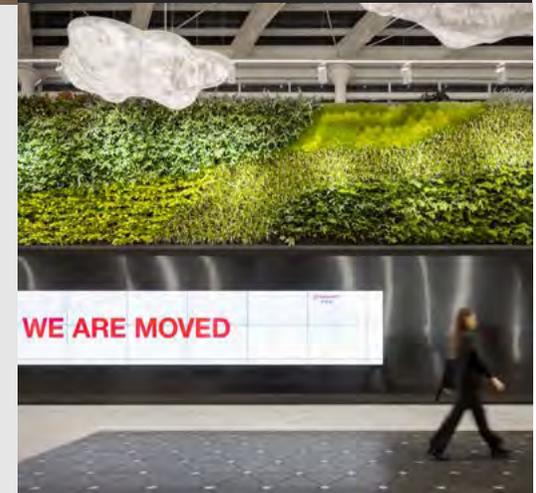
160
Poland team members

103
Romania team members

A Team of Dedicated Professionals

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

[Read more about our people on page 56](#)



Our Supply Chain



Effectively and responsibly managing our Value Stream is key to the success of our operations.



Lubicz lobby

Our Relationships

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

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

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

How We Engage

We mandate that our partners adhere to relevant sections of our Code of Conduct, now incorporated into our new agreements. Additionally, we encourage our team members to escalate any instances where suppliers may violate legal standards or our Code of Conduct to their superiors or compliance officers.

Regular assessments of our supplier database ensure compliance, with direct communication initiated for any discrepancies before further internal action.

Collaborating with approximately 1,500 third-party suppliers, service providers, and business partners, we highlight around 40 key partners in Poland and Romania as 'significant' due to their potential impact on our operational effectiveness and the overall success of our property and asset management efforts.

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

c.40
“Significant” partners in Poland and Romania

Suppliers (by value of services)



International: 5%

National: 95%

Green Horizon



CEO Statement

Displaying resilience in a challenging market

Dear Stakeholders,

We at Globalworth have successfully concluded another year dedicated to our mission of enhancing our services and providing a platform conducive to sustainable growth at the cutting edge of building technology. Our commitment to furnishing our business partners and their staff with the finest experience remains steadfast, and we take pride in being a dependable ally in their continued prosperity.

Throughout the year, Globalworth has maintained a robust performance in the face of global adversities, persistently applying our "local landlord" strategy, with an intensified emphasis on sustainability.

Navigating Our Business Through Challenging Market Conditions

In the preceding two years, we have observed the world continuing to adjust to the consequences of the COVID-19 pandemic, with economic and financial sectors further disturbed by an unprecedented inflationary spike, succeeded by a global increase in interest rates and a tightening of credit conditions. Nevertheless, despite enduring geopolitical turbulence, such as the conflicts in Ukraine and the Middle East, we are beginning to witness initial indications of inflation moderation, and a partial stabilisation of financial markets.

Affected by sustained inflation and elevated interest rates, the previous year proved exceptionally demanding, challenging the durability of all worldwide economies. Nevertheless, the economies of Romania and Poland — the nations where we operate — are poised to outperform the European Union average, with GDP growth forecasted at 2.9% and 2.7% respectively.

During such a tumultuous period, Globalworth's performance has been impressively resilient, as we have maintained our unwavering dedication to the "local landlord" approach in conducting our business. This has encompassed a sequence of judiciously considered actions, including:

- Prudent management of our portfolio to preserve and augment operational efficiency
- Ongoing investments and enhancement programmes in our existing portfolio
- Sustaining a versatile capital structure, adaptable to changing market conditions

We remain confident that the thorough endeavours of our team throughout 2023, while not completely represented in this year's financial results, have solidified our standing as the pre-eminent landlord in our home markets of Poland and Romania.

This foundation will propel us towards an even stronger performance as markets progressively revert to a more normalised state in the future.

At this point, I wish to convey my heartfelt thanks to all our team members for their optimistic approach, devotion, and steadfastness, and also to extend our recognition to our shareholders, partners, and communities for their constant support, which has been instrumental in realising our achievements.

Evolving Real Estate Portfolio

Our portfolio is predominantly composed of Class "A" office spaces. Throughout the year, we have focused our endeavours on upgrading our standing office portfolio, whilst also expanding our logistics facilities in Romania and redeveloping two mixed-use properties in Poland.

In the first half of 2023, we accomplished our inaugural light industrial/logistics project in Targu Mures, which attained full tenancy by the year's end. Concurrently, we advanced the development of two additional logistics sites in the Bucharest Greater Area, scheduled for delivery in the early weeks of 2024. In November, we started a new build-to-suit logistics venture in Craiova, which, upon finalisation, will contribute an additional 6,000 sqm of prime GLA to our light industrial/logistics portfolio.

We are pleased to highlight that within the year, we concluded the disposal of Warta Tower (Warsaw, Poland) at a value above its book value, reaffirming the quality of our properties.

As of the 31 December 2023, Globalworth's combined portfolio of standing properties amounted to 1.4 million sqm of GLA, with the forthcoming completion of renovations at Supersam (Katowice, Poland) and Renoma (Wroclaw, Poland) anticipated to contribute an additional 75,000 sqm of premium GLA.

Globalworth's investment initiatives have also encompassed enhancements to existing properties, aiming to preserve and augment their value, generate sustainable long-term income, and provide top-quality real estate spaces for our business partners.

In summary, the Globalworth's standing portfolio has resulted into an aggregate asset value of €3.0 billion as at the end of December 2023, marking a contraction of -5.2% in comparison to the end 2022, following divestment of assets and negative valuation adjustments.

Record Year in Leasing

Our sustained and prospective achievements hinge on our ability to lease spaces within our property portfolio. In 2023, notwithstanding ongoing challenging market conditions, we successfully negotiated the take-up or extension of 314,400 sqm of commercial space, with a Weighted Average Lease Length (WALL) of 6.0 years, registering our most prosperous year in lettings since the Group's establishment.

Letting activities were almost evenly divided between renewals (accounting for 51.2% by GLA) and new contracts, including expansions by existing tenants (48.8% by GLA). Notably, about 82% of our renewals pertained to leases maturing in 2024 or later, pointing to our ability to address, in advance, lease maturities across our portfolio.

As of 31 December 2023, the occupancy rate of our combined commercial portfolio was at 88.3% (88.7% when including tenant options), marking a 2.6% improvement to 2022. This was influenced by positive like-for-like occupancy developments and the divestiture of Warta Tower, which was unoccupied at the time of sale. This upturn is not uniformly distributed across our portfolio, with some markets outperforming others. Like-for-like standing occupancy of our combined commercial portfolio was at 88.1%, a 0.7% increase compared to 31 December 2022.



Dennis Selinas

Chief Executive Officer

CEO Statement continued

Headline market rental rates across our portfolio exhibited a rising trajectory over the year, predominantly due to inflation indexation, but also reinforced by the calibre of our properties, our proactive asset management endeavours, and our dedication to sustainable development, all amidst market challenges and tenants' cautious approach.

Total annualised contracted rent for our combined portfolio climbed by 6.3% to €201.2 million, relative to year-end 2022, with like-for-like annualised commercial contracted rents in our combined standing commercial portfolio climbing by 4.9% to €190.0 million.

It is important to acknowledge that the majority of our tenants are large multinational or national enterprises, and the group's rental income is well-diversified, with no excessive reliance on any particular group or sector.

In both Polish and Romanian markets, higher construction costs and interest rates have resulted in a decrease in development projects and significantly curtailed new supply. Thus, the ensuing years are expected to see a reduced availability of premier office spaces in central locations, below the average levels observed in past periods, potentially driving higher tenant demand for existing properties.

We anticipate a continued divergence between A-grade properties with robust Environmental, Social, and Governance (ESG) credentials and B-grade properties from both investment and leasing perspectives, with such trends benefiting our portfolio of high-quality properties.

Nevertheless, it is essential to recognise that the competition for securing high-calibre tenants remains fierce, especially in Poland's regional cities. This competitive landscape is likely to influence the level of effective rents achievable within the market and within our portfolio.

Our Financial Results

While navigating a year of significant challenges, our continuous focus on operational efficiency and strategic expansion remained unchanged contributed to this year's financial performance.

Our rental income shows a positive increase compared to the previous year, counterbalanced by relatively higher net operating expenses, leading to 5.2% overall improvement in our Net Operating Income and EBITDA.

However, the market conditions, expanding yields, higher discount rates and CAPEX invested in our portfolio affected our portfolio and contributed to negative revaluations of €164.9 million in our consolidated portfolio as of 31 December 2023.

Following our financing initiatives, the net finance costs for 2023 show a decrease as compared to 2022. The 18/25 Eurobond buyback performed by paying a consideration of €83.2 million (for a nominal value of €100 million) generated €15.8 million in finance income from this transaction, after adjusting for the associated unamortised debt costs.

The overall result for the year presents a net loss for the year of €53.8 million (2022: €16.1 million loss). It is worth noting, however, excluding the impact of revaluation and exceptional items, our net profit would be €82.7 million, higher with €9.8 million than in previous year. Also, our adjusted normalised EBITDA was €131.4 million, higher by 4.3% compared to 2022, the improvement driven primarily by higher NOI, however, a slight rise in administrative and other expenses partially offset this gain.

Dividend

We disbursed two interim dividends in relation to the 2022 financial year (€0.15 per share) and the first interim dividend of 2023 (€0.14 per share) of at least 90% of the EPRA Earnings for their corresponding half-year periods, as stipulated by our Articles of Incorporation. This year, the distributions included an option for scrip dividend alternative so that qualifying shareholders can elect to receive new ordinary shares in the Company instead of cash in respect of all or part of their entitlement to the Dividend. Following the election of scrip dividend, 14.3 million new shares were issued in April 2023 and 16.3 million shares issued in October 2023, while the Group paid in total €1.1 million as cash dividend, resulting in 98.4% shareholders opting to reinvest in the Company.

Balance Sheet

Our focus for 2023 was to maintain high-performing buildings and strong cash balances in our accounts. Careful management of our liquidity has been a key area of focus for the Group, especially since the COVID-19 pandemic outbreak, and medium to long term preference for debt maturities. Our cash reserves grew substantially in 2023, demonstrating the financial strength of our core business, with €396.3 million cash balance at the end of 2023, with no material debt maturing until March 2025.

During the year, we were able to buy back €100 million of €550 million Eurobond and repaid €60 million outstanding balance on the RCF.

Additionally, we were able to secure considerable new financings and drew a total of €345 million during the year, with the most noteworthy being:

- €110 million from the ten-year term loan agreement with Erste Group Bank AG and Banca Comerciala Romana SA
- €145 million from the seven-year term secured debt facility signed with Aareal Bank AG
- €55 million from a ten-year term secured facility, and
- €45m from a seven-year term secured debt facility from BCR (out of which €33m is refinancing of existing debt maturing in December 2024).

In the context of negative revaluations and recently completed or ongoing projects, we manage to maintain our LTV at year-end is 42.2% (42.7% as the end of 2022). However, our EPRA Net Reinstatement Value (NRV) reached €1,750.6 million at year ended 2023, a 4.6% decrease compared to 2022. EPRA NRV per share also reflects this decline, going down to €6.94 per share at the end of 2023.

Sustainable Development

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

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

Our environmental target is to reduce GHG emissions intensity by 46% by 2030 compared to our 2019 baseline levels (for Scope 1 and 2) and to commit to measuring and reducing Scope 3 emissions.

We also certified or recertified 27 of our properties during the year, with our green portfolio comprising 59 environmentally friendly properties valued at €2.5 billion. I am delighted that 92.5% of our standing commercial portfolio has been awarded high-level green certifications. Moreover, all our standing office and mixed-use properties have received the WELL Health-Safety Rating, with several other properties receiving additional certifications.

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

Furthermore, we maintained our commitment to community support, endorsing in excess of 13 initiatives within Romania and Poland.

CEO Statement continued

Leadership transition

In 2023, we bid farewell to Stamatis Sapkas, our Group Chief Financial Officer, who had been instrumental in fortifying our financial leadership throughout his service. Stamatis elected to resign to explore new personal and professional ventures. His duties have been seamlessly taken up by Mr Rashid Mukhtar, a dedicated member of our team since 2013. Rashid is recognised for his financial proficiency and extensive insight into our Company's capital structure.

Outlook

As we stride into 2024, it is with a sense of optimism and a clear recognition of a general property market stabilisation. With macroeconomic developments and the financial markets largely swayed by monetary policies reflecting declining inflationary trends, the real estate landscape is likely to be supported by improving sentiment and less uncertainty. The remote work chapter, which once steered office market dynamics, has largely dissipated in the CEE and SEE markets. This shift back to office work has broadly catalysed a rebound in the demand for physical office spaces.

With supply having contracted significantly and expected to remain subdued, we find ourselves in a position of strength, achieving more favourable lease terms than in the recent past. This restricted supply has also initiated a stabilisation of expectations in terms of property values, likely to improve transaction volumes which were substantially diminished during 2023. As expectations align and become more realistic, also capital markets are beginning to open up to offerings by real estate bond issuers.

Our unwavering commitment to ESG principles, coupled with a judicious approach to capital management, ensures that we not only navigate the challenges of the present but we will also be in a position to capitalise on the opportunities of the future. Our proactive strategies and operational resilience are the cornerstones that will drive us towards a future of growth and prosperity. We are more than ready to demonstrate the true potential of our enterprise and its resilience in changing market conditions.

Dennis Selinas

22 March 2024



“

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

Our Markets

2023 Market review

The European Union economic outlook assumes a restrictive macroeconomic policy mix for the first part of 2024. Monetary policy will remain tight in most countries, given inflation risks.

The previous year was characterised by a sustained weakening of activity in the investment market, influenced by global economic restrictions and high costs of financing.

However, Poland and Romania, our two markets of operation, remain some of the most dynamic in both the CEE and European contexts as GDP in Poland and Romania is still expected to grow, albeit at a lower rate compared to prior estimates, but still significantly above EU average forecasted for 2024.

Global GDP is expected to expand further in 2024, and although the pace of growth is estimated to be slower than in the past, the long-term forecast still shows GDP growth higher than the Eurozone average (IMF's World Economic Outlook as of January 2024).

Select Macroeconomic Figures

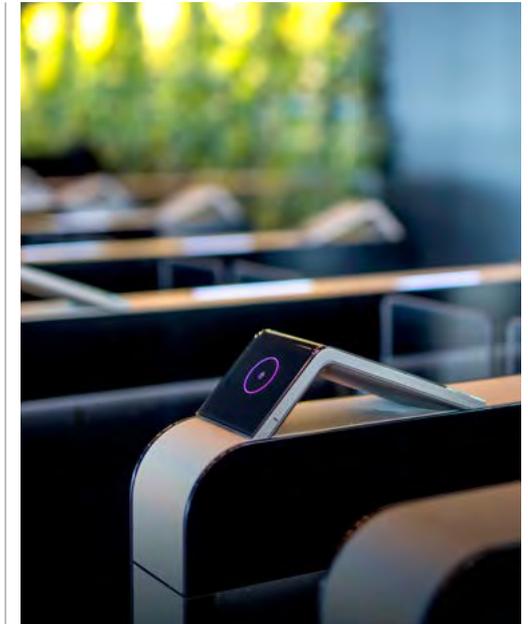
- IMF estimates Global GDP growth of 3.1% in 2024 and forecasts another +3.2% for 2025
- Poland and Romania maintain growth forecasts for 2024 of 2.7% and 2.9% respectively, both well above the EU average of 0.9% estimated for 2024
- Inflation rates in EU, Poland and Romania expected to gradually decrease in the short-medium term at 3.0%, 5.2% and 5.8% in 2024
 - Annual inflation rate for 2023 of 6.3%, 10.9% and 9.7% for EU, Poland and Romania respectively

“

Global GDP is expected to expand further in 2024 with Polish and Romanian GDP growth higher than the Eurozone average.

Office Market Highlights

- Demand for office space increasing with total take-up in 2023 of 1,950k sqm in Poland and Bucharest, Romania.
- Office supply:
 - A generalised slowdown in office supply is visible across CEE with vacancy rates stabilising and prime rents holding up in most markets thanks to indexation.
 - Poland's office development pipeline has shrunk over the last three years; although construction activity has bounced back to a degree with a handful of projects breaking ground, the downturn trend in office development continues both in the capital and in regional cities.
 - Limited supply of new offices in Bucharest is expected to decrease further in 2024 amid lack of approvals for new building permits.
 - Increased construction and financing costs negatively impact overall development costs, thus resulting in lower levels of new office supply in the future.
- Rental levels remained stable, however there is an upward pressure for ERVs in higher-quality and environmentally friendly properties, because of inflation, relatively lower occupational costs (due to higher energy costs) and growing ESG awareness by tenants.
- Vacancy in Bucharest and Warsaw at year-end 2023 of 14.7% and 10.4%, respectively.
 - Average vacancy in regional cities in Poland increased to 17.5% (15.5% in 2022).

**3.1%**

IMF estimated global GDP growth in 2024

1,950k sqm

Total take-up of office space

Bucharest**14.7%**

Office vacancies

Warsaw**10.4%**

Office vacancies

Our Markets continued

The office of the future / the future and demand for office spaces

The pandemic transformed the way we live, we work and how business is conducted in our markets of operation and globally.

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

The popularisation of hybrid work influenced the optimization of space and the evolution of office space towards more diverse and flexible workplaces, including zones for collaboration or individual work. In turn, introducing innovative relaxation and recreation zones is expected to improve employees' overall well-being and align with the idea of wellness.

Our approach:

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

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

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

In 2023, we continued investing in our high-quality office portfolio in Poland and Romania, improving the quality of our office spaces and the services offered to tenants.

- Our office (and mixed-use) portfolio is now almost exclusively managed by the Globalworth team in-house.
- WELL Health-Safety credential for all our office properties.
- Access4you accreditation for Disabled Persons Certification for offices in Romania.
- Implementing intelligent building management systems that optimise energy consumption.
- Globalworth App in Poland.

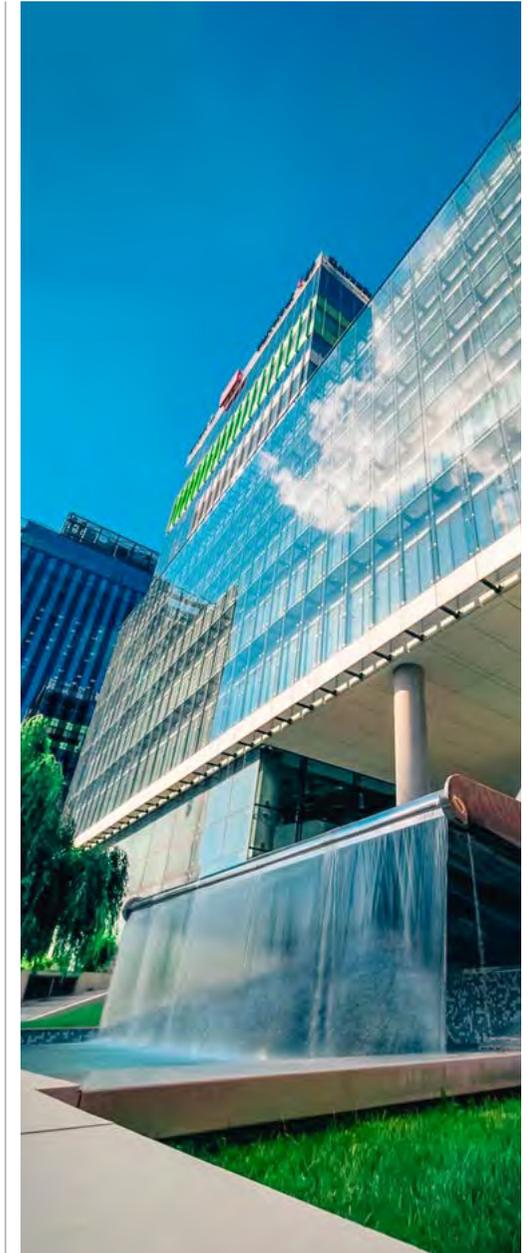
Environmentally friendly and sustainable solutions

Increased sustainability awareness among tenants and developers is leading to an increase in certified buildings that meet green standards.

In the real estate sector, minimising the environmental footprint of properties and creating workplaces that positively impact human health and well-being are becoming key areas of focus. Buildings operating following ESG regulations will gradually become the market norm, reflecting a broad commitment to sustainable development from developers, owners, investors, lenders, and tenants.

Consequently, there has been a growing disparity between properties in prime locations that exhibit robust ESG credentials and other properties, impacting both investment and leasing dynamics.

The obligation of additional non-financial reporting by tenants is influencing landlords' decisions to modernise office buildings in terms of, among others, access to renewable energy, charging spaces for electric cars, the quality of air injected into offices, increasing green zones in the building or renovating common areas.



Our Markets continued

Our approach:

Sustainability is becoming an increasing differentiator between the best space and the rest.

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

At year-end 2023, we had 59 environmentally-certified properties in our portfolio with an appraised value of €2.5 billion.

- 95.8% of our office (and mixed-use) standing commercial portfolio were Green.
- 92.5% of our standing commercial portfolio by value was Green.

As part of our ambitious ESG strategy, we are committed to contributing to the global efforts to limit global temperature rise by reducing our direct and indirect greenhouse emissions in our operations and value chain. As such, in 2022, we have been performing a detailed review of how we can improve our footprint and set our environmental target to reduce GHG emissions intensity by 46% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and commit to measuring and reducing Scope 3. In setting this target, we have used a science-based approach to align with a 1.5°C trajectory. These targets were approved and validated by the global recognised Science Based Targets initiative (SBTi), and will form key stepping blocks to enable Globalworth to deliver on its long-term strategy and ambition to become the first choice in sustainable real estate.

“

In 2023, we continued investing in our high-quality office portfolio in Poland and Romania, improving the quality of our office spaces and the services offered to tenants.



Our Business model

Driven by our purpose

Our Resources & Relationships



Skilled Team

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

Financial Strength

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

Scale and Reputation

Trusted brand and scale creating new opportunities and business efficiencies.

Valued relationships

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

Proven Investment Model



Locations

Prime locations in fast-growing regions of Poland and Romania

14
Cities

Sector

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

77%
Office
% of GAV

Properties

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

100%
of standing GAV
with or under
certification

Tenants

Diversified base of large or established national and multinational corporations

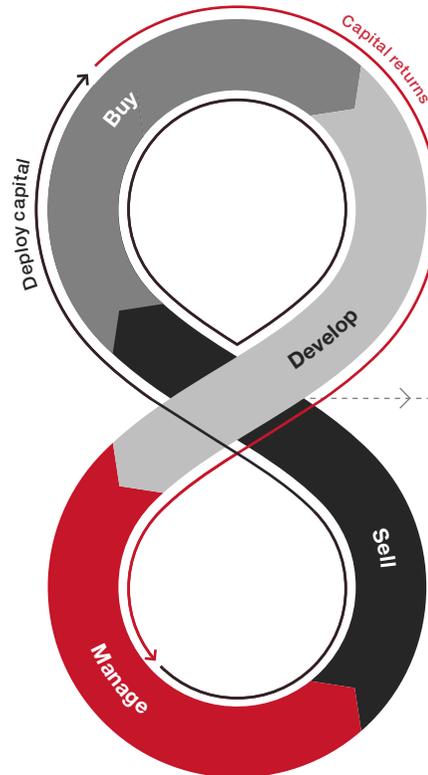
75%
of contracted
rent from
multinational
tenants

Lease terms

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

93%
contracted
GLA secured
with triple
net contracts

Our Core Activities



Invest in real estate opportunities

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

Manage Our Portfolio

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

Create Communities

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

Creating Sustainable Long-term Value



Financial

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

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

Non-Financial

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

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

Our Strategy

Focused on operational excellence & sustainable growth



Strengthened Our Position in Core Markets of Operation

- Completed the development of Targu Mures Logistic Hub adding 18.3k sqm of space to our portfolio
- Undergoing Developments – two logistic/light-industrial projects in Romania (19.3k sqm)
- Continuing with the refurbishment/repositioning of two mixed-use properties in Poland
- Acquired new land in Craiova and started development of build to suit warehouse
- Successfully disposed of Warta Tower office building in Warsaw above book value



Effectively Asset and Property Managing our Real Estate

- We signed contracts with 201 tenants for 314.4k sqm of commercial space at an average WALL of 6.0 years
- Standing commercial occupancy of 88.3%
- Total annualised contracted rent up by 6.3% to €201.2m



Preserved and/or Protected Operational Efficiency

- Most of our contracted rent from office and industrial spaces (91.6% of annualised contracted rent) and 96.7% in active leases
- Rate of collections for rents invoiced and due remained high at 99% in 2023 as a result of our high tenant quality and low single tenant dependency
- Continued to internalise property management, with 97.0% of office and mixed-use standing properties by value managed in-house



Flexible Capital Structure

- High liquidity of €396.3 million plus €272 million in undrawn debt facilities, with no material debt maturity until March 2025
- Drew the €110 million ten-year term secured debt facility for refinancing of the Company's logistics/light industrial portfolio in Romania. Out of the €110 million, €96.5 million was made available to the Group and the difference to one of the Group's joint ventures companies
- Buyback of €100 million nominal value of FY18/25 bonds by paying a cash consideration of €83.2 million
- Secured €145 million seven-year term facility secured with Skylight and Lumen buildings, two flagship properties in Warsaw
- Fitch Ratings reaffirmed, in July 2023, Globalworth's investment grade rating and changed the outlook to negative. S&P revised Globalworth's credit rating to BB+ with a negative outlook



Investment in Sustainable Environment & Communities

- €2.5 billion certified properties: 59 green standing certified properties, accounting for 92.5% of our standing commercial portfolio by value
- 100% of our standing office and mixed-use properties by value have a WELL Health-Safety rating, further demonstrating the quality of our portfolio
- Maintained our low-risk rating by Sustainalytics with a score of 11.1% and MSCI rating to "A"



Resilient Operating Performance

- Adjusted normalised EBITDA of 131.4 million, 4.3% higher than in December 2022
- €164.9 million negative revaluations in our consolidated properties due to challenging macroeconomic and geopolitical environment and CAPEX invested in our portfolio not fully reflected in valuations
- The dividend declared for the six-month period ended 31 December 2022 was 15 cents per share and 14 cents per share for the six-month period ended 30 June 2023. Shareholders representing 98.4% of total issued capital have elected Scrip Dividend Alternative

Our Stakeholders

Engaging with our stakeholders

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

This engagement has never been as vital as it has been since the COVID-19 pandemic outbreak in 2020, creating higher uncertainty about the future and the way we live and operate.

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

Frequency of communication key

- A Ad hoc
- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- S Semi annually
- Y Annually
- O Occasionally
- 3 3-6 times per year



Our stakeholders and why we engage

Employees

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

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

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

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

Type of communication and engagement

- S One-on-one dialogue
- S Meetings
- D Emails
- Y Social media
- S Employee surveys and Evaluations
- O Events

Key topics and concerns

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



Tenants

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

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

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

Type of communication and engagement

- A Q One-on-one dialogue
- A M Meetings
- A M Emails
- M Calls
- D Social media
- 3 Events

Key topics and concerns

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



Partners/suppliers/contractors

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

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

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

We collaborate with over 1.0k third parties, including international or local providers, ranging from large multinational corporates to smaller businesses.

Type of communication and engagement

- A M Q One-on-one dialogue
- A M Q Meetings
- M Q Emails
- D Social media
- A Q Events

Key topics and concerns

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

Our Stakeholders continued



Our stakeholders and why we engage

Shareholders/bondholders

The support and alignment of interest with our shareholders, bondholders and other providers of finance, as well as equity and credit analysts is key for the success of our business.

We engage with them regularly, directly meetings (face to face and/or via calls), investor conferences etc. and indirectly through our financial reporting cycle, sustainability updates, regulatory and other updates during the year to ensure that they are properly informed of our progress, as we firmly believe that through proper engagement and transparency we can receive the greatest level of support from them.

Local communities

Our leading position in CEE's real estate market, with over 1.3m sqm of high quality space on offer, where more than 250k people work or visit on a daily basis (under normal conditions), makes us view our role increasingly important towards them, and the wider community of which we consider ourselves to be an integral part, as increasingly important.

Through the Globalworth Foundation and the wider Globalworth team, we are committed to making a positive contribution to the communities within which we operate.

Our ongoing dialogue with our communities, allows us to be able to identify the areas where we can have the highest impact and adapt our strategy accordingly.

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

State and local authorities

We are members of a number of key industry initiatives, and through our participation and interaction in such task groups with leading professionals, developers, consultants, engineers and manufacturers, we gain practical insights into innovative solutions for effective property management and access to information on upcoming legislation and the process of EU law transposition as it is implemented or comes into force by region.

We believe that through an open and transparent dialogue with the regulatory and industry bodies in the countries in which we operate, we will improve public trust in the real estate sector through raising industry standards, and creating a sustainable environment for visitors, occupiers, landlords, investors and other stakeholders is fundamental to our business.

Type of communication and engagement

- A M One-on-one dialogue /meetings
- A Calls
- A Emails
- O Roadshows
- O Conferences and industry events
- A S Corporate publications
- W Website, social media
- A Shareholders Meetings (AGM/EGM)

- D One-on-one dialogue, meetings, calls, emails
- D Online (corporate website, social media)
- W Press releases, interviews pitching, Q&A
- A Events (corporate, consumer and internal), owned and sponsorships
- A Media buying, sponsorships, newsletters

- A One-on-one dialogue, meetings
- A Social media

Key topics and concerns

Promoting green buildings, improving buildings' energy efficiency and promoting green certifications.

Identifying financial and operational risks and opportunities from climate change.

Safeguarding corporate governance, regulatory compliance and business ethics.

Safeguarding diversity, inclusiveness and protecting human rights at work.

Engaging and investing in local communities.

Assessing business partners (including suppliers/contractors) against ESG criteria.

Safeguarding occupational health, safety and wellbeing.

Safeguarding diversity, inclusiveness and protecting human rights at work.

Safeguarding health & safety and wellbeing of those who work and visit the properties (tenants, visitors, contractors).

Frequency of communication key

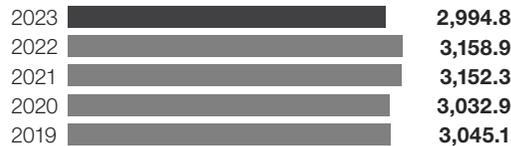
- A Ad hoc
- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- S Semi annually
- Y Annually
- O Occasionally
- 3 3-6 times per year

Key Performance Indicators

Five-year portfolio evolution

GAV (€m)

2,994.8

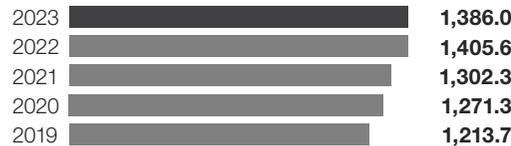


Link to strategy



Total Standing GLA (000s)

1,386.0

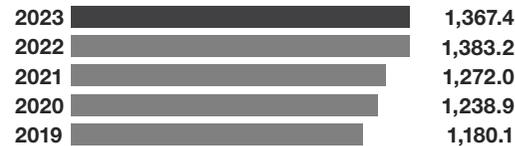


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Total Standing Commercial GLA (000s)

1,367.4

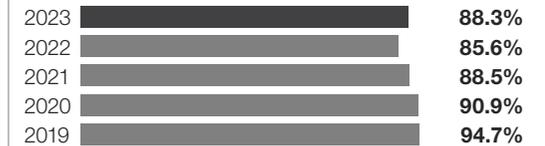


Link to strategy



Occupancy Commercial Standing (%)

88.3%



Link to strategy



Green Buildings (GAV €m)

2,497.4



Link to strategy



Green Buildings (Number of buildings)

59.0

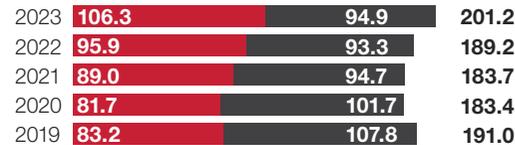


Link to strategy



Contracted Rent (€m)*

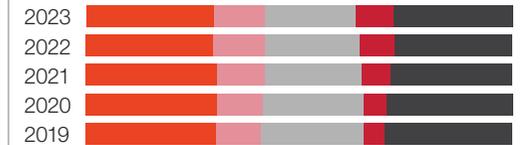
201.2



Link to strategy



GAV concentration (% GAV - €m)



Link to strategy



* Showing Romania and Poland split

Key



Strengthened Our Position in Core Markets of Operation



Effectively Asset and Property Managing our Real Estate



Preserved and/or Protected Operational Efficiency



Flexible Capital Structure



Investment in Sustainable Environment & Communities



Resilient Operating Performance

- Bucharest New CBD
- Bucharest Other
- Warsaw
- Regional Romania
- Regional Poland

Key Performance Indicators continued

Five-year portfolio performance

Rental Income

€160.4m



Adjusted Normalised EBITDA

€131.4m



EPRA earnings/share

26 cents



Dividends

25 cents



LTV

42.2%



EPRA NRV/share

€6.94



Total Annual Shareholder Return

(30.3%)



Cost of Debt

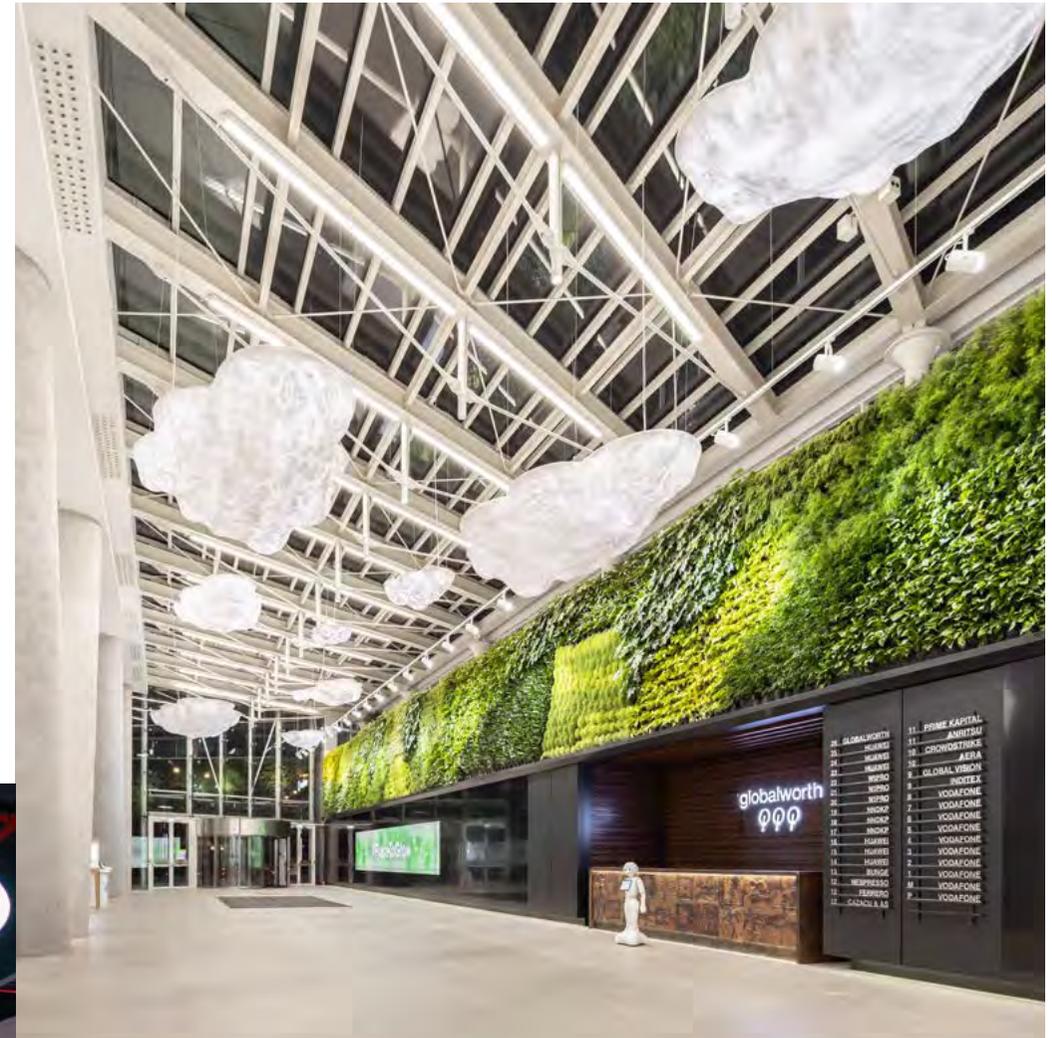
3.7%



Operational Review

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

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Portfolio Open Market Value

€3.0bn
€3.2bn (2022)

Shareholders' Equity

€1.6bn
€1.7bn (2022)

IFRS Earnings Before Tax

€(61.5)m
€(11.2)m (2022)

Portfolio Snapshot

A high-quality portfolio in Romania and Poland

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

Our portfolio is in 14 of the largest and most liquid sub-markets in our countries of focus. It primarily comprises of 29 Class “A” offices (49 properties in total), with other investments including three mixed-use assets (one standing and two under refurbishment /repositioning), 11 industrial parks, land for further development and partial ownership in a residential complex.

As of 31 December 2023, our portfolio had an overall aggregate value of €3.0 billion.

The notes below apply to all, Combined Portfolio, Romanian Portfolio And Polish Portfolio.

Note:

1. Standing Investments representing income producing properties. One investment can comprise multiple buildings, e.g. Green Court Complex comprises three buildings or one investment.
2. Includes all property assets, land and development projects valued at 31 December 2023.
3. Standing Commercial occupancy adjusted with ESG leases accounting for 3,460 sqm in Romania would be at 93.1% and 88.0% for Romania and at group level.
4. Includes pre-let commercial standing and development/ redevelopment assets. WALL of standing commercial properties in Poland, Romania and the Combined portfolio are 3.8 years, 5.8 years and 4.9 years, respectively.
5. Including 18.6k sqm of residential assets in Romania.
6. Total rent comprises commercial (€191.5 million) and residential (€0.5 million in Romania) standing properties and rent from redevelopments and development pre-lets (€8.4 million in Poland and €0.7 million in Romania).

Combined Portfolio

41
Standing Investments¹
(71 standing properties)

€2,995m
GAV²

€2,736m
Standing GAV

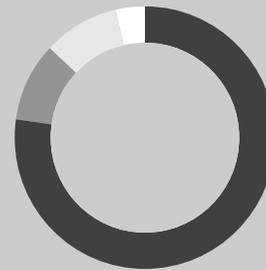
88.3%
Occupancy³
(88.7% including tenant options)

4.9 years
WALL⁴

1,386k sqm
Standing GLA⁵

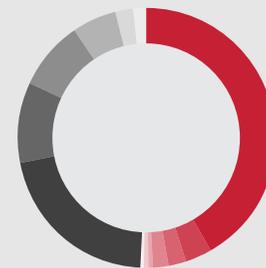
€201.2m
Contracted Rent⁶

GAV Split by Asset Use



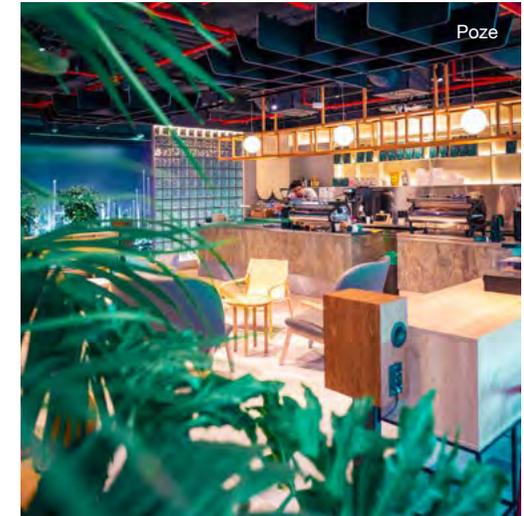
● Office	77.5%
● Industrial	9.7%
● Mixed-Use	9.3%
● Other	3.5%

GAV Split by Location



● Bucharest	41.9%
● Timisoara	3.3%
● Constanta	2.2%
● Pitesti	2.0%
● Arad	0.6%
● Tg. Mures	0.5%
● Oradea	0.2%
● Craiova	0.1%
● Warsaw	21.2%
● Krakow	10.0%
● Wroclaw	8.4%
● Katowice	5.7%
● Lodz	2.1%
● Gdansk	1.9%

€3.0bn
Total GAV



Portfolio Snapshot continued

Romanian Portfolio

23
Standing Investments¹
(35 standing properties)

€1,520m
GAV²

€1,432m
Standing GAV

93.5%
Occupancy³
(94.2% including tenant options)

5.8 years
WALL⁴

877.5k sqm
Standing GLA⁵

€106.3m
Contracted Rent⁶

GAV Split by Asset Use

- Office 73.9%
- Industrial 19.0%
- Other 7.1%

GAV Split by Location

- Bucharest 82.5%
- Timisoara 6.6%
- Constanta 4.3%
- Pitesti 3.9%
- Arad 1.2%
- Targu Mures 1.0%
- Oradea 0.4%
- Craiova 0.1%

50.8%
GAV as % of Total



Quattro



Green Court

Polish Portfolio

18
Standing Investments¹
(36 standing properties)

€1,475m
GAV²

€1,305m
Standing GAV

79.3%
Occupancy³
(94.2% including tenant options)

3.8 years
WALL⁴

508.5k sqm
Standing GLA⁵

€94.9m
Contracted Rent⁶

GAV Split by Asset Use

- Office 81.1%
- Mixed-Use 18.9%

GAV Split by Location

- Warsaw 43.0%
- Krakow 20.4%
- Wroclaw 17.1%
- Katowice 11.5%
- Lodz 4.3%
- Gdansk 3.8%

49.2%
GAV as % of Total

Portfolio Snapshot continued – Romania

Present in 14 cities across Poland and Romania

We own and manage 47 high-quality real estate investments in Bucharest, Warsaw and twelve regional markets/cities in Poland and Romania.

Our principal focus is on Class “A” environmentally friendly offices, which we acquired or developed, offering a diverse mix of high-quality space. These properties accommodate front-office and support operations, mainly Business Process Outsourcing and Shared Services Centres, in seven cities in Poland and Romania, accounting for 77.9%¹ of our combined portfolio by value.

Our presence in offices also extends through our ownership in three highly recognisable, mixed-use, multifunctional properties in Poland, which combine a high-quality retail and leisure experience with Class “A” offices. As of 31 December 2023, two of these properties were under refurbishment/repositioning and we expect to deliver the properties in the following period.

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

Our industrial portfolio is in Romania, where we acquired or developed 10 high-quality parks directly or together with selected partners, and as of year-end 2023, we had three new facilities under development.

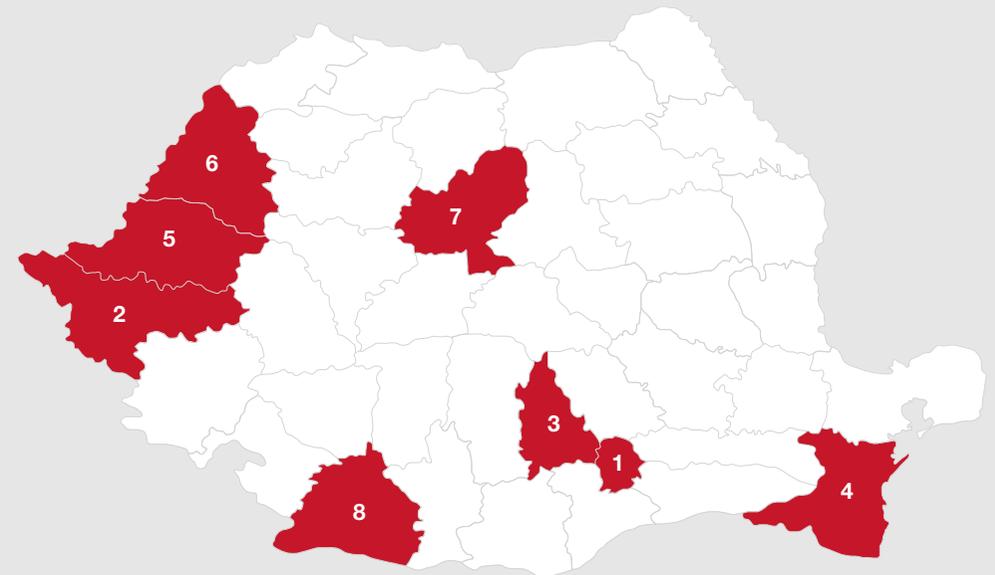
In addition, we have partial ownership of a residential complex with a retail component adjacent and complementary to our office properties in the new CBD of Bucharest.

Bucharest and Warsaw are the cities where we have our largest concentration, with 27 investments, including 26 class “A” office buildings, three industrial parks (two fully developed) and other auxiliary investments, accounting for 63.1% of our combined portfolio value.

Bucharest is the city where the Group started operating in 2013 and the most significant real estate market in Romania, while Warsaw is Poland’s and the CEE’s largest and most mature real estate market. Our regional portfolio spans over twelve major markets in Poland and Romania, with our most significant regional presence being in Krakow and Wroclaw, accounting for 10.0% and 8.4% of our combined portfolio value, respectively.

Romania

23 standing investments in Bucharest and seven significant regional hubs in Romania with 18 class “A” office and 10 industrial parks



€1.5bn

GAV

€106.3m

Contracted rent

- | | |
|-------------|---------------|
| 1 Bucharest | 5 Arad |
| 2 Timisoara | 6 Oradea |
| 3 Pitesti | 7 Targu Mures |
| 4 Constanta | 8 Craiova |

¹ Including land to be developed in the future as offices.

Portfolio Snapshot continued – Romania



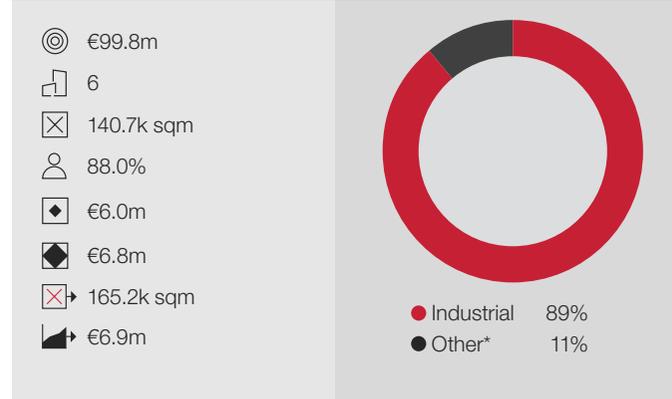
1 Bucharest



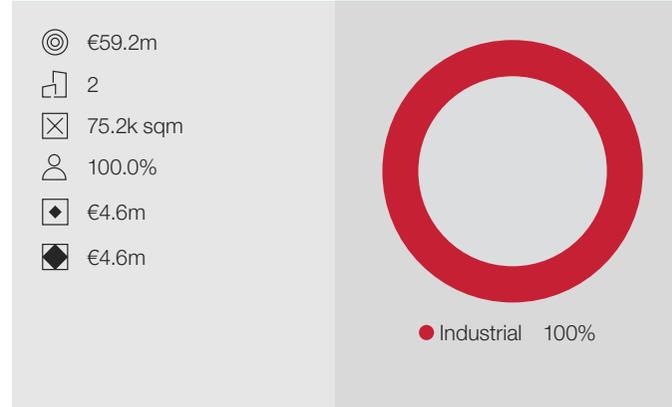
- Key
- 📍 GAV
 - 🏢 Standing Properties
 - 📏 Standing GLA
 - 👤 Standing Occupancy
 - 📊 Standing Contracted Rent
 - 📈 Standing 100% Potential Rent
 - 📏➔ Future GLA
 - 📈➔ Future ERV

* Including land for future development.

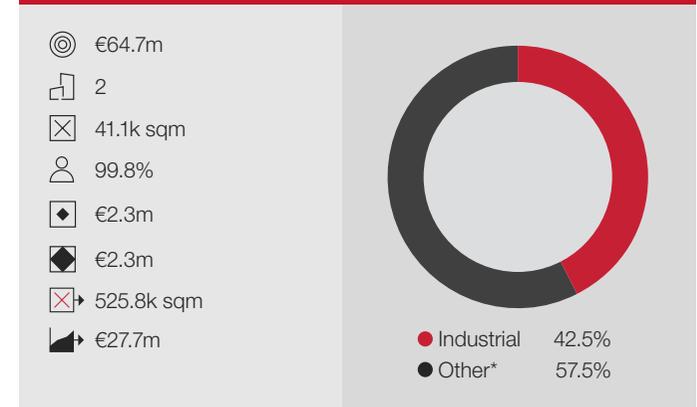
2 Timisoara



3 Pitesti



4 Constanta



Portfolio Snapshot continued – Romania



5 Arad

- 📍 €17.7m
- 🏠 1
- 📐 20.1k sqm
- 👤 100.0%
- 📊 €1.3m
- 📊 €1.3m



● Industrial 100%

6 Oradea

- 📍 €6.7m
- 🏠 1
- 📐 6.9k sqm
- 👤 100.0%
- 📊 €0.5m
- 📊 €0.5m



● Industrial 100%



7 Targu Mures

- 📍 €15.5m
- 🏠 1
- 📐 18.3k sqm
- 👤 100.0%
- 📊 €1.5m
- 📊 €1.5m



● Industrial 100%



New development

8 Craiova

- 📍 €1.8m
- 📐 6.0k sqm
- 📊 €0.4m (€0.4m contracted)

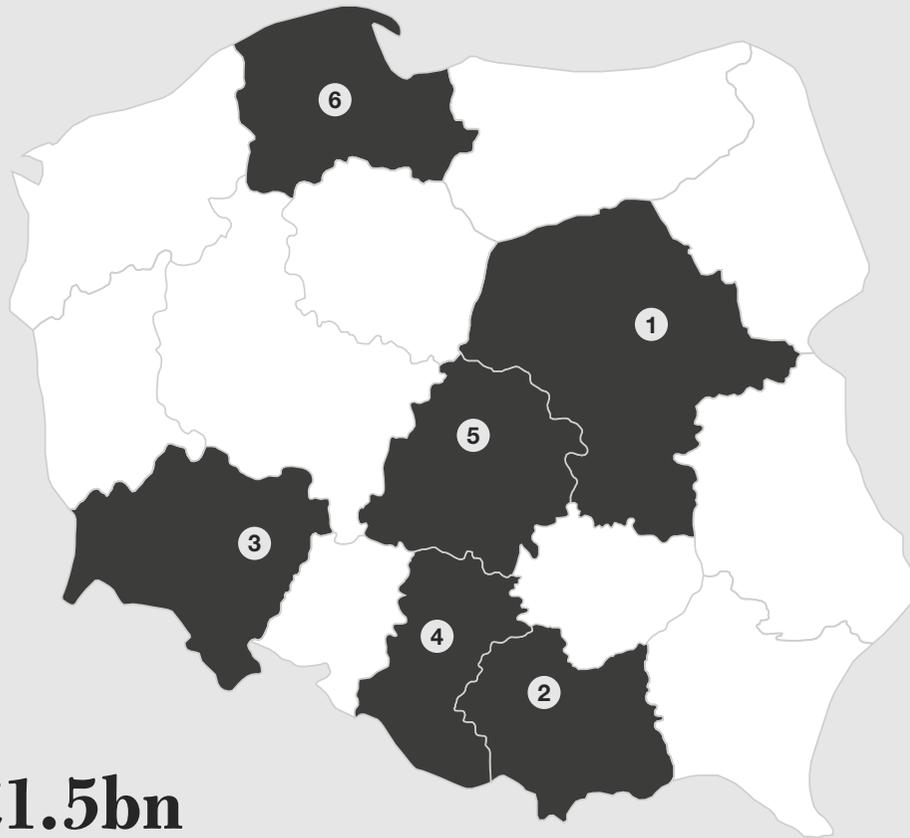


● Industrial 100%

Portfolio Snapshot continued – Poland

Poland

We own 20 high-quality investments in Warsaw and the five largest regional markets of Poland, with 31 class “A” offices and seven mixed-use properties.



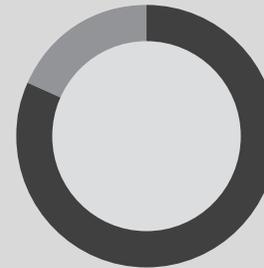
€1.5bn
GAV

€94.9m
Contracted rent

- 1 Warsaw
- 2 Krakow
- 3 Wroclaw
- 4 Katowice
- 5 Lodz
- 6 Gdansk

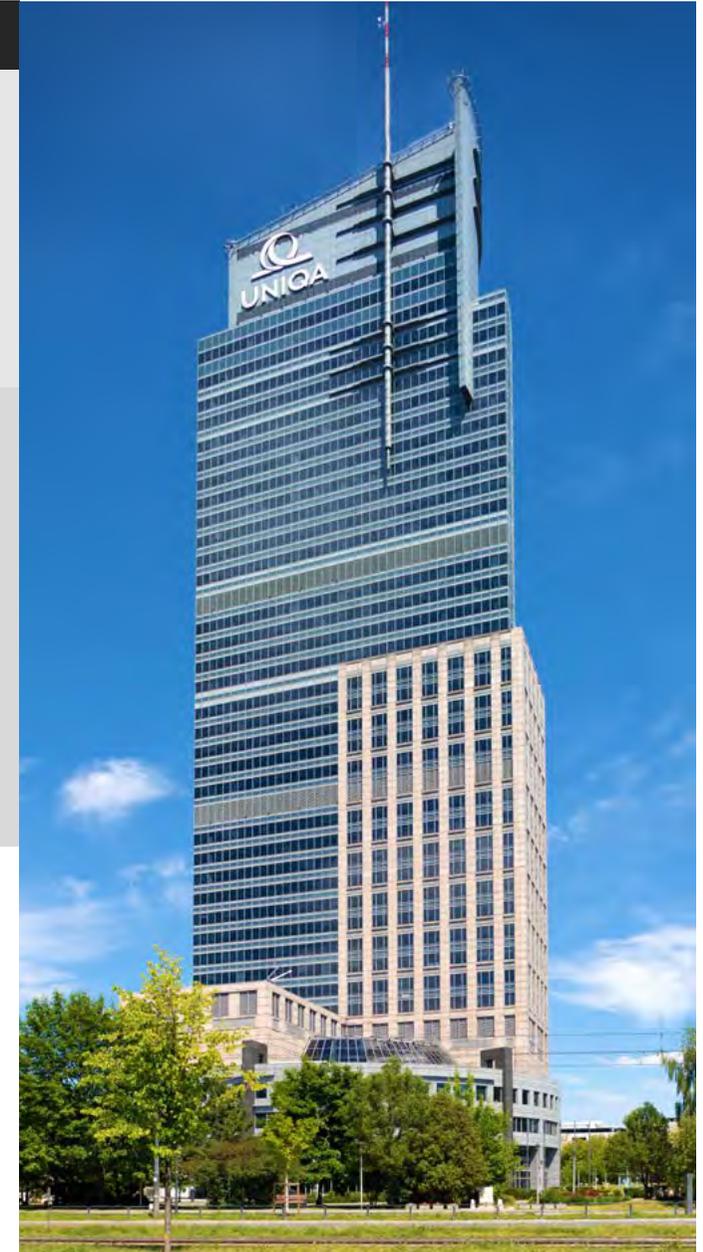
1 Warsaw

- 📍 €633.6m
- 🏢 13
- 📐 177.3k sqm
- 👤 88.8%
- 📊 €41.1m
- 📈 €45.9m



Key

- 📍 GAV
- 🏢 Standing Properties
- 📐 Standing GLA
- 👤 Standing Occupancy
- 📊 Standing Contracted Rent
- 📈 Standing 100% Potential Rent
- 📐 Future GLA
- 📈 Future ERV

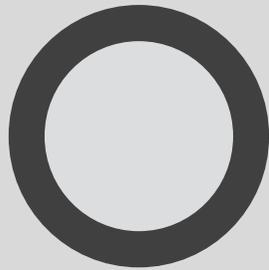


Portfolio Snapshot continued – Poland



2 Krakow

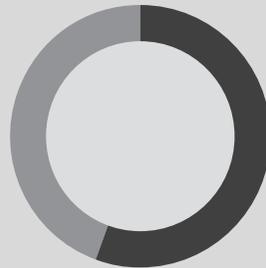
- 📍 €300.4m
- 🏢 12
- 📐 150.2k sqm
- 👤 61.2%
- 📊 €17.0m
- 📊 €27.0m
- 📐➔ 17.7k sqm
- 📈➔ €3.1m



● Office 100%

3 Wroclaw

- 📍 €252.0m
- 🏢 3
- 📐 56.7k sqm
- 👤 99.0%
- 📊 €10.6m
- 📊 €10.7m
- 📐➔ 48.3k sqm (27.4k sqm contracted)
- 📈➔ €9.1m (€5.1m contracted)

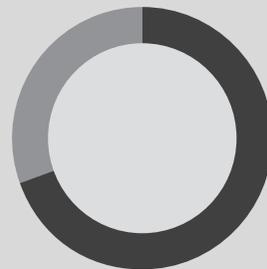


● Office 55.7%
● Mixed-Use 44.3%



4 Katowice

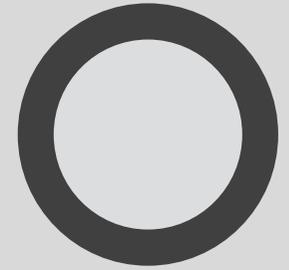
- 📍 €169.3m
- 🏢 5
- 📐 63.3k sqm
- 👤 70.3%
- 📊 €8.2m
- 📊 €11.2m
- 📐➔ 26.7k sqm (18.2k sqm contracted)
- 📈➔ €4.7m (€3.3m contracted)



● Office 69.7%
● Mixed-Use 30.3%

5 Lodz

- 📍 €63.7m
- 🏢 2
- 📐 35.5k sqm
- 👤 85.6%
- 📊 €5.2m
- 📊 €6.0m



● Office 100%



6 Gdansk

- 📍 €55.7m
- 🏢 1
- 📐 25.6k sqm
- 👤 90.0%
- 📊 €4.4m
- 📊 €4.8m



● Office 100%

Portfolio Development and Evolution

Developing and repositioning 94.2k high-quality GLA and upgrading our standing portfolio in Romania and Poland

In 2023, we continued with our active investment & upgrade programme focusing on our standing office portfolio and on high-quality logistics/light-industrial facilities in Romania while progressing with the refurbishment/repositioning of two mixed-use properties in Poland, investing over €58.6 million during the year.



Investment in Industrial Properties

Tenant demand for industrial properties, specifically for warehouses, logistics and light-industrial buildings, has significantly accelerated in recent years, with the positive outlook expected to extend also in the following years backed by limited supply, improving infrastructure prospects and a good overall economic outlook for Romania.

In this market segment, we have been growing our footprint, especially since the COVID-19 pandemic outbreak, where we have added over 200k sqm of high-quality real estate spaces to our portfolio, most of which we developed ourselves and the remainder added through select acquisitions.

Review of Developments

In 2023, we continued developing high-quality logistics/light-industrial facilities in Romania. At the beginning of the year, we had two projects (with three facilities) under construction (30.0k sqm) out of which we have delivered the Targu Mures project with the other two facilities waiting to be delivered in the first part of 2024.

In November 2023, we have started our first project in Craiova, by acquiring a plot of land, north of the city. The built to suite project is aimed to deliver 6.0k sqm of high-quality GLA in the first part of 2024 and was 100% pre-leased to Returo SGR as of 31 December 2023 through a 20-year lease. As of 31 December 2023 remaining CAPEX to go was of €3.3 million.

Delivery of Targu Mures Logistic Hub

In the first half of 2023, we delivered our first project in Targu Mures with a leasable area of 18.3k sqm. At the end of December, the project, which is held through a JV partnership, was 100% let to two large multinational companies, Friesland Campina and EKR Elektrokontakt (Nexans Group) at an average WALL of 10.1 years.

Delivery

	Targu Mures Logistic Hub*
Location	Targu Mures
GLA (k sqm)	18.3
Occupancy (%)	100.0%
Development Cost (€ m)	14.0
GAV (€ m)	15.5
Contracted Rent (€ m)	1.5
WALL (years)	10.1
Estimated Yield on Development Cost	10.4%

* Joint Venture in which Globalworth owns 50%; figures shown on 100% basis.

Developments in Progress

We currently have two projects under development (with three facilities) expected to be delivered in 2024, further expanding our industrial footprint by 19.3k sqm of high-quality GLA and at full occupancy are expected to generate €1.3 million of annualised rent.

Developments

	Business Park Stefanesti ¹ (Phases B and C)	Craiova Logistic Park
Location	Bucharest	Craiova
GLA (k sqm)	13.3	6.0
Occupancy (%)	34.7%	100%
Development Cost (€ m)	9.4	4.5
GAV (€ m)	11.7	1.8
Contracted Rent (€ m)	0.3	0.4
100% Rent (€ m)	1.0	0.4
Estimated Yield on Development Cost	10.4%	8.2%

¹ 75% owned by Globalworth; figures shown on 100% basis.

Portfolio Development and Evolution continued

Refurbishment/Repositioning of Mixed-Use Properties

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

- In Renoma, the refurbishment has increased the offer of Class “A” office space on the higher floors. It had also repositioned the property’s retail offer towards a more attractive food court and a selected fashion mix on the ground floor and convenience facilities, including a supermarket, gym and drugstore located on the -1 level.
- In Supersam, we have redeveloped the entire level 1 into an office function. On level -1, we have repositioned selected retail modules into high-quality retail and commercial spaces with food and entertainment.

In 2022 and 2023 we invested €22.6 million in the two properties, and we expect to deliver the properties in the coming months.

Properties Under Refurbishment/Repositioning

	Renoma	Supersam
Location	Wroclaw	Katowice
Status	Refurbishment/ Repositioning	Refurbishment/ Repositioning
Expected Delivery	H1-2024	H1-2024
GLA – on Completion (k sqm)	48.3	26.7
CAPEX to 31 Dec 23 (€ m)	22.0	4.0
GAV (€ m)	111.8	51.3
Estimated CAPEX to Go (€ m)*	6.7	2.2
ERV (€ m)	9.5	4.5
Estimated Yield on Completion of Project**	9.3%	10.7%

* Estimated CAPEX to Go partially excludes tenant contributions which are subject to tenant negotiation and may impact the final yield on Completion of the Project.

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

Ongoing Investment & Upgrade Programme of Our Standing Properties

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

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

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

We manage all our properties in Poland internally, and in Romania, we manage all but one of our offices in-house. This translates to 1,086.6k sqm of high-quality commercial spaces with an appraised value of €2.4 billion internally managed by our team.

In 2023, we invested €43.2 million in select improvement initiatives in our standing commercial portfolio. As a result of our ongoing in-house initiatives and property additions, we hold a modern portfolio with 54 of our standing commercial properties, accounting for 79.3% by GLA and 78.3% by commercial portfolio value, having been delivered or significantly refurbished in the last 10 years.

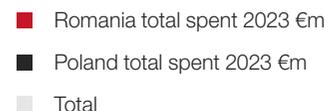
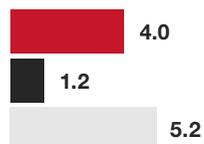
Internally Managed Commercial Portfolio as at 31 Dec. 2023

	Poland	Romania	Group
GLA (k sqm)	508.5	578.1	1,086.6
% of Commercial GLA	100%	67%	79%
% of Office and Mixed-Use GLA	100%	91%	96%
GAV (€ m)	1,304.7	1,137.3	2,442.0
% of Commercial GAV	100%	82%	90%
% of Office and Mixed-Use GAV	100%	93%	97%

Portfolio Development and Evolution continued

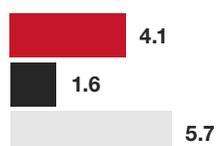
HVAC

Bring HVAC systems in all buildings at the same level of energy efficiency, technology and comfort



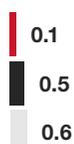
Automations

A fully integrated Building Management System is implemented for all the sub-systems installed into the building



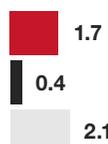
Electrical & Green Energy

LED lighting systems for underground parking and for all buildings common areas, solar photovoltaic panels and electric charging stations



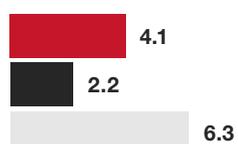
Health & Safety

Replacement of CO systems



Operation Efficiency

Metering for large equipment, Façade repairs, Roof Hydro insulation refurbishment

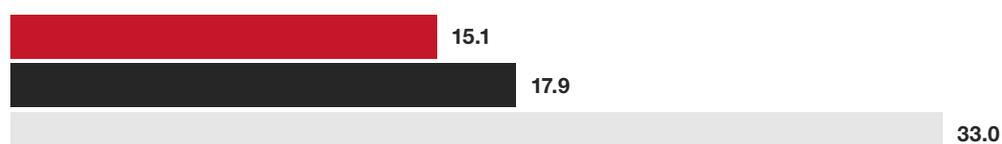


Common & outdoor areas

Landscaping & exterior green areas refurbishment, Renovation of Common area Restrooms and Cyclists Changing rooms



CAPEX program



BOC HVAC system upgrades – Bring HVAC systems at the highest level of energy efficiency, technology and comfort



Project cost

€3.6m



Description

- Replacing air handling units with new high-performance equipment with increased capacity and efficiency.
- Installing humidification systems and innovative air purification systems.
- Integrating CO₂ sensors to control fresh air quality.
- Replacing existing cooling plants with new high performance energy efficient chillers.
- Upgrading existing heating plants.
- Replacing the existing pump stations.

Portfolio Development and Evolution continued

Future Developments

We own, directly or through JV partnerships, other land plots in prime locations in Bucharest, regional cities in Romania and Poland, covering a total land surface of 1.2 million sqm (comprising 2.7% of the Group's combined GAV), for future developments of office, industrial or mixed-use properties. When fully developed, these land plots have the potential to add a total of a further 785.7k sqm of high-quality GLA to our standing portfolio footprint.

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

Divestment of Warta Tower & other divestments

In July we have finalised the sale of Warta Tower office building in Warsaw to a company from the Cornerstone Investment Management platform, the transaction being initially agreed upon back in 2021 but was delayed as the buyer had to reorganise the financing arrangement due to the start of the war in Ukraine in the early 2022.

The value of the transaction has been set at over EUR €63 million, which is above book value of the property, as valued in December 2022 and in June 2023 and this stands, once again, as a confirmation of the quality of our properties.

Warta Tower was completed in 2000 and acquired by Globalworth in March 2018 and as of June 2023 the property was fully vacant, following the relocation of its main tenant.

Also, in the course of the year we have sold a non-core plot of land in the northern part of Bucharest to a local entrepreneur, and we have sold our 25% economic stake in My Place II, an office project in Warsaw, to a Czech real estate fund.

Future Developments

	Podium Park III	Green Court D	Globalworth West	Constanta Business Park (Phased)*	Timisoara Industrial Park I and II (Phased)	Luterana
Location	Krakow	Bucharest	Bucharest	Constanta	Timisoara	Bucharest
Status	Constr. Postponed	Constr. Postponed	Constr. Postponed	Planned	Planned	Constr. Postponed
GLA (k sqm)	17.7	17.2	33.4	525.8	165.2	26.4
CAPEX to 31 Dec 23 (€ m)	8.5	2.5	5.2	12.3	7.0	7.4
GAV (€ m)	7.1	7.5	6.6	37.2	11.0	12.5
Estimated CAPEX to Go (€ m)**	29.7	23.9	38.5	243.6	63.5	39.7
ERV (€ m)	3.1	3.6	5.2	27.7	6.9	6.7
Estimated Yield on Development Cost	8.1%	13.6%	12.0%	10.8%	9.8%	14.1%

* 50:50 Joint Venture; figures shown on 100% basis.

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

Case Study

Târgu Mureș logistics hub

In the first half of 2023, we delivered our first project in Targu Mures with a leasable area of 18.3k sqm. At the end of December, the project, which is held through a JV partnership, was 100% let to two large multinational companies, at an average WALL of 10.1 years.

Mures City Logistics is located in the central northern part of Romania. Targu Mures is the seventh Romanian region we have invested in, and we elected to expand in this sub-market due to its strategic location and connectivity.

📏 Sqm GLA

18k

📍 Location

Romania

📅 Year of completion

Q2 2023

📏 Total area

37,900 sqm

☰ Uses

Warehouse space
Temperature-controlled units
Office
Social areas



Asset Management Review

Continuing to actively manage our real estate portfolio

Leasing Review

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

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

In the recent years, the COVID-19 pandemic triggered a change in the way we work, and how business is conducted, and, as our markets were recovering and absorbing these changes, there was a further negative impact on the economic and business environment from the Ukraine war, resulting in a more uncertain environment characterized by high inflation and interest rates.

However, many of our large multinational and national tenants have mostly finished assessing their future occupational needs and have already adapted to the new conditions by embracing a model of hybrid work best suited with their organisational values.

In both Poland and Romania, increased construction costs and tightening financing conditions have led to reduced development activity, limiting new supply in these markets. So, for the following years, the supply of high-quality offices in central locations will continue to be lower than the average levels recorded in the pre-pandemic world, which may trigger higher tenant demand for such properties and may put some upward pressure on rental levels for high quality properties with a very good location.

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

New Leases

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

In the 12 months of 2023, the Group successfully negotiated the take-up (including expansions) or extension of 314.4k sqm of commercial spaces in Poland (29.7% of transacted GLA) and Romania (70.3% of transacted GLA), with an average WALL of 6.0 years, making 2023 our best year in terms of leased GLA since Globalworth was created. Between 1 January and 31 December 2023, our leasing activity was almost equally split between new take-up of available spaces, with such leases accounting for 48.8% of our total leasing activity being signed at a WALL of 6.8 years and renewals accounting for 51.2% signed at a WALL of 5.4 years.

In total, we signed new take-up for 153.5k sqm of GLA, with the majority involving spaces (+90.0%) leased to new tenants, and the remaining areas being taken up by existing tenants which were expanding their operations.

- New leases were signed with 83 new tenants for 138.3k sqm of GLA at a WALL of 7.0 years. The majority were for office and industrial spaces, accounting for 49.8% and 47.5% respectively, with the remainder involving retail/other commercial spaces.

- In addition, 37 tenants signed new leases, expanding their operations by 15.2k sqm at an average WALL of 5.9 years.

We also renewed leases for a total of 160.8 sqm of GLA with 101 of our tenants at a WALL of 5.4 years. It is important to note that c.82% (by GLA) of these renewals were for leases that were expiring in 2024 or later.

Selected New Leases Signed in 2023

	City	Property	Use	GLA
Mediapost Hit Mail	Bucharest (RO)	Chitila Logistic Hub III	Industrial	18.1k
Banca Transilvania	Bucharest (RO)	Green Court Complex	Office	10.1k
Dante International (eMAG)	Bucharest (RO)	Globalworth Square	Office	9.6k
LeverX Poland	Wroclaw (PL)	Retro Office House	Office	3.3k
Aramco Fuels	Gdansk (PL)	Tryton	Office	2.6k

Selected Leases Extensions Signed in 2023

	City	Property	Use	GLA
Honeywell Romania	Bucharest (RO)	BOC Tower	Office	24.4k
Unicredit Bank	Bucharest (RO)	Unicredit HQ	Office	17.4k
Google	Krakow (PL)	Quattro Business Park	Office	13.0k
Deutsche Bank	Bucharest (RO)	BOB Tower	Office	12.9k
Huawei	Bucharest (RO)	Globalworth Tower	Office	12.5k

Summary Leasing Activity for Combined Portfolio in 2023

	GLA (k sqm)	No. of Tenants*	WALL (yrs)
New Leases (incl. expansions)	153.5	117	6.8
Renewals / Extensions	160.8	101	5.4
Total	314.4	201	6.0

* Number of individual tenants

Asset Management Review continued

Rental Levels

Headline market rental levels have shown an upward trend during last 12 months, mostly influenced by indexation, despite the challenges in the market and a cautious approach of tenants related to the renewal of the expiring leases, thus reflecting the quality of our properties, our active asset management initiatives, and our approach to sustainable development.

Our leases typically adjust annually in the first quarter of the year, with eligible leases indexed at an average of 8.5% in 2023. However, this positive impact is not fully reflected in our averages, as the rates at which leases were renewed or new leases signed were at their respective ERV rates.

Rental levels can vary significantly between type of spaces, buildings and submarkets. Leases signed in 2023 were at €12.9/sqm/m, 8.3% higher than the previous year group averages.

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

	31 Dec. 2023	31 Dec. 2022	Change (%)
Office	15.0	14.2	5.5%
Industrial	4.3	4.0	7.0%
Retail/Commercial	16.7	14.2	17.1%

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

	31 Dec. 2023	31 Dec. 2022	Change (%)
Office	14.8	14.8	0.2%
Industrial	4.4	3.7	17.2%
Retail/Commercial	16.2	14.1	14.9%
Average:	12.9	11.9	8.3%

Contracted Rents (on annualised basis)

Total annualised contracted rent across our portfolio in Poland and Romania increased by 6.3% to €201.2 million compared to year-end 2022, driven by active asset management, indexation, a new acquisition and lease-up in our development projects (completed or in-progress).

Total annualised contracted rents in our standing commercial portfolio were €191.5 million on 31 December 2023, up by 5.6% compared to 31 December 2022, increasing to €192.0 million when including rental income generated by renting 132 residential units and other auxiliary spaces in Upground, the residential complex in Bucharest which we partially own.

Like-for-like annualised commercial contracted rents in our standing commercial portfolio also increased by 4.9% to €190.0 million at the end of December 2023 compared to the same period in 2022, mainly as an effect of rent indexation.

The Group's rent roll across its combined portfolio is well diversified, with the largest tenant accounting for 5.3% of contracted rents, while the top three tenants account for 10.5% and the top 10 account for 24.1%.

Annualised Contracted Rent Evolution 2023 (€m)

	Poland	Romania	Group
Rent from Standing Commercial Properties ("SCP")			
31 Dec. 2022	86.6	94.7	181.3
Less: Assets Sold (Warta Tower)	(0.1)	–	(0.1)
Rent from SCP Adj. for Properties Sold 31 Dec 2022	86.5	94.7	181.2
Less: Space Returned	(11.3)	(7.6)	(18.9)
Plus: Rent Indexation	6.5	7.7	14.2
Plus/Less: Lease Renewals (net impact) & Other	(0.6)	(2.2)	(2.8)
Plus: New Take-up	5.4	11.0	16.4
Total L-f-L Rent from SCP 31 Dec. 2023	86.4	103.6	190.0
Plus: Developments Completed During the Period	–	1.5	1.5
Total Rent from Standing Commercial Properties	86.4	105.1	191.5
Plus: Residential Rent	–	0.5	0.5
Total Rent from Standing Properties	86.4	105.6	192.0
Plus: Active and Pre-lets of Space on Projects Under Development/Refurbishment	8.4	0.7	9.1
Total Contracted Rent as at 31 Dec 2023	94.9	106.3	201.2

Asset Management Review continued

Combined Annualised Commercial Portfolio Contracted Rent Profile as at 31 Dec. 2023

	Poland	Romania	Group
Contracted Rent (€ m)	94.9	105.8	200.6
Tenant origin - %			
Multinational	66.7%	83.1%	75.3%
National	32.1%	15.4%	23.3%
State Owned	1.2%	1.5%	1.4%

Note: Commercial Contracted Rent excludes c.€0.5 million from residential spaces as at 31 December 2023.

Annualised Contracted Rent by Period of Commencement Date as at 31 Dec. 2023 (€m)

	Active Leases	H1-2024	H2-2024	>2024	Total
Standing Properties	186.1	3.9	2.0	–	192.0
Developments	8.4	0.8	–	–	9.1
Total	194.5	4.7	2.0	–	201.2

Annualised Commercial Portfolio Lease Expiration Profile as at 31 Dec. 2023 (€m)

Year	2024	2025	2026	2027	2028	2029	3030	2031	2032	>2032
Rent	18.6	12.1	21.4	27.3	25.5	26.3	31.6	15.7	5.8	16.4
% of total	9.3%	6.0%	10.7%	13.6%	12.7%	13.1%	15.8%	7.8%	2.9%	8.2%

Weighted Average Effective Rent (€/sqm/m) – 2023

	Poland	Romania	Group
Headline Commercial Rent	16.4	11.3	12.9
Less: Rent Free Concessions	(2.6)	(1.2)	(1.6)
Less: Tenant Fitouts	(1.8)	(1.3)	(1.5)
Less: Broker Fees	(0.6)	(0.2)	(0.3)
Effective Commercial Rent	11.5	8.6	9.5
WALL (in years)	4.7	7.1	6.1

Cost of Renting Spaces

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

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

In calculating our effective rent, we account for the costs incurred over the lease's lifetime, which we deduct from the headline (base) rent, thus allowing us to assess the profitability of a rental agreement. To analyse the effective rent more accurately in this period we excluded short-term leases and leases signed and ended during the year.

Overall, in 2023, we successfully negotiated the take-up (including expansions) or extension of 294.3k sqm of commercial spaces in our portfolio (excluding short term leases). The weighted average effective rent for these new leases was €9.5/sqm/month with a WALL of 6.1 years.

- Leases for industrial spaces signed in the period accounted for 18.0% of the total leasing activity, resulting in the lower average headline and effective rent.

The difference between headline (base) and effective rents in 2023 was, on average, 26.2%, which was roughly similar to the level recorded in FY2022 (average of 26.1%) and continues to reflect the fact that market conditions remain challenging.

In total, new leases signed during the year will generate a future rental income of €297.4 million (including auxiliary spaces), with leases from office properties accounting for 78.9% of future rental income.

Portfolio Valuation

In line with our practice of biannual valuations, we valued our entire portfolio in Poland and Romania as of 30 June and 31 December 2023.

The valuations were performed by Knight Frank for our properties in Poland, with Colliers and Cushman and Wakefield valuing our properties in Romania (more information is available under note 3 of the audited annual condensed consolidated financial statements as of and for the period ended 31 December 2023).

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

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

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

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

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

Asset Management Review continued

As at 31 December 2023 and throughout the year, third-party appraisals continued to be impacted by high inflation and interest rates, with market volatility and outlook uncertainty remaining at high levels. This has led to the application of moderate yield expansion and higher discount rates in determining the valuations. As such, the portfolio's third-party appraised value on 31 December 2023 was estimated at €3.0 billion, impacted by the sale of assets worth €70.6 million and the like-for-like decrease (€110.6 million/4.0%) in the appraised value of our standing commercial properties, leading to an overall decrease of 5.2% compared to the end of 2022.

Combined Portfolio Value Evolution 31 Dec. 2023 (€m)

	Poland	Romania	Group
Total Portfolio Value at 31 Dec 2022	1,584.5	1,574.4	3,158.9
Less: Properties Held in Joint Venture (*)	–	(119.3)	(119.3)
Total Investment Properties at 31 Dec 2022	1,584.5	1,455.1	3,039.6
Plus/Less: Transactions	(55.1)	(15.1)	(70.2)
o/w New Acquisitions	–	0.4	0.4
o/w Disposals	(55.1)	(15.5)	(70.6)
Plus: Capital Expenditure	31.4	19.9	51.3
o/w Developments	8.6	2.3	10.9
o/w Standing Properties	22.8	17.6	40.4
o/w Future Developments	–	–	–
Plus/Less: Net Revaluations Adjustments	(86.0)	(69.0)	(154.9)
o/w Developments/Re-developments	(0.4)	0.4	(0.1)
o/w Standing Properties	(85.5)	(68.3)	(153.8)
o/w Lands, Future Developments & Acquisitions	–	(1.1)	(1.1)
Total Investment Properties at 31 Dec. 2023	1,474.8	1,391.0	2,865.8
Plus: Properties Held in Joint Venture (*)	–	129.0	129.0
o/w Capital Expenditure & Acquisitions	–	6.8	6.8
o/w Net Revaluation Adjustments	–	2.9	2.9
Total Portfolio Value at 31 Dec. 2023	1,474.8	1,520.0	2,994.8

* Properties held through joint ventures are shown at 100%, Globalworth owns 50% stake in the respective joint ventures.

Notes:

1. Certain casting differences in subtotals / totals are due to figures presented in 1 decimal place.
2. Table is reconciling Combined Portfolio Value at the start and at the end of the period without taking into account IFRS Lease incentive treatment and other customary IFRS adjustments to the opening and closing investment property balances.

Standing Portfolio review

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

Our high-quality standing portfolio GLA maintained at 1.4 million sqm, valued at €2.7bn at YE-2023.

We provide our business partners with high-quality spaces in 13 major real estate markets in Poland and Romania that are sustainable, technologically advanced, and custom fitted to their requirements, offering premium services to allow the businesses to succeed.

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

Maintained our footprint at 1.4 million sqm

In 2023, our combined portfolio of standing properties marginally decreased with 19.6k sqm following the sale in July of Warta Tower (Warsaw, Poland) with a GLA of 33.7k sqm.

During the first half of 2023 we have delivered our first logistic/light industrial facility in Targu Mures, Romania, which is owned 50% through a joint venture agreement. Mures Logistic Hub offers a total of 18.3k sqm of high-quality GLA and, as of 31 December 2023, was fully leased to two large multinational companies, with an average WALL of 10.1 years.

Overall, our standing portfolio predominantly comprises 29 Class "A" offices (49 properties in total) and a mixed-use investment (with five properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets/cities in Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz), which in total account for 88.2% of our standing portfolio by value.

In addition, in Romania, we fully own five logistic/light-industrial parks with ten facilities in Timisoara, Arad, Oradea and Pitesti and own the majority stake in two small business units projects in Bucharest (with two standing facilities). We also have 50% ownership through joint venture agreements in three other logistics/business parks (with four standing facilities) in Bucharest, Constanta and Targu Mures and own part of a residential complex in Bucharest.

During the year, our standing commercial portfolio's total GLA slightly decreased with 15.8k sqm or 1.1% to reach 1,367.4k sqm at the end of December 2023 whilst our overall standing portfolio (commercial and other) decreased in GLA by 1.4% to 1,386.0k sqm after considering the sale of residential units in our Upground residential project.

Globalworth Combined Standing Portfolio: 2023 Evolution

Total Standing YE 2022	1,405.6k sqm
of which Standing Commercial YE 2022	1,383.2k sqm
+ Mures Logistic Hub/logistics facility developed in Targu Mures (RO)	+18.3k sqm
- Sale of Warta Tower/office property in Warsaw (PL)	-33.7k sqm
+/- Net remeasurement adjustments & other (RO & PL)	-0.4k sqm
Standing Commercial YE 2023	1,367.4k sqm
Upground residential in Bucharest (RO)(*)	+18.6k sqm
Total Standing YE 2023	1,386.0k sqm

* In 2023, units with 3.8k GLA were sold in our Upground residential complex.

Globalworth Combined Standing Portfolio: 2023 Evolution

GAV – 31 December 2022	€2,893.6m
Like for Like Change(*)	-€110.7m
Acquisitions of Properties	-
Delivery of Properties	+€15.5m
Sales	-€61.9m
GAV – 31 December 2023	€2,736.4m

* Like-for-Like change represents the changes in GAV of standing properties owned by the Group at 31 December 2022 and 31 December 2023.

Standing Portfolio review continued

Standing Portfolio Value at €2.7 billion

The appraised value of our combined standing portfolio as of 31 December 2023 was €2.7 billion (more than 98% in commercial properties) which was 5.4% lower compared to 31 December 2022. This overall decrease is mainly attributable to the sale of Warta Tower (valued at €55.1 million as of 31 December 2022) and negative revaluation differences which were partly offset by the delivery of Targu Mures Logistic Hub in the first half of the year.

The value of like-for-like standing commercial properties decreased by 4.0% as of 31 December 2023 compared to the prior year, as the reduction in value by 4.6% of our like-for-like standing office and mixed-use properties was offset by the increase in value of our industrial properties.

Occupancy Evolution 2023 (GLA 'k sqm) – Commercial Portfolio

	Poland	Occupancy Rate (%)	Romania	Occupancy Rate (%)	Group	Occupancy Rate (%)
Standing Available GLA - 31 Dec. 22	542.1		841.0		1,383.2	
Sold GLA	(33.7)		–		(33.7)	
New Built GLA	–		18.3		18.3	
Remeasurements, reclassifications	(0.0)		(0.4)		(0.4)	
Standing Available GLA - 31 Dec. 23	508.5		858.9		1,367.4	
Occupied Standing GLA - 31 Dec. 22	440.6	81.3%	743.7	88.4%	1,184.3	85.6%
Sale of Occupied GLA	(3.3)		–		(3.3)	
Acquired/Developed Occupied GLA	–		18.3		18.3	
Expiries & Breaks	(57.7)		(58.6)		(116.3)	
Renewals	58.5		97.3		155.8	
New Take-up	23.9		99.7		123.6	
Other Adj. (relocations, remeasurements, etc)	0.1		0.3		0.5	
Occupied Standing GLA - 31 Dec. 23	403.4	79.3%	803.5	93.5%	1,206.9	88.3%

Like-for-Like Occupancy Slightly Improving

Our standing commercial portfolio's average occupancy as of 31 December 2023 was 88.3% (88.7% including tenant options), representing a 2.6% increase over the previous twelve months (85.6% as of 31 December 2022/ 85.9% including tenant options).

This increase is mainly attributable to the positive net take-up recorded in our standing commercial portfolio, the sale of Warta Tower in July (vacant at the date of sale) and the addition of Mures Logistic Hub which was 100% leased as of 31 December 2023.

On a like-for-like basis, occupancy increased by 0.7% to 88.1% at the end of the year, as effect of positive net take-up in our capital cities office properties and lease-up of our industrial portfolio during the year.

Across our standing portfolio, at 31 December 2023, we had 1,206.9k sqm of commercial GLA leased to more than 600 tenants at an average WALL of 4.9 years, the majority of which is let to national and multinational corporates that are well-known within their respective markets.

Not included in our standing portfolio metrics are: 45.6k sqm leased in our two mixed-use properties which are currently under refurbishment/repositioning, and 10.6k sqm in our industrial properties which are under development in Romania (Bucharest and Craiova).

Globalworth Combined Portfolio: Key Metrics

Total Standing Properties	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
Number of Investments	39	41	41
Number of Assets	66	71	71
GLA (k sqm)	1,302.3	1,405.6	1,386.0
GAV (€ m)	2,866.3	2,893.6	2,736.4
Contracted Rent (€ m)	175.4	182.0	192.0
Of which Commercial Properties	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
Number of Investments	38	40	40
Number of Assets	65	70	70
GLA (k sqm)	1,272.0	1,383.2	1,367.4
GAV (€ m)	2,810.3	2,850.6	2,700.0
Occupancy (%)	88.5% (88.7%¹)	85.6% (86.0%¹)	88.3% (88.7%¹)
Contracted Rent (€ m)	174.5	181.3	191.5
Potential rent at 100% occupancy (€ m)	201.2	211.4	217.7
WALL (years)	4.7	4.4	4.9

¹ Including tenant options.

Standing Portfolio Snapshot

As of 31 December 2023, our combined standing portfolio comprised 41 investments (41 on 31 December 2022) with 71 buildings (71 on 31 December 2022) in Poland and Romania. The appraised value of the portfolio was €2,736.4 million, of which 91.3% was green-certified.

Capital Markets Review

Navigating the high-interest environment

Equity Capital Markets Review

In 2023 we have seen the return of high interest rates and an overall tightening of credit conditions in a real estate world that was still recovering from the impact of the 2020 pandemic. These evolutions have started to ease down in the last several months as the inflation in European Union is moderating and central banks are cautiously assessing the tempo for interest cuts in their plans for the following period.

Direct real estate valuations have shown small adjustments during the year impacted by the changes of valuation variables used by professional appraisers. Equity investors have reassessed their risk premiums and allocations considering higher interest rates environment resulting in higher discount rates and exit yields for office and other real estate assets, thus leading to slightly lower valuation figures by the end of the year.

Since 23 July 2021, Globalworth has been controlled by Zakiono Enterprises Ltd, which is jointly and equally owned by CPI Property Group S.A. ("CPI") and Aroundtown SA ("Aroundtown"), currently holding 60.8% of the share capital of the Group.



Mihai Zaharia

Group Capital Markets Director &
Head of Investments Romania

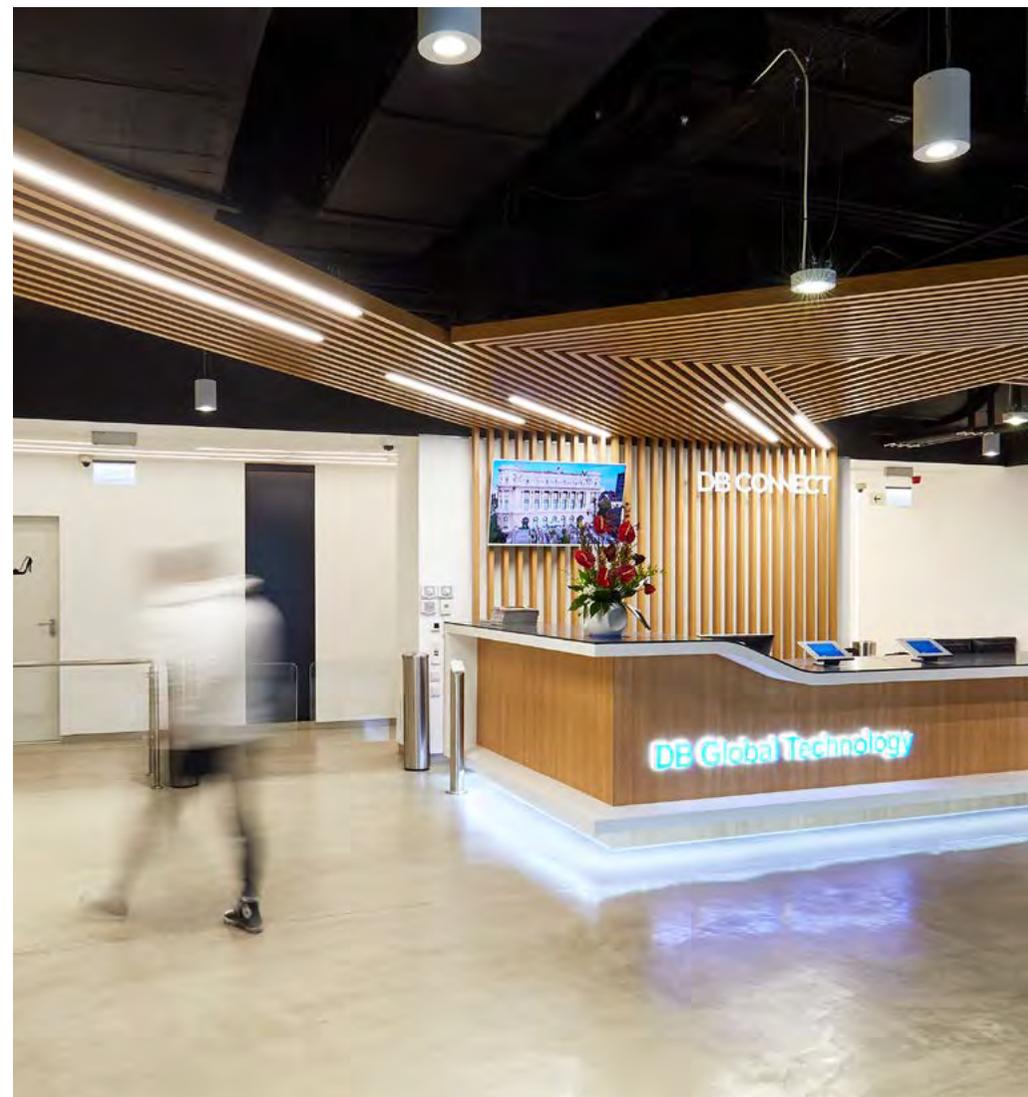
In addition, Growthpoint Properties Ltd has 29.5% and Oak Hill Advisors 5.3%; thus, the effective trading free-float by the end of 2023 was limited to 4.4% of the share capital of Globalworth.

As of 31 December 2023, it is essential to place Globalworth's share price performance in the context of the prevailing macroeconomic landscape. Throughout the year, the FTSE EPRA Developed Europe and the FTSE EPRA Global indices demonstrated a positive performance of +10.7% and +10.8%, respectively, for the twelve months starting on 1 January 2023.

In contrast, despite several favourable factors such as the high quality of its portfolio, robust leasing activity, and the company's presence in high-growth, low office stock markets, Globalworth's share price experienced a notable decline of -30.5%. It is pertinent to acknowledge that this decline can be attributed in part to the limited free float of the Group.

Globalworth's share price in this period has been trading consistently below its latest reported 31 December 2022 and 30 June 2023 EPRA NRV levels of €8.29 and €7.55/share, respectively, reaching its lowest closing price on 02 November at €2.05 per share and its highest price on 2 January at €3.73 per share.

In the first part of the year, as a measure of safeguarding cash resources of the Company, the group has offered a scrip dividend alternative to the shareholders, meaning that they could elect to receive newly issued shares at a pre-determined price instead of cash in connection to dividends announced by the company. As a result, at each of the two dividend payments during 2023, shareholders representing more than 98% of the total issued share capital have elected to receive the Scrip Dividend Alternative, emphasizing the strong shareholder support for the Company.



Capital Markets Review continued

Globalworth Shareholding

		31 Dec. 23	31 Dec. 22
CPI	Together: Zakiono Enterprises	60.8%	60.6%
Aroundtown			
Growthpoint Properties		29.5%	29.4%
Oak Hill Advisors		5.3%	5.3%
Other		4.4%	4.7%

Basic Data on Globalworth Shares (Information as at 31 Dec 2023)

Number of Shares	252.2m plus 0.8m shares held in treasury
Share Capital	€1.8bn
WKN / ISIN	GG 00B979FD04
Symbol	GWI
Free Float	7.7%
Exchange	London AIM

Globalworth Share Performance

	2023	2022
Market Capitalisation (€ million) – 31 Dec	653	914
31-Dec Closing Price (€)	2.59	4.13
52-week high (€)	3.73	6.68
52-week low (€)	2.05	3.90
Dividend paid per share	0.29	0.27

Globalworth FY-2023 Share Price Performance



The information in this section is correct as of 12 March 2024.

Capital Markets Review continued

Bonds Update

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

In order to be able to issue Eurobonds in an efficient and quick way, potentially benefiting from favourable market opportunities, in 2018 we established a Euro Medium Term Notes (EMTN) programme allowing the Group to issue up to €1.5 billion of bonds. Out of this amount the Group has raised €950 million issued in March 2018 and July 2020 (inaugural green bond) and expiring in 2025 and 2026.

At the beginning of 2023, our two Eurobonds outstanding in total of €950 million had a weighted average maturity of 2.8 years. In the first six months of 2023, the bonds performance has been impacted by rising interest rates and investor risk aversion leading our 18/25 and 20/26 bonds to be traded, by the end of the period, at 14.9% and 13.2% yield to maturity. Considering the context and looking to proactively manage the Company's debt maturity profile, we have completed in June a cash tender offer for our outstanding notes due 2025 and 2026 and, as a result, we have purchased €100.0 million of the 2025 notes.

As a result, at 31 December 2023, our two Eurobonds outstanding amounted to €850 million having a weighted average cost of 2.98%. Considering tightening credit market conditions and looking to manage in advance our debt maturities we have accessed, during the year, several secured financings both in Poland and Romania with reputable credit institutions from the CEE.

Globalworth is rated by two of the three major agencies, with Fitch maintaining their investment credit rating following their review of the Group and changing the outlook to negative while S&P downgraded the group's corporate credit rating to BB+ with a negative outlook considering the volatile and challenging market environment.

In 2023, our bonds' performance has been impacted by the higher volatility in the market and rising interest rates. On average, our 18/25 and 20/26 bonds traded at 86.1% and 78.6% respectively, during the period. However, as the inflation cooled down and with interest rate cuts on the horizon, by the end of the year our yield to maturity has adapted, closing at 11.0% and 11.1% on 31 December 2023.

Rating

	S&P	Fitch
Rating	BB+	BBB-
Outlook	Negative (from Stable)	Negative (from Stable)

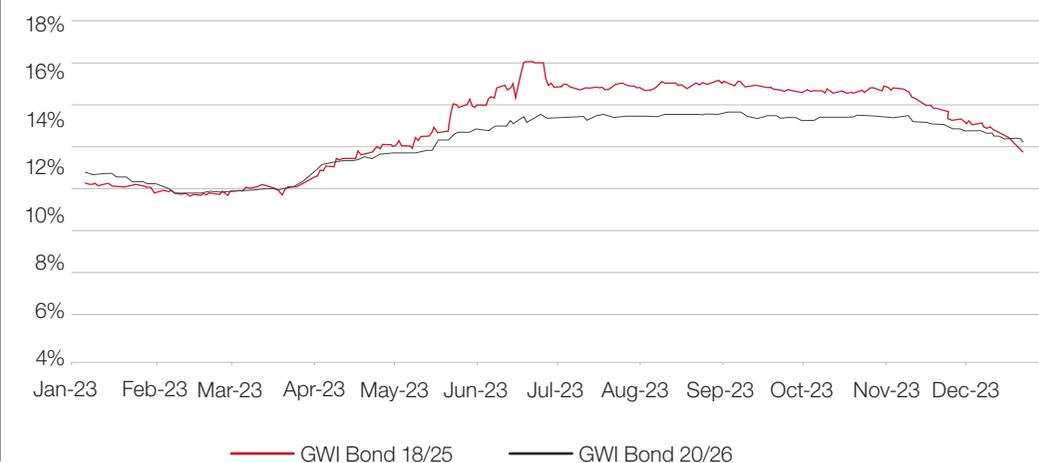
Rating

	GWI bond 18/25	GWI bond 20/26
ISIN	XS1799975922	XS2208868914
SEDOL	BD9MPV	–
Segment	Euronext Dublin, BVB	Euronext Dublin
Minimum investment amount	€100,000 and €1,000 thereafter	€100,000 and €1,000 thereafter
Coupon	3.000%	2.950%
Issuance volume	€550 million	€400 million
Outstanding 31 Dec. 2023	€450 million	€400 million
Maturity	29 March 2025	29 July 2026

Performance of the Globalworth Bonds

	2023	2022
GWI bond 18/25		
31 December closing price	91.2	87.7
Yield to maturity at 31 December	10.992%	9.317%
GWI bond 20/26		
31 December closing price	82.6	79.4
Yield to maturity at 31 December	11.080%	10.085%

Globalworth FY-2023 Eurobond Yield Performance



Financial Review

Emerged stronger from a challenging year

Building Long-Term Value: Our focus on Cash Flow, Growing Rents & Maintaining High-Performing Green Buildings.

1. Introduction and Highlights

In 2023, we took decisive action to improve our financial health. We generated strong cash flow through operations (€87.3 million compared to €63.1 million in 2022), implemented a debt reduction plan by deleveraging non-core assets, and invested in energy-saving upgrades for our buildings. Additionally, we secured long-term financing to ensure our continued growth. We remain committed to responsible financial management for the future.

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

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



Rashid Mukhtar

Group Chief Financial Officer

Revenues

€240.4m

0.5% in 2022

Portfolio Open Market Value (OMV)¹

€3.0bn

(5.3)% on 31 Dec. 2022

Adjusted normalised EBITDA^{1,4}

€131.4m

4.3% in 2022

Dividends paid in 2023 per share

29 cents

7.4% in 2022

NOI¹

€147.0m

5.2% in 2022

EPRA NRV^{1,3}

€1,750.6m

(4.6)% on 31 Dec. 2022

EPRA Earnings per share^{1,2}

26 cents

(19)% in 2022

Cash Balance at 31 December 2023

€396.3m

€163.8m on 31 December 2022

IFRS Earnings per share²

(23) cents

(8) cents in 2022

EPRA NRV per share^{1,3}

€6.94

(16.2)% on 31 Dec. 2022

LTV^{1,5}

42.2%

42.7% on 31 Dec. 2022

1. See Glossary (pages 161 - 163) for definitions.
2. See note 12 of the condensed consolidated financial statements for calculation.
3. See note 23 of the condensed consolidated financial statements for calculation.
4. See page 48 for further details.
5. See note 25 of the condensed consolidated financial statements for calculation.

Financial Review continued

2. Revenues and Profitability

Our primary income comes from rent paid by our partners who lease space in our properties. We also generate additional income from service charges. These charges cover the costs of maintaining common areas and providing shared services within our properties. However, any income from service charges is offset by the actual costs we incur in providing those services.

Total Revenue and Net Operating Income

Year ended 31 Dec.	2023 €'m	2022 €'m
Contracted rent	191.9	180.9
Adjustment for lease incentives	(31.5)	(31.1)
Rental income	160.4	149.8
Service charge income	75.0	86.8
Other income	5.0	2.5
Operating expenses	(93.4)	(99.6)
Net operating expenses	(13.4)	(10.1)
Net Operating Income (NOI)	147.0	139.7

Globalworth generated total consolidated revenue of €240.4 million during 2023, reflecting a modest 0.5% increase over 2022 revenue of €239.3 million.

Our core revenue stream, gross rental income, grew by a healthy 6.1% to €191.9 million in 2023, compared to the previous year. This increase is primarily due to a 7% rise in net rental income (10% increase in Romania and 2% increase in Poland), which climbed to €160.4 million in 2023 from €149.8 million in 2022.

Year ended 31 Dec.	2023 €'m	2022 €'m
Office	132.7	126.9
Bucharest	67.5	61.4
Regional	39.0	41.1
Warsaw	26.2	24.4
Mixed-Use	12.4	10.4
Industrial	13.9	11.1
Other	1.3	1.4
Rental Income by Segment	160.4	149.8

Rental income from our standing properties on like for like basis grew by a solid 5.8% in 2023, reaching €153.5 million. This represents an increase of €7.8 million year-over-year. Romania led the growth with rental income up 11.6% to €82.5 million, while Poland saw a modest increase of 0.8%, bringing rental income to €71.0 million.

Rental Income received during the year from properties delivered or under refurbishment in 2022 and 2023 was €6.9 million. This income was received from Supersam and Renoma (refurbished) and two industrial facilities which were delivered in 2023.

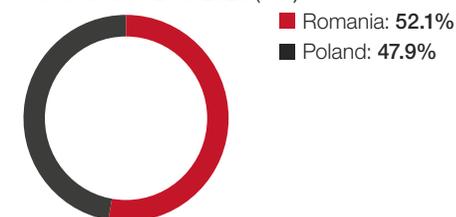
The Service Charge Income for 2023 was €75.0 million, 14% lower compared to €86.8 million in 2022. Net service charge margin decreased with €3.3 million, due to void vacancy costs and increase in service charge rate per square metre across our standing portfolio.

In addition, we received €5.0 million in 2023 (2022: €2.6 million) from other services provided to tenants and partners which included fit-out services, marketing fees and other.

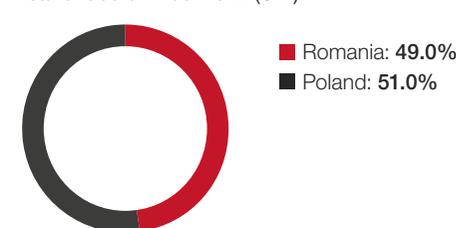
Our Net Operating Income ("NOI"), for the full year 2023 reached €147.0 million, this reflects a €7.3 million increase compared to 2022, after accounting for property and fitout costs, marketing and other income that contributed €2.3 million more compared to prior year. Overall operating expenses in our portfolio decreased by €6.1 million to €93.4 million with 84.5% reinvoiced to tenants. The remaining portion typically relates to vacant spaces that are currently available for lease.

Revenue Share per Country

Year ended 31 Dec. 2023 (€'m)

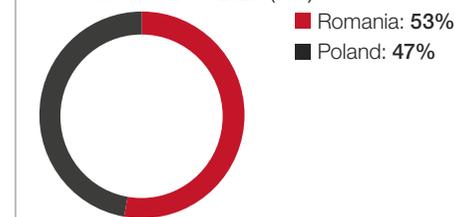


Year ended 31 Dec. 2022 (€'m)

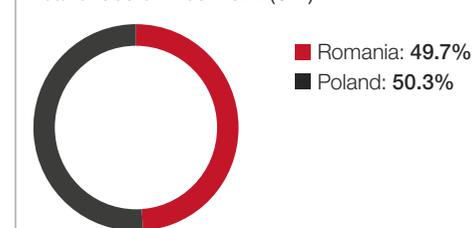


Net Operating Income Share per Country

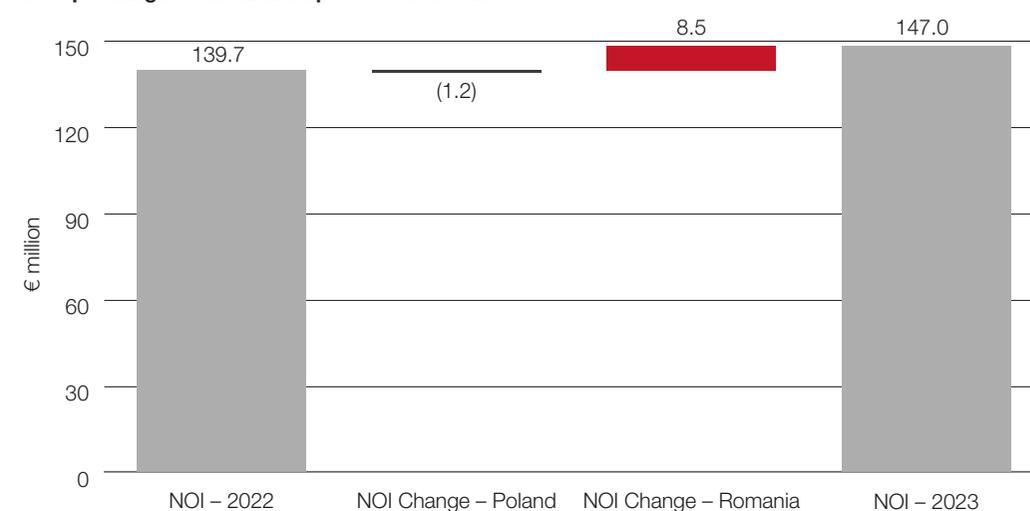
Year ended 31 Dec. 2023 (€'m)



Year ended 31 Dec. 2022 (€'m)



Net Operating Income Build Up Year ended 31 Dec.



Financial Review continued

Adjusted Normalised EBITDA

To assess the ongoing performance of our core operations, we focus on a key metric called Adjusted Normalised EBITDA. This measure excludes non-recurring or non-cash items that wouldn't reflect our typical business activity, as revaluations, gains or losses from asset sales and unusual expenses.

Our adjusted normalised EBITDA was €131.4 million (excluding share of minority interests, EBITDA was €131.1 million), higher by 4.3% compared to 2022 (€125.9 million), the improvement was driven primarily by higher NOI. However, a slight rise in administrative and other expenses partially offset this gain.

Year ended 31 Dec.	2023 €'m	2022 €'m
(Loss)/Profit before net financing cost	(29.7)	35.4
Plus: Fair value loss on investment property	164.9	89.5
Plus: Depreciation on other long-term assets	0.6	0.7
Plus: Other expenses	3.4	2.0
Plus: Other income	(2.0)	(0.5)
Plus: Foreign exchange (gain)/loss	1.5	(0.9)
Plus: Loss/(Gain) from fair valuation of financial instrument	1.4	(0.2)
Plus: Profit on disposal of investment property and subsidiary	(9.1)	–
Plus: Non-recurring expenses*	0.4	–
Adjusted Normalised EBITDA	131.4	126.0
Share of minority interest	(0.3)	(0.1)
Adjusted Normalised EBITDA (excluding minority share)	131.1	125.9

* It includes non-recurring restructuring costs during 2023.

Property Valuation

Recent economic and geopolitical headwinds have put downward pressure on property values in our markets over the past year. This, combined with factors impacting our operating performance, has resulted in a €164.9 million revaluation decrease in our consolidated property portfolio as of 31 December 2023. The revaluation fully reflects current market conditions and portfolio operations.

Properties located in Poland accounted for 56.4% of this net decrease, while those in Romania comprised the remaining 43.6%. It's important to note that there was a positive €3.4 million value increase in our industrial portfolio, partially offsetting these losses.

Year ended 31 Dec.	2023 €'m	2022 €'m
Fair value loss on investment property	164.9	89.5

Finance Costs and Income

Year ended 31 Dec.	2023 €'m	2022 €'m
Finance Cost	57.1	52.5
Gain from bond buy-back	15.8	–
Income from bank deposits	3.8	0.7
Other finance income	3.6	2.0
Net Finance Cost	33.9	49.8

Our financing activity mainly include interest on bonds, bank loans and other under unsecured financing sources. In 2023, the total finance cost increased by €4.6 million to €57.1 million compared to the prior year. The rise is due to new secured facilities drawn down in 2023, €6.8 million expense recorded, and increase in Euribor base rates, particularly in the latter half of 2023, which also affected existing secured facilities (up by €2.0 million as compared to 2022). Also, we recorded in 2023 expense for the entire year on unsecured facilities, up with €3.0 million as compared to 2022 since those were drawn down in June 2022.

Interest in secured and unsecured facilities increased with €11.9 million, however, this was partially offset by a decrease in other areas:

- Bond buyback, we repurchased €100 million of our Eurobond 18/25 and repayment of Eurobond 17/22 in prior year, resulting in €5.7 million less interest expense
- Reduced debt amortisation costs by €0.6 million and
- Other finance costs decreased slightly up by €1.0 million.

The bond buyback, at €83.2 million (nominal value €100 million) also generated some positive cash flow resulting in €15.8 million in finance income from this transaction after adjusting for the associated unamortised debt costs.

We also received income from other sources:

- Joint Venture Loans: Interest earned on loans provided to our joint ventures increased by €0.6 million to €2.1 million.
- Cash Deposits: Higher cash balances throughout the year led to €3.1 million more interest income on deposits, reaching €3.8 million.
- Other Financial Income: This category saw a rise from €0.5 million in 2022 to €1.5 million in 2023 mainly from charge on consideration receivable on Warta sale that carries an interest of 13%.

Overall, net finance costs for the full 2023 came in at €33.9 million, reflecting a 31.9% decline over 2022.

Share in Joint Venture

Our joint ventures in Romania focus on developing and managing industrial parks. Our share of profit from these ventures decreased to €2.1 million in 2023 compared to €3.2 million in 2022, this is primarily due to the effect from a property revaluation.

However, the ventures' underlying business performance is strong. This is reflected in a significant 55% increase in EBITDA (earnings before interest, taxes, depreciation, and amortization) by €1.2 million, on a like for like basis, from €2.4 million in 2022 to €3.6 million, excluding €0.2 million EBITDA in 2023 of Targu Mures joint venture property which was acquired in Q4 2022. This growth is a result of our continued investment in the facilities and successful leasing activity as we fill available space. In other words, even though there was a decline in profit sharing due to a non-cash accounting adjustment, the core business of the joint ventures is performing well.

Income tax expense

During 2023, our current income tax expense on a like for like basis increased with €1.8 million, following the increase in fiscal profits and withholding tax has been paid in amount of €3.9 million. Moreover, following the sale of Warta Tower, we recorded a capital gain tax of €3.3 million associated with this transaction and there is €0.7 million one-off tax for another entity

Financial Review continued

IFRS and EPRA Earnings

We measure our performance using two key metrics: IFRS earnings and EPRA earnings. IFRS Earnings being a standard accounting measure that reflects our overall profit or loss. However, it can be impacted by non-cash or one-off costs like property revaluations, gain on bond buy backs and gain/loss on property disposals. EPRA Earnings adjust for such non-recurring and non-cash items and reflect a relevant measure for real estate companies like ours providing a clearer picture of our ongoing operational performance.

Our 2023 IFRS earnings were negative €53.8 million (or -23 cents per share), reflecting a significant drop from 2022's negative €16.1 million (-8 cents per share). This decline is primarily due to a much larger revaluation loss recorded in 2023 (€164.9 million vs. €89.5 million in 2022). Revaluations adjust the carrying value of our properties based on market changes, but they don't affect actual cash flow.

However, when we adjust for revaluation losses, related deferred tax and other non-recurring costs, our underlying profitability improved in 2023. Adjusted IFRS profit after tax reached €82.7 million, an increase of €9.8 million compared to 2022.

Our EPRA earnings 2023 were €61.3 million (26 cents per share), down 14.4% from the previous year. This decrease is due to a combination of factors, including increased administrative of €2.2million and other net costs of €0.9 million, loss from foreign exchange fluctuations of €2.4 million, and higher income tax of €8.3 million and deferred tax expenses not related to investment property valuation of €4.1 million.

IFRS Earnings Vs EPRA Earnings

	Total €'m	Per Share cents
IFRS Earnings	(54.2)	(23)
FV loss on properties	164.9	70
Losses on disposal of investment properties and related tax	(5.5)	(3)
FV gain on financial instrument	(14.4)	(6)
Deferred Tax on investment property	(28.8)	(12)
JVs & Others	(0.7)	0
EPRA Earnings	61.3	26

3. Assets

	Note to the financial statements	31 Dec. 2023 €'m	31 Dec. 2022 €'m
Assets			
NCA – Investment property	3	2,843.1	2,945.5
CA – Investment property held for sale		50.4	126.0
Total Investment Property		2,893.5	3,071.5
NCA – Investments in joint ventures	27	70.1	68.0
Cash and cash equivalents	19	396.3	163.8
Other Assets		85.3	65.7
Total Assets		3,445.2	3,368.9

Our Assets: Primarily Real Estate

Real estate makes up the bulk of our assets, with investment properties and cash equivalents exceeding 95% of our total value.

Investment Property Breakdown (as of 31 December):

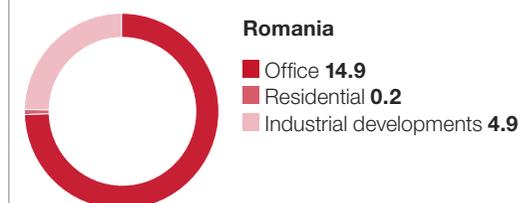
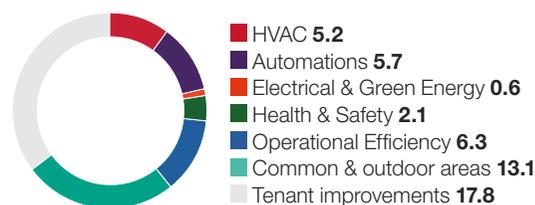
2023: €3.0 billion (compared to €3.1 billion in 2022), this includes both freehold properties (land and buildings we own outright) and properties held for sale.

We actively manage our portfolio through sales and reinvestment in development projects.

2023 Property Transactions: We successfully sold Warta Tower, a property held for sale, for €63.4 million, exceeding its book value of €53.3 million. Additionally, we sold a land plot and residential units for a combined total of €13.8 million (€7.0 million and €6.8 million respectively).

Investing in the Future: Throughout 2023, we invested a significant amount (€50.8 million) in capital expenditures (CAPEX) for properties under development and improvements to existing properties, in Poland €30.8 million and €20.0 million in Romania.

CAPEX

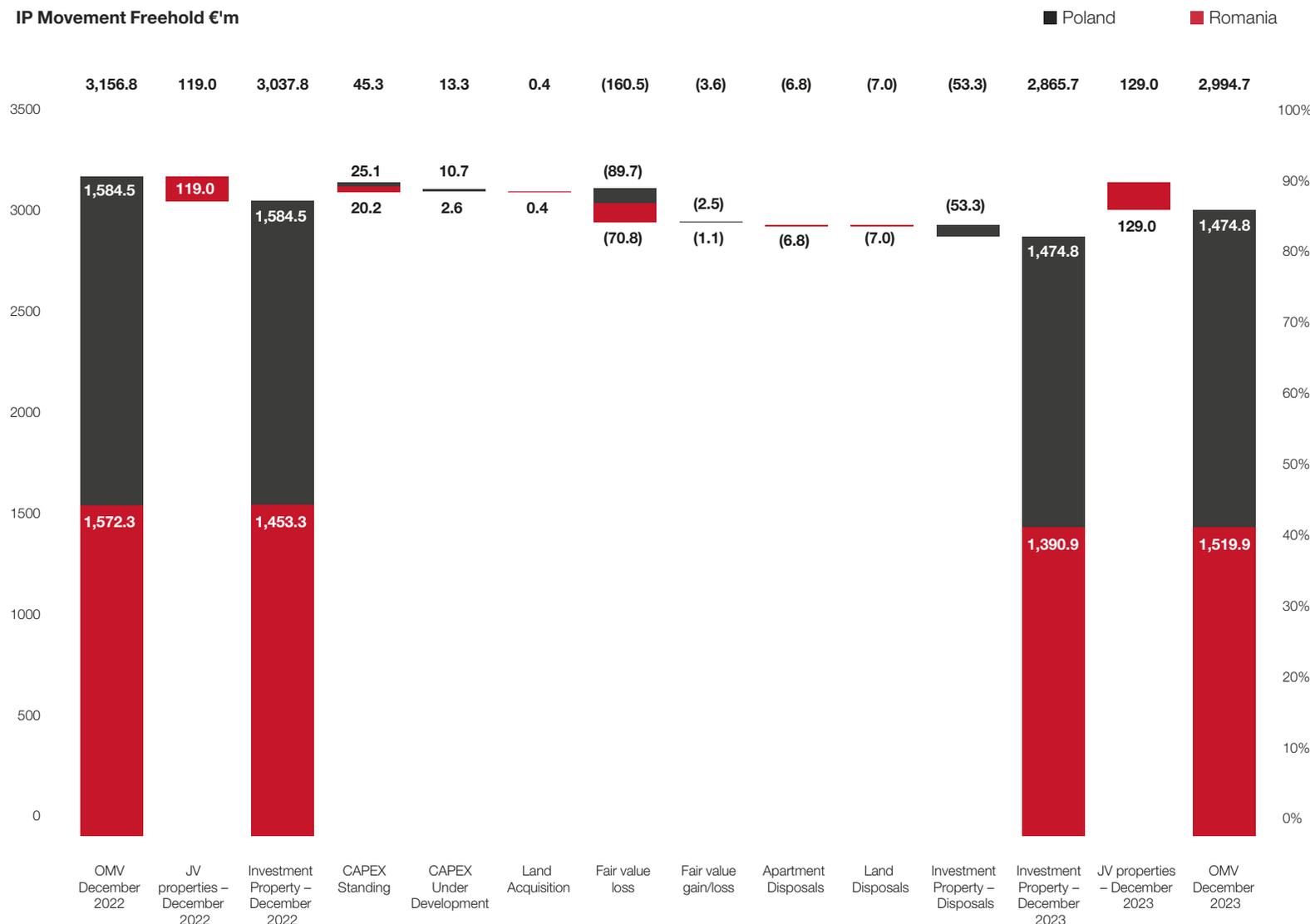


Market Impact (2023): Due to market conditions and lower yields, we experienced a net fair value loss on our freehold properties of €164.1 million. Additionally, there was a minor €0.8 million loss on leasehold properties.

	Romania	Poland	Total
OMV Dec. 22	1,572.3	1,584.5	3,156.8
JV properties - Dec. 22	119.0	–	119.0
Investment Property - Dec. 22	1,453.3	1,584.5	3,037.8
CAPEX Standing	20.2	25.1	45.3
CAPEX Under development	2.6	10.7	13.3
Land acquisition	0.4	–	0.4
Fair value loss – standing	(70.8)	(89.7)	(160.5)
Fair value gain/loss - dev/refurb.	(1.1)	(2.5)	(3.6)
Apartment Disposals	(6.8)	–	(6.8)
Land Disposal	(7.0)	–	(7.0)
Investment Property disposal	–	(53.3)	(53.3)
Investment Property - Dec. 23	1,390.9	1,474.8	2,865.7
JV properties - Dec. 23	129.0	–	129.0
OMV Dec. 23	1,519.9	1,474.8	2,994.7

Financial Review continued

IP Movement Freehold €'m



We ended the year with a significant increase in our cash and cash equivalents, reaching €396.3 million on 31 December 2023, compared to €163.8 million at the end of 2022. This positive change reflects strong cash flow generation from our core operations together with successfully additional secured debts raised in the second half of 2023. Our cash reserves grew substantially in 2023, demonstrating the financial strength of our core business (including working capital balance of €105 million) and our ability to secure additional liquidity to address mid-term debt maturities.

Our investment in joint ventures totalled €70.1 million at year-ended 31 December 2023, from €68.0 million, with €1.7 million invested during the year and €2.1 million accounted as share of profit for the year. In terms of financing we provided €10.8 million to support properties under development and recorded €2.1 million interest income from loans provided. After successfully drawing bank facilities, the joint ventures repaid to the Group €14.5 million loans and interest.

Other assets mainly include trade and other receivables of €23.1 million, equity investments of €7.8 million and consideration receivables from sale of Warta Tower including the accrued interest of €21.2 million with maturity date Q4 2025.

Total assets reached €3,445.2 million at the end of 2023, reflecting a modest increase of 2.3% compared to €3,368.9 million at the end of 2022.

Financial Review continued

4. Liabilities

Liabilities	Note to the financial statements	31 Dec. 2023 €'m	31 Dec. 2022 €'m
NCL – Interest-bearing loans and borrowings	14	1,574.8	1,433.6
CL – Interest-bearing loans and borrowings	14	28.6	21.6
Total Interest-bearing loans and borrowings		1,603.4	1,455.2
Deferred Tax Liabilities (including liabilities associated with the assets held for sale)	11.1	139.3	159.9
Other Current Liabilities		72.7	69.5
Other Non-Current Liabilities		27.2	26.8
Total Liabilities		1,842.6	1,711.5

Total Liabilities for the Group increased by 8% to €1,842.6 million at year-end 2023, compared to €1,711.5 million at the end of 2022. This rise is mainly due to an increase in Interest-bearing loans and borrowings, which now make up 87% of the Group's liabilities (up from 85% in 2022). However, a decrease in Deferred Tax Liabilities helped offset this growth. These liabilities went down by €15.5 million, primarily due to a loss on the revaluation of investment properties.

Other Current and Non-Current Liabilities, such as tenant deposits, lease obligations, and other debts, account for a smaller portion (5.4%) of the total. These liabilities increased slightly by €1.4 million during the year.

5. Interest-bearing Loans and Borrowings

Overview and Select Initiatives

The total debt consolidated debt for the Group on 31 December 2023 was €1,603.4 million (31 December 2022: €1,455.2 million) comprising of mainly of medium to long-term secured debt and medium-term unsecured Eurobond, denominated entirely in Euro.

In 2023, we bought back €100m nominal value of our €550 million Eurobond by paying a cash consideration of €83.2m thus reducing the debt maturing March 2025.

In addition, during 2023 we:

- paid the annual coupon of the 2025 Eurobond;
- drew the €110 million ten-year term secured debt facility which was signed with Erste Group Bank AG and Banca Comerciala Romana SA in December 2022 for refinancing of the Company's logistics/light industrial portfolio in Romania. Out of the €110 million, €96.5 million was made available to the Group and the difference to one of the Group's joint ventures companies;
- repaid the €60 million outstanding balance on the RCF;
- drew the €145 million seven-year term secured debt facility which was signed with Aareal Bank AG secured with 2 properties in Warsaw;
- drew the €55 million ten-year term secured facility (€1 million available for further drawdown until June 2024);
- drew the €45m seven-year term secured debt facility from BCR (out of which €33m is refinancing of existing debt maturing in December 2024);
- extended the €11 million bank facility held with Unicredit Bank until March 2031.

It is important to note that there is no debt maturing within 12 months other than normal amortisation of principal.

Interest-bearing Loans and Borrowings Profile

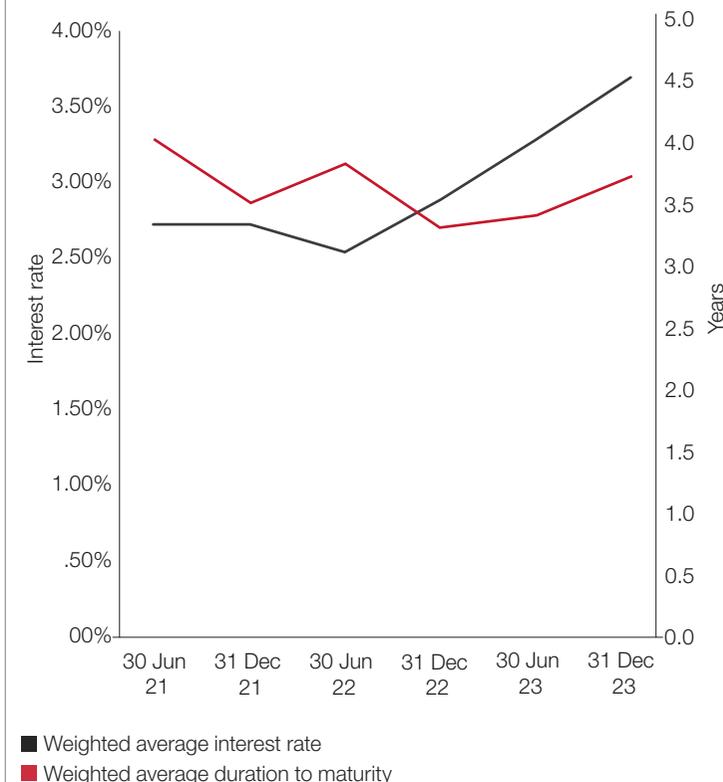
Most of the debt remained in unsecured facilities, which accounted for 58.4% (31 December 2022: 75.4%) of the total debt outstanding. Unsecured facilities included the two Eurobonds maturing in March 2025 and July 2026 accounting for €850.0 million and the €85.0 million facility from the IFC. The remainder debt (41.6%) is secured with real estate mortgages, pledges on shares, receivables, and loan subordination agreements in favour of the financing banks.

The weighted average interest rate cost for the Group increased marginally by the end of the year, due to additional secured facilities from Q4 2023. However, as of 31 December 2023 majority of our debt (76.1%) carry fixed interest rate and 5.6% of debt facilities are hedged through interest rates caps and swaps, therefore the weighted average cost of

debt on 31 December 2023 reached 3.70% (from 2.89% in 2022). The high level of fixed interest rate debt ensures natural hedging to the Euro, the currency in which the most significant part of our liquid assets (cash and cash equivalents and rental receivables) is originally denominated and the currency for the fair market value of our investment property. Based on the Group's debt balances on 31 December 2023, an increase of 100 basis points in the Euribor would result in a higher interest expense of €2.9 million per annum.

The average maturity period of our debt remained above 3.0 years reaching 3.7 years (2022: 3.3 years).

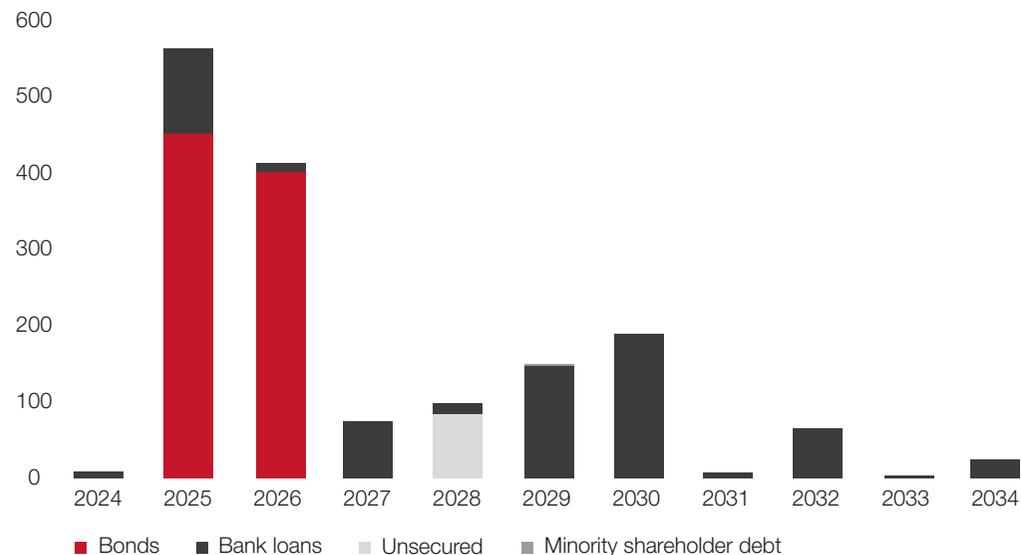
Weighted Average Interest Rate Versus Debt Duration to Maturity



Financial Review continued

Interest charges for secured loans is based either on three months or six months Euribor plus a margin. As of 31 December 2023, 18.3% of the outstanding balance is exposed to changes in Euribor compared to 19.3% at 31 December 2022.

Maturity Profile (by year) of the Principal Loan Outstanding at 31 December 2023 (€ million)



During 2023, we repaid €5.5 million in bank debt principal amounts, we bought back €100 million nominal value of our €550 million bond by paying a cash consideration of €83.2m, and €45.7 million of accrued interest on the Group's outstanding debt facilities, including €37.6 million in relation to the full annual coupon for the Eurobonds of the Company.

Debt Covenants

As of 31 December 2023, the Group was in compliance with all of its debt covenants.

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable as at 31 December 2023 being the following:

Unsecured Eurobonds, RCF and IFC loan

- the Consolidated Coverage Ratio, with minimum value of 200% (150% applicable for the RCF and IFC loan);¹
- the Consolidated Leverage Ratio, with maximum value of 60%;
- the Consolidated Secured Leverage Ratio with a maximum value of 30%; and
- the Total Unencumbered Assets Ratio, with minimum value of 125% (additional covenant applicable for the RCF and IFC loan).

Secured Bank Loans

- the debt service cover ratio ('DSCR')/interest cover ratio ('ICR'), with values ranging from 120% to 350% (be it either historic or projected); and
- the LTV ratio, with contractual values ranging from 45% to 83%.

There have been no breaches of the aforementioned covenants occurring during the period ended 31 December 2023.

¹ Value as of 31 December 2023: 2.44x.

Financial Review continued

6. Liquidity & Loan to value ratio ("LTV")

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

As of 31 December 2023, the Group had cash and cash equivalents of €396.3 million (31 December 2022: €163.8 million), of which €20 million was restricted due to various conditions imposed by the financing Banks.

In addition, the Group had undrawn borrowing facilities of €272 million, out of which €50 million available until December 2025. The RCF €215 million is no longer available after March 2024.

The Group's loan-to-value ratio on 31 December 2023 was 42.2%, compared to 42.7% on 31 December 2022, mainly due to the impact of negative revaluations in our standing properties and positive effect from bond buyback at a discounted price.

7. EPRA NRV

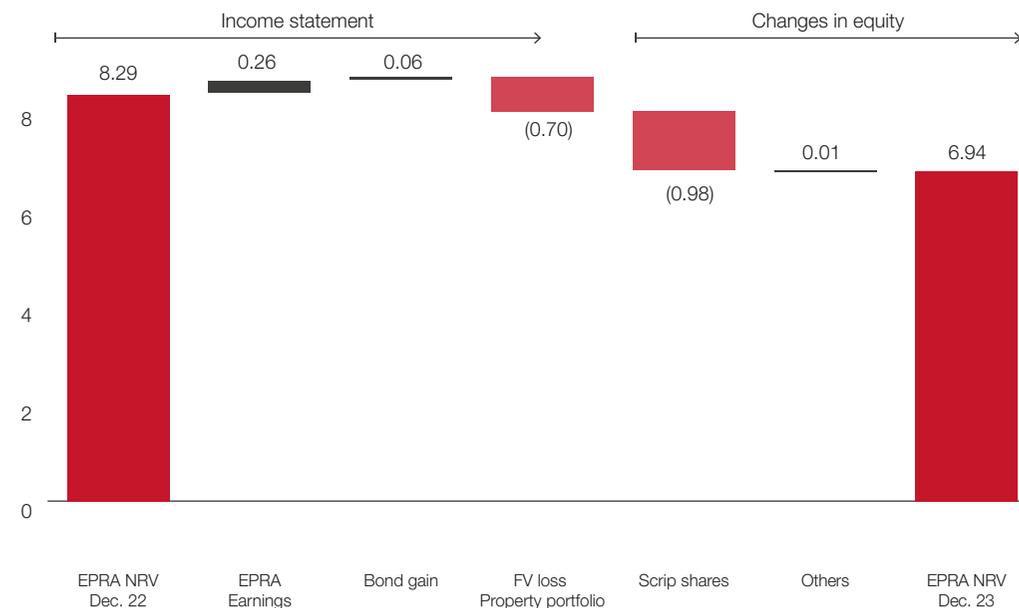
EPRA NRV is a metric that reflects the estimated long-term value of a company's net assets, assuming the company keeps its properties and doesn't sell them.

The EPRA Net Reinstatement Value ("NRV") is a metric that reflects the estimated long-term value of a company's net assets, assuming the company keeps its properties and doesn't sell them.

EPRA NRV reached €1,750.6 million at year ended 2023. This represents a 4.6% decrease to €1,835.5 million at the end of 2022. EPRA NRV per share also reflects this decline, going down to €6.94 per share at the end of 2023 (compared to €8.29 per share at the end of 2022). The main factor behind the decrease in EPRA NRV was primarily due to negative revaluations that occurred throughout 2023 of €164.9 million offset by EPRA Earnings and one-off gain on Eurobonds.

	€m	€
EPRA NRV Dec. 22	1,835.5	8.29
EPRA Earnings	61.3	0.26
Bond gain	15.8	0.06
FV loss on Property portfolio	(164.9)	(0.70)
Scrip shares	(1.0)	(0.98)
Others	3.9	0.01
EPRA NRV Dec. 23	1,750.6	6.94

EPRA NAV per Share (€)



Financial Review continued

8. Cash Flows

	2023 €'m	2022 €'m
Year ended 31 Dec.		
Operating Profit before Changes in Working Capital	132.7	126.4
Changes in Working Capital	(45.4)	(63.3)
Cash Flows from Operating Activities	87.3	63.1
Cash Flows used in Investing Activities	(11.0)	(73.8)
Cash Flows from/(used) in Financing Activities	153.8	(243.9)
Net Increase/(decrease) in Cash and Cash Equivalents	235.0	(254.6)
Effect of foreign exchange fluctuations	2.5	0.0
Cash and Cash Equivalents at Year End	396.3	163.8

Our cash flow from operations before working capital changes increased by 5% to €132.7 million in 2023, mirroring the rise in Net Operating Income (NOI) for the year.

Overall, cash inflow from operations reached €87.3 million in 2023, a significant €24.2 million improvement compared to 2022. This growth is primarily due to an increase in NOI of €7.3 million, €6.3 million from improving collection of outstanding receivables, €3.9 million increase in advances received for rent and service charge, €3.1 million interest received on cash deposits and €3.6 million from other working capital movements.

In 2023, our net cash used in investments was €11.0 million. This includes €62.5 million spent on capital expenditures for our properties, netted off by the €50.4 million proceeds from selling investment properties and €1.4 million from net investments and loans provided to joint venture.

Cash generated from financing activities significantly improved in 2023, reaching €153.8 million (compared to a net cash outflow of €243.9 million in 2022). This positive change represents our focus to enhance the liquidity by successfully drawing down funds from new credit facilities secured in 2023 (€344.8 million). Also, we repaid part of existing debts, including €83.2 million on the 18/25 Eurobond, €60 million on the RCF facility, and €39.5 million in amortisations and principal on other loans. Other financing activities in 2023, such as interim dividend payments, lease liabilities and loan arrangement fees, totalled €8.3 million.

9. Dividends

	2023 €'m	2022 €'m
Year ended 31 Dec.		
Dividends declared	66.3	59.8
Share capital increase - scrip shares	(65.2)	–
Dividends Paid	1.1	59.8
Dividends per Share - cents	29	27

Globalworth distributes bi-annually at least 90% of its EPRA Earning to its shareholders. During 2023, the distributions included the option to a scrip dividend alternative so that qualifying shareholders can elect to receive new ordinary shares in the Company instead of cash in respect of all or part of their entitlement to the Dividend. Qualifying shareholders who validly elect to receive the Scrip Dividend Alternative become entitled to a number of Scrip Dividend Shares in respect of their entitlement to the Dividend that is based on a price per Scrip Dividend Share calculated on the basis of a discount of 20% to the average of the middle market quotations for the Company's shares on the five consecutive dealing days from and including the Ex-Dividend Date, the "Reference Price".

The dividend declared for the six-month period ended 31 December 2022 was 15 cents per share and 14 cents per share for the six-month period ended 30 June 2023.

Following the election of scrip dividend 14.3 million new shares were issued in April and 16.3 million shares were issued in October 2023, while the Group paid in total €1.1 million as cash dividend, resulting in 98.4% shareholders opted to reinvest in the Company.

The results for the period are set out in the consolidated statement of comprehensive income on page 89.

EPRA Performance Measures Snapshot

Our performance under the EPRA guidelines

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

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

Figures in € million, unless otherwise indicated	2023	2022	Definition	Purpose	Pages
EPRA NRV	1,750.60	1,835.50	EPRA Net Reinstatement Value.	Metric making adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, assuming that entities never sell assets and aims to represent the value required to rebuild the entity.	127
EPRA NRV per share (€)	6.94	8.29	EPRA Net Reinstatement Value per share.		127
EPRA Earnings	61.30	71.60	Earnings from operational activities.	Metric measuring a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	111
EPRA Earning per share (€)	0.26	0.32	Earnings from operational activities per share.		111
EPRA Net Initial Yield ("NIY") (%)	5.7%	5.2%	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations.	158
EPRA Topped-up NIY (%)	6.4%	5.8%	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations.	158
EPRA Vacancy (%)	12.4%	14.0%	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	158
EPRA LTV (%)	41.6%	42.6%	Debt divided by market value of the property.	A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties.	160
EPRA Cost Ratio (including direct vacancy costs)	18%	15%	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	Present a consistent base-line from which companies can provide further information around costs.	159
EPRA Cost Ratio (excluding direct vacancy costs)	11%	9%			159

Sustainable Development

We aim for all our buildings to have green certifications

Our values



One Team



Act with Integrity



Respect, Diversity and Inclusion



Build an Environmentally Friendly & Sustainable Future

Sustainable Development Review

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

Creating Sustainable Long Term Value (as presented in “Our Business Model”)

Financial	Non-Financial
Generate long-term sustainable and attractive, risk-adjusted returns through yield and capital appreciation, allowing us to create the capacity to distribute dividends for our shareholders.	Create a Group and an environment which people want to work in, do business in, and be associated with.
<ul style="list-style-type: none"> Rental growth. Portfolio value appreciation. EPRA NAV growth. Sustainable and recurring dividend. 	<ul style="list-style-type: none"> Invest in sustainable and environmentally friendly buildings. Create safe and healthy spaces where people want to work and with which they want to be associated. Assist and improve the communities which we are part of.

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

Globalworth’s ESG Focus

Environmental (“E”)	Social (“S”)	Governance (“G”)
<ul style="list-style-type: none"> Invest in and create high quality, sustainable and environmentally-friendly real estate spaces, in which people and business can flourish. Committed to reducing our carbon footprint through to 2030. 	<ul style="list-style-type: none"> Attract, inspire, support and maintain a talented team of professionals, proud to work for Globalworth. Support our communities, of which we are an integral part, and intensify our efforts in this challenging environment. 	<ul style="list-style-type: none"> Operate by applying the highest standards of Governance, and supporting the principles of the QCA Corporate Governance Code, thus providing confidence to our shareholders and other stakeholders.



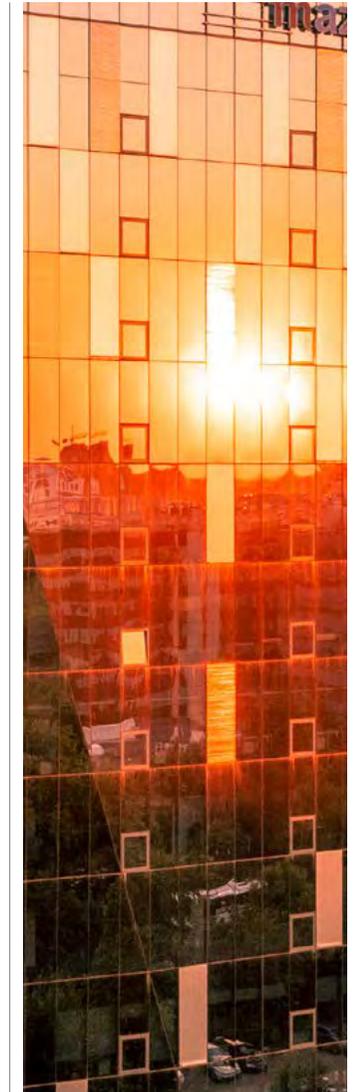
Through our three main pillars of “People, Places and Technology” we can achieve a balance, resulting in creating long-term and sustainable value for the Group, our shareholders, our people, our community, the environment, and other stakeholders.

Understanding Our Impact

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

For this reason, we performed our initial materiality analysis in 2018 based on GRI standards, and since then we have been regularly reviewing this analysis. Our latest update was in 2021/22, where, following the COVID-19 global pandemic outbreak, we considered that a more detailed analysis was required to better understand potential changes in the material topics for our business, and to help us “connect” these topics with the relevant sustainable development goals (“SDGs”).

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



Sustainable Development continued

Reporting

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

Since 2018, we have been annually reporting the results of our sustainable development activities. In July 2023, we published Globalworth’s “2022 Sustainable Development Report”. This is the fifth such report we have published.

The concept of materiality is central to corporate sustainability reporting as it helps organisations identify and prioritise the topics with the most material impacts on the economy, environment, and people, whilst aiding us to align these impacts with the relevant SDGs. For our 2018 and 2020 sustainability review and analysis, which we published in 2019 and 2021, respectively, we conducted our first and second extensive materiality analysis. As part of this process, we reached out to over 330 different stakeholders, the entire Globalworth team, and reviewed sustainable development topics related to our industry from international publications and relevant standards.

During 2023 for the 2022 Sustainable Development Report, Globalworth adopted the new methodology of the GRI Standards (2021) to complete the identification, assessment, prioritisation, and validation of the positive and negative impacts that the organisation creates or may create on the environment, people, and the economy, utilising a four-phased approach.

As part of the positive and negative impact identification process, we created an impact universe containing a list of impact areas within the pillars of the environment, social, and economy which are indicative of the impact Globalworth creates through its activities and business relationships.

As a result of the above processes undertaken, the following list of impact areas were grouped into the respective material topics*. (*With respect to the negative impacts, Globalworth could be causing or contributing to the negative impacts through its activities; and/or the impacts are or could be directly linked to its operations or services by its business relationships, even if the Company has not contributed to them.)

During 2022 and 2023, Renoma, our property in Wroclaw which is currently under refurbishment (due to be completed in the first half of 2023) lost its green certification for technical reasons (essentially because more than 20% of its surface was under re-development). We are aiming to recertify this property once the works have been completed and expect it to achieve its previous level accreditation (BREEAM Excellent) or better by the end of 2024, thus meeting the eligibility criteria of our Green Bond Framework. As such, we believe that we do not need to reallocate those funds. However, if we cannot recertify Renoma in line with eligibility criteria by that time, we are committed to updating our green allocation proceeds with another eligible property.



Sustainalytics ESG risk rating



11.1% Low risk (January 2024)

MSCI ESG Rating



A (January 2024)

Environment

Material topics	Impact generated	UN SDGs
Climate stability and air quality	+ -	3 GOOD HEALTH AND WELL-BEING 13 CLIMATE ACTION
Waste and resource intensity	+ -	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Water and marine resources	+ -	14 LIFE BELOW WATER 15 LIFE ON LAND

Social**

Material topics	Impact generated	UN SDGs
Employment	+ -	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Health and safety	+	3 GOOD HEALTH AND WELL-BEING

Socio-economic

Material topics	Impact generated	UN SDGs
Innovation of better products and services	+	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY INNOVATION AND INFRASTRUCTURE
Socio-economic convergence	+	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS

Environmental Review

Linking our ESG priorities to “People, Places and Technology”

Our “Places”

Consistent with our commitment to energy-efficient properties, during 2023 we certified or recertified 27 of the properties in our portfolio with BREEAM Very Good or higher certifications.

In Romania, we were able to improve the level of certification, from BREEAM Very Good to LEED Gold, for Tower Center International, our iconic office building located in Bucharest CBD, while certifying for the first time five of our industrial/light logistic properties in Bucharest, Constanta, Arad and Oradea.

In total, 22 properties had their certifications updated during the year with 11 in Romania and 11 in Poland.

Overall, as of 31 December 2023, our combined standing portfolio comprised 59 green-certified properties, accounting for 92.5% of our standing commercial portfolio by value. BREEAM accredited properties account for 82.0% of our green-certified standing portfolio by value, with the remainder of properties being holders of other certifications (LEED Platinum or LEED Gold).

We remain committed to our green goals, aiming for 100% of our commercial portfolio to be green accredited. We are currently in the process of certifying or recertifying 12 other properties in our portfolio, principally targeting BREEAM certifications.

In addition, in 2023, we maintained our policy of securing 100% of the energy used in our Polish properties and in our Romanian office portfolio from renewable sources. The switch to green energy is part of our broader preparatory actions for nZEB, which also involves other steps, including introducing intelligent metering and implementing FORGE for monitoring.

Our Performance

Impact area	Sustainability Performance Measures	Unit	2020	2021	2022	2023
Energy	Building energy intensity	kWh/sqm/year	256.5	261.9	236.6	218.5
GHG emissions	Greenhouse gas (GHG) emissions intensity from building energy consumption (Scope 1 and Scope 2 location-based and Scope 3)	kg CO ₂ e/ sqm/year	142.9	145.2	107.0	87.6
	Greenhouse gas (GHG) emissions intensity from building energy consumption (Scope 1 and Scope 2 market-based and Scope 3)	kg CO ₂ e/ sqm/year	121.2	60.0	26.0	26.2

Note: The reduction in the 2023 GHG emissions (Scope 1 & Scope 2 Location based & Scope 3) in comparison to 2022 GHG emissions mainly derives from the reduction of energy consumption in Poland, accompanied with an increase in total GLA.



In 2023, we successfully certified or recertified all our office and mixed-use buildings in Poland and Romania with WELL Health-Safety Rating, which is an evidence-based, third-party verified rating for all new and existing types of building and space, focusing on operational policies, maintenance protocols, stakeholder engagement and emergency plans to address a post-COVID-19 environment now and into the future.

As a result, by the end of 2023, all our standing office and mixed-use properties had a WELL Health-Safety Rating, with a total value of €2.4 billion, standing as further evidence of the quality of our portfolio.

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

As part of our ambitious ESG strategy, we are committed to contribute towards the global efforts to limit global temperature rise by reducing our direct and indirect greenhouse emissions in our operations and value chain. As such, in 2022, we performed a detailed review of how we can improve our footprint and we set our environmental target to reduce GHG emissions intensity by 46% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and we committed to measuring and reducing Scope 3 too. In setting this target, we used a science-based approach to align with a 1.5°C trajectory.

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

Environmental Review continued

What can you do with the app



Book parking spaces



Book desks



Enter garage



Book conference rooms



Open entrance barriers



Call lifts



Notifications



Invite guests

Focus on “Technology”:

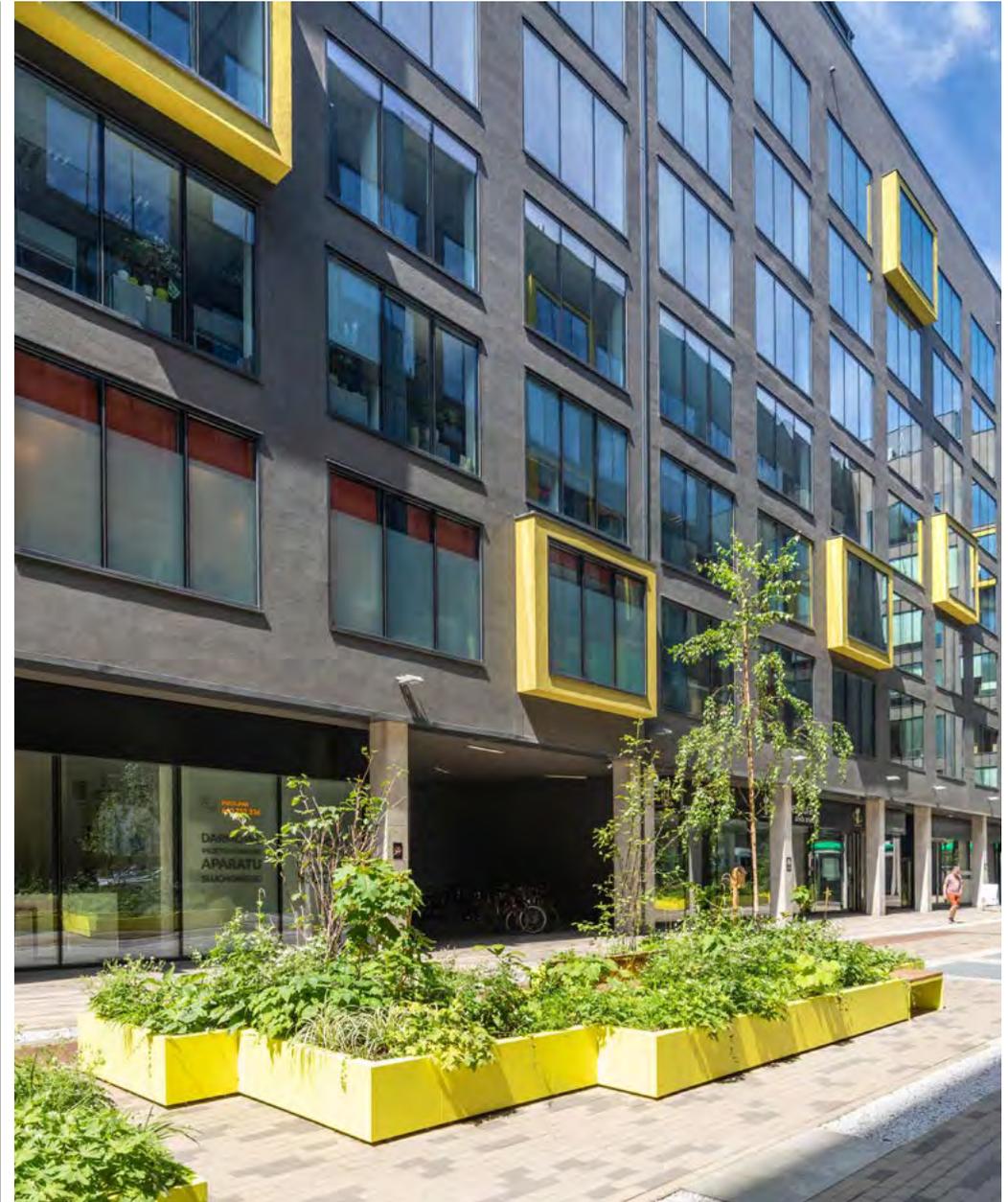
We are firm believers that technology has a positive impact on real estate, for both tenants and investors. As such, we invest directly and indirectly in selected opportunities and initiatives, including technology related venture capital funds.

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

- In 2018 we made a €2.0 million commitment to Early Games Venture, a venture capital fund, focused on innovative companies in Romania, co-funded by the European Regional Development Fund and funded through the Competitiveness Operational Programme (2014-2020). As of 31 December 2022, we have funded c.79% of our total commitment.
- In 2019 we committed €2.4 million to GapMinder Venture Partners, the venture capital fund investing in IT Software and Services start-ups in Romania and Central Eastern Europe and in disruptive projects with regional, European and global ambitions. As of 31 December 2022, we have funded c.80% of our total commitment.

In addition, in 2023 we continued with the implementation of several technology initiatives in our properties and we are exploring several others. We hope that these could find further application in our portfolio in due course, thereby improving our services and performance. These include:

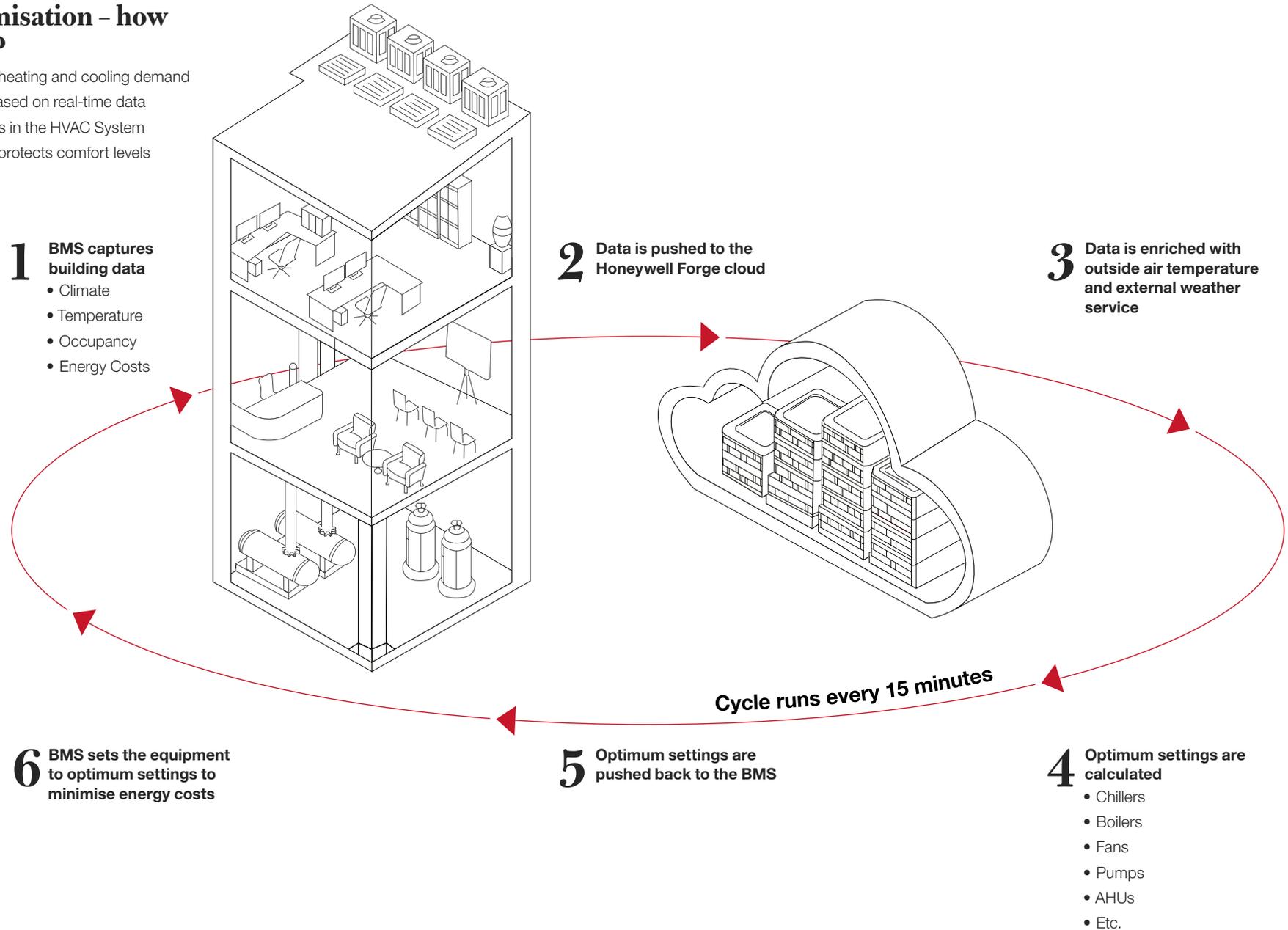
- Green energy solutions, which are at various stages of implementation in our portfolio, including solar photovoltaic panels converting solar energy to cover our buildings' requirements with green electricity and electric chargers to power vehicles in our properties. In 2023 we installed 723KW of rooftop photovoltaic power plants and we are under analysis for another 1MW.
- The Property App, which is focused on providing smart touchless solutions in the property, with emphasis on comfort, safer operation and efficiency, whilst preserving the same mandatory security standards which currently exist.
- Virtual reception” and a visitors' management platform for a digitised, fast and easy-to-scale check-in process.
- We have started implementing Forge by Honeywell in several of our buildings with the aim to have by the end of 2027 in all our buildings Forge operational.



Environmental Review continued

Energy optimisation – how does it work?

- Models and predicts heating and cooling demand
- Learns and adapts based on real-time data
- Identifies inefficiencies in the HVAC System
- Minimises costs and protects comfort levels



Social Review

“People”: our team

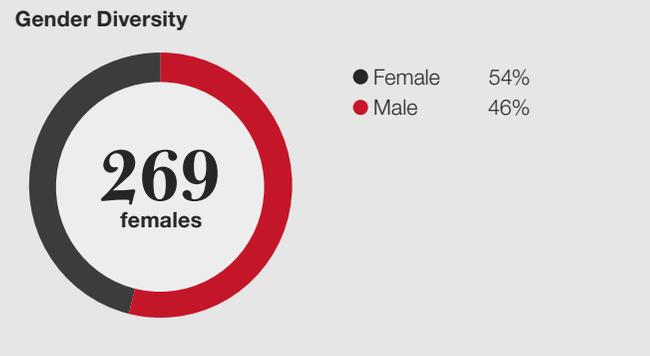
Our most important asset is our team of dedicated professionals, who have been selected by employing the best available candidate for each and every position, regardless of gender, ethnic group. This team has been offering premium services to our partners, efficiently managing our high-quality portfolio, facilitating growth and creating value for our shareholders and stakeholders.

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

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

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

At the end of 2023, our team comprised 269 professionals, most of which sit in our two main offices in Warsaw and Bucharest. Team members are also located in regional cities in Poland and Romania, Cyprus and the UK.



“People”: Our Communities

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

Our significant footprint in Poland and Romania creates this responsibility for us. Our communities include more than 200k daily workers in/visitors to our properties under normal conditions, with the lives of many more people in the broader community also being touched.

In 2023, we maintained our strong focus of giving back to our community and, together with the Globalworth Foundation, we contributed over €180k in more than 13 initiatives in Romania and Poland, having over 29,000 beneficiaries.

Initiatives to which we contributed included:

- Architecture University Ion Mincu - Equipping the room with the latest generation technologies - intended for students of higher education institutions to develop impactful high-tech solutions.

- Globalworth Christmas Charity Days- Globalworth Foundation has gathered and helped 150 children from poor communities and foster care centers for the eleventh edition of the Globalworth Christmas Charity Days, organised on 18 December in the lobby of the Globalworth BOC building.
- Profiraktics With Globalworth” Campaign In November more than 1 000 participants actively took part in the cancer prevention campaign run by Globalworth and @FundacjaOnkologicznaRakiety in Globalworth buildings in Poland.
- SOS For The Planet - young people ask what about the climate? The Digital University Foundation has joined forces with the Globalworth Foundation to jointly support primary and secondary schools in the delivery of climate education.

Governance Review

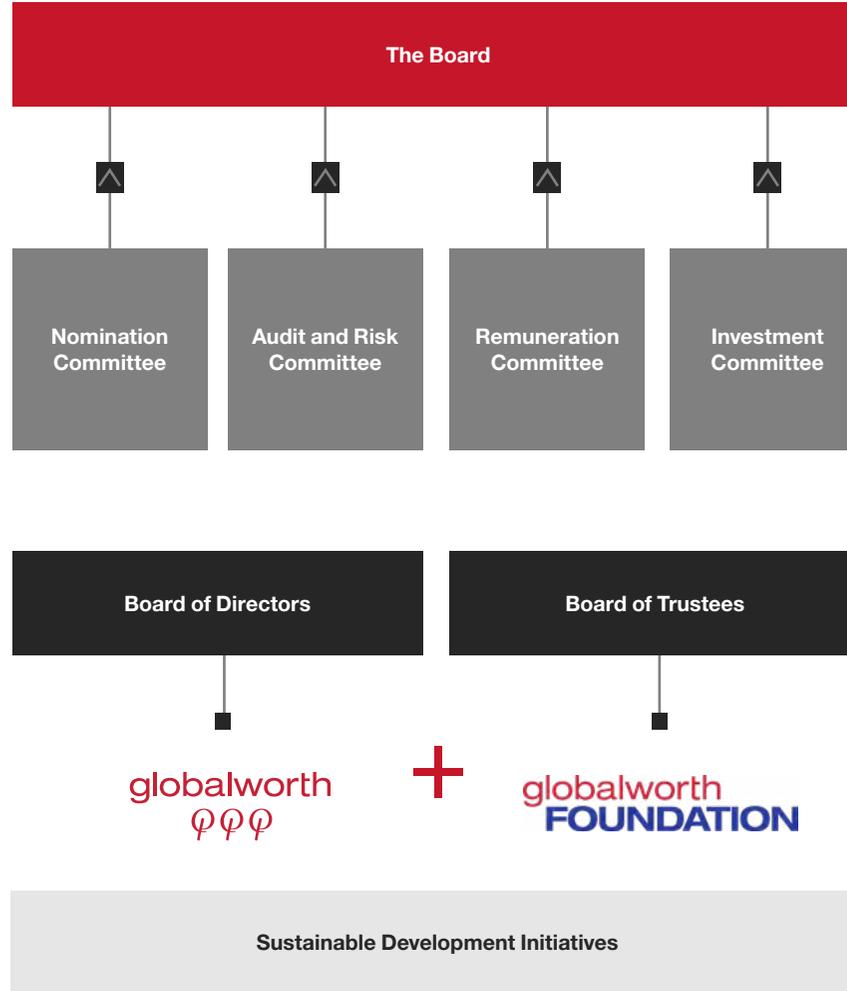
Committed to the highest standards of governance

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

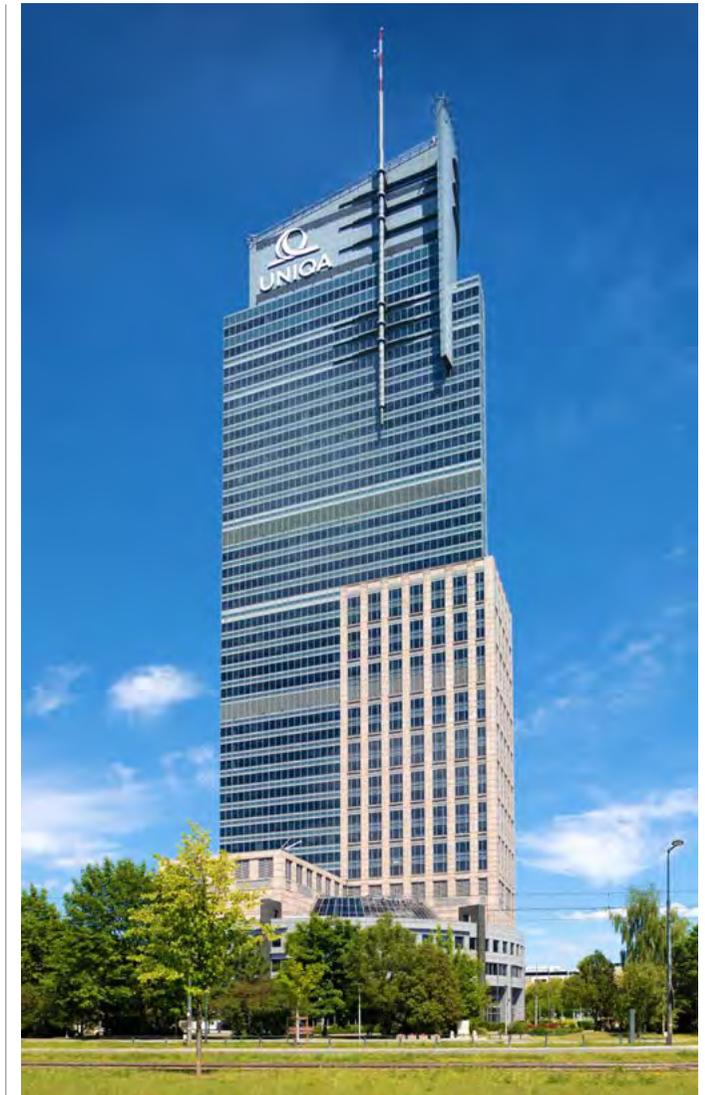
Ensuring that an effective corporate governance framework is in place gives confidence to our shareholders and other stakeholders that the Board and the Group are committed to providing high governance standards.

We are pleased that due to our efforts in 2023, there were:

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



Note: Additional information on the performance of the various Committees in 2023 is available in the Governance section of Globalworth's Annual Report.



Principal Risks and Uncertainties

Effective management of our risks

Globalworth's Risk Management Framework

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

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

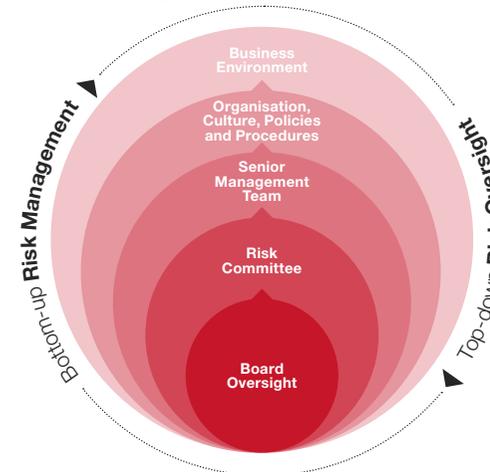
Moreover, the continuous strengthening of risk management is a key element in creating a sustainable business and delivering attractive risk-adjusted returns to our shareholders and value to other stakeholders as part of profitable and sustainable growth.

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

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

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

Risk Oversight



Identify

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

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

As part of the process of identification of risks, emerging risks are considered annually and risks that are identified but not assessed as principal risks are still evaluated and monitored. An example of such emerging risks in recent years is associated with the changes in tenants' requirements for flexible, sustainable/green efficient and technologically advanced buildings. Details on actions taken continuously by our Group in these areas are provided on pages 65 to 69 of the Annual Report and in the separate sustainable development report for year 2021 which is available on our website.

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

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

Evaluate

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

Respond

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

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

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

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

Monitor

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

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

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

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Business Environment Risks			
1 Market Conditions and the Economic Environment, particularly in Romania and Poland			
	Negative trends in economic activity, and specifically the real estate markets in Poland and Romania, may affect occupier demand, rental rates and investment valuation in respect of the Group's properties.	The Group is focused on leasing to multinational groups with either moderate exposure to developments in the Polish and Romanian economies and/or with very sound financial standing.	
		The Group also focuses on signing long-term lease agreements with financially sound tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to maintain and improve sustainable revenues.	
2 Changes in the Political or Regulatory Framework in Romania, Poland or the European Union			
	The Group focuses on property investments in Poland and Romania, and is therefore exposed to political and regulatory framework changes that may impact activities in these markets. Adverse changes in taxation provisions and approach of the tax authorities in the jurisdictions the Group's legal entities operate in may negatively affect its net results.	The Group monitors political or regulatory developments in Poland and Romania through its own resources and third-party information. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations. Management believes that both economies continue to have a stable outlook for the medium to long term.	
		The Group, through the Executive Management, the Group Head of Tax and engaging third-party specialist tax advisers on a regular basis in all the jurisdictions where its legal entities operate, monitors very closely the upcoming changes in taxation legislation and ensures that all steps are taken for compliance and tax efficiency of its Group structure. Through regular tax compliance monitoring and conservative policies in this area the Group ensures that the risks associated with potential additional, unexpected tax assessments are minimised. Moreover, the Group is closely monitoring its compliance with changes in EU member states' legislation (mainly for Poland, Romania and Cyprus).	
3 Inflation in Romania and Poland			
	Inflation expectations in the industry economics from the countries we operate impact rental rates, occupancy levels and property valuations.	We evaluate the potential impact of inflation over property valuation and over property's operating expenses. Most of our leases are Triple net therefore any increase in service charges is passed to tenants. Furthermore, we index our lease based on prevailing inflation rates thus mitigating negative impact on the rental revenue.	

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

- Increased
- Reduced
- No significant change

Principal Risks and Uncertainties continued

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



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



Enhance value of existing investments



Maintain an efficient and flexible capital structure



De-risk portfolio



Investment in sustainable environment & communities

Increased

Reduced

No significant change

Strategic Objective	Impact	Mitigation	Change from prior year
6 Inability to Lease Space			
	<p>Potential loss of revenues leading to inability to maximise the EPS and FFO available for distribution of dividends to shareholders. Vacancy contributes to higher unrecoverable costs due to no service charge income.</p> <p>Potential departure from market norms and rates as regards to headline rent and incentives to be provided to new and existing tenants in order to secure new leases or extension of existing leases.</p>	<p>The Group has a proven ability to attract tenants to its properties even before the inauguration of the construction works for properties under development.</p> <p>The Group maintains a relatively low level of vacant space on completed properties, through the effective management of its portfolio, by its very experienced leasing and asset management teams based in Poland and Romania. In addition, the leasing teams cooperate closely with leading real estate specialists in their respective local markets to access new opportunities.</p> <p>The Group's Leasing Policy ensures that the key terms offered in new and/or extended lease agreements comply with the procedures established in order to prevent any significant departure from market norms and rates.</p>	
7 Counterparty Credit Risk			
	<p>Loss of income may result from the possible default of tenants.</p> <p>Possible loss of deposits held with banks.</p>	<p>The Group has a diversified tenant base (over 700 tenants), the vast majority of which are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements.</p> <p>During 2023 the Group continued to strengthen its Asset and Property Management teams in Poland and Romania, including resources dedicated to active monitoring of timely collections from tenants.</p> <p>In accordance with the Group's Treasury Policy guidelines, over the short term and until used in property investments, cash is placed with banks with investment grade rating and any exceptions to this must be approved by the Executive Management and the Board.</p>	

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks continued			
8 Sustainable Portfolio Risk and Response to Climate Change			
 	Overall impact on our portfolio and business due to:	The Group is committed to responding to the effects of climate change and its Sustainability Policy covers the impact of the Group's operations and processes, the long-term environmental performance of the properties owned and developed, as well as the reduction of energy consumption and greenhouse gas emissions.	
	<ul style="list-style-type: none"> Increase in service charges affecting attractiveness of our properties to tenants and thus profitability of our portfolio. 	The Group, therefore, actively invests in properties which are either certified as environmentally friendly or have the potential to be classified as such following our own initiatives.	
	<ul style="list-style-type: none"> Reduce the quality of working conditions for the people working in or using our properties. 	Globalworth principally targets properties which have BREEAM Very Good/LEED Gold or higher green certification or the potential to achieve this, and at the end of 2023 had 59 standing green certified properties, accounting for 92.5% of its standing commercial portfolio by value. In addition, all of our office properties in Romania and Poland have received the WELL, health and safety certification.	
	<ul style="list-style-type: none"> Increase maintenance requirement of our properties affecting the long-term sustainable value of our portfolio. 	As part of our ambitious ESG strategy, in 2022, we set our environmental target to reduce GHG emissions intensity by +40% by 2030 versus our baseline 2019 levels (for Scope 1 and 2) and we committed to measuring and reducing Scope 3 too.	
<ul style="list-style-type: none"> Changes in tenants' requirements for sustainable green efficient and technologically advanced buildings may lead to loss of current or potential new tenants to competition. 	These targets were validated by the globally recognised Science Based Targets initiative (SBTi), and will form key stepping blocks to enable Globalworth to deliver on its long-term strategy and ambition to become the first choice in sustainable real estate.		

Strategic Objective	Impact	Mitigation	Change from prior year
Property Portfolio Risks continued			
8 Sustainable Portfolio Risk and Response to Climate Change continued			
 		Moreover, the Company conducted a climate change transition and physical risks and opportunities assessment, across its value chain, in alignment with TCFD recommendations. The results of the risk assessment have influenced its strategic decisions and the Company is now working on the development of a low carbon transition plan. The Company recognises that climate change and extreme weather events such as extreme temperatures, extreme winds, floods, sea level rise etc., might pose an extra challenge to the value chain, from upstream to downstream, leading to higher costs and interruptions, disruptions or accidents in the facilities and business operations.	
		In May 2022 and in line with our commitment as part of the issue of our inaugural €400 million Green Bond financing in July 2020, we issued our "2021 Green Bond Report" which received independent limited assurance from EY on the allocation of the net proceeds. At the end of May 2022, the Group entered into a six-year term unsecured green loan agreement for €85 million with IFC based on a Green Loan Framework which is in accordance with the Loan Market Association ("LMA")'s Green Loan Principles 2021.	



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



Enhance value of existing investments



Maintain an efficient and flexible capital structure



De-risk portfolio



Investment in sustainable environment & communities



Increased



Reduced



No significant change

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks			
9 Lack of Available Financing and Refinancing			
 	<p>This would negatively affect the Group's ability to execute, to the full extent, its investment plan, maintain an optimal capital structure, and potentially make refinancing of maturing debt difficult.</p>	<p>The Group's management team holds frequent meetings with current and potential equity and debt investors, as well as continuous discussions with leading global, European, and local institutions in connection with its financing requirements.</p> <p>Since admission, the Group has raised c.€5 billion in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries, as well as available facilities) to meet its financing requirements. These fundraisings have been undertaken at various times, when the Group has been unrated/non-investment grade and when it has been investment grade rated by one or more of the major rating agencies. Whilst an investment grade rating is beneficial, we do not consider any change in the rating of the Group would materially impact its ability to finance its activities in the future. It is also noted that the Group also has no significant debt maturity until March 2025.</p> <p>During 2023, the Group successfully drew €0.34 billion secured new bank facilities. In addition, as part of the €1.5 billion EMTN programme entered into in March 2018 the Group has €0.55 billion available for the issuance of additional bonds and €0.3 billion available to be drawn under loan agreements with banks, with further negotiations ongoing for new bank facilities in 2024.</p>	

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



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



Enhance value of existing investments



Maintain an efficient and flexible capital structure



De-risk portfolio



Investment in sustainable environment & communities



Increased



Reduced



No significant change

Principal Risks and Uncertainties continued

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks continued			
11 Changes in Interest and Foreign Exchange Rates			
	Additional financing costs may be incurred as a result of interest rate increases.	The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed rate, longer-term financing, as depicted by the fact that out of the outstanding debt at 31 December 2023 which has a weighted average period to maturity of 3.7 years (31 December 2022: 3.3 years), 76.1% bears fixed interest rates and 5.6% of debt facilities are hedged through interest rates caps. As a result, the impact of possible increases in interest rates for the medium term is significant on the finance cost.	
	Forecasting financing costs could become less accurate.	The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in interest rates and strives to hedge the Group's exposure to rising interest rates by using fixed-variable interest rate swap and interest rate cap instruments.	
	Significant fluctuations, especially in the Polish Zloty to Euro and the Romanian Leu to Euro exchange rates, may lead to significant realised foreign exchange losses.	The Group continuously explores financing and refinancing options so as to diversify and potentially reduce its average debt financing costs.	
		The Group's exposure to negative realised foreign exchange fluctuations is limited to cases where the date invoices are issued to tenants or received from contractors and suppliers and the date of their settlement differ significantly. The limited exposure to foreign exchange fluctuations is due to the fact that the pricing in all major contracts entered into (with tenants and contractors/suppliers) is agreed in Euro, hence providing a natural cash flow hedge to a large extent.	
		The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in the Polish Zloty to Euro and the Romanian Leu to Euro exchange rates and strives to minimise the period between the issuance and settlement of invoices to tenants and by its contractors/suppliers and the potential related, realised foreign exchange losses that may result.	

Strategic Objective	Impact	Mitigation	Change from prior year
Regulatory Risks			
12 Compliance with Fire, Structural, Health and Safety or Other Regulations			
	Non-compliance with related regulations in Poland and Romania may affect our reputation with existing and potential tenants.	The Group has a specialised department dealing on a daily basis with matters related to compliance with such regulations in Poland and Romania, where the Group's properties are located. Apart from in-house expertise, the Group also engages external consultants, when required, on specialised matters related to its compliance with these regulations.	
	It may lead to loss of right to operate our properties, and may also lead to severe legal implications for the directors of the property-owning subsidiaries.	Appropriate actions are taken as soon as a potential threat for non-compliance with such regulations is identified.	



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Investment in sustainable environment & communities



Increased



Reduced



No significant change

Governance

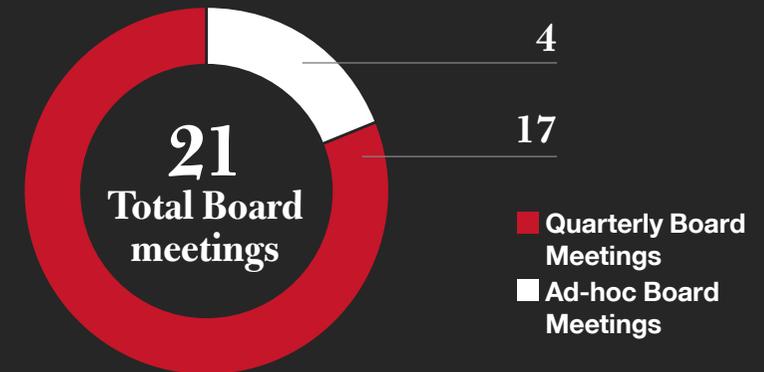
Integral to our culture is adhering to the highest standards of ethical business practices.



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Board Meetings



Introduction to Governance

Letter from the Chair of the Board

In 2023, I have been, once again, impressed by the hard work and performance of our entire staff, led by our new Chief Executive, Dennis Selinas as Globalworth continues to show resilience in the face of economic headwinds in the commercial real estate sector.



Martin Bartyzal

Chair of the Board

Our Company has more than 200 employees, without whom we wouldn't have a business, and, as Chair of the Board of Directors, I want to thank them all for their continued commitment.

Dennis took the helm on 1 January 2023, and I would like to thank him for rapidly gaining a thorough understanding of our operations and the dynamics of our markets and for integrating swiftly into the Company as the executive leader of the Globalworth team.

Our thanks also go to George Muchanya, who departed the Board in April 2023, for his contributions as a Non-Executive Director as one of Growthpoint's representatives on the Board. In his place, we have welcomed a new Non-Executive Director, Panico Theocharides, who brings extensive executive and non-executive director level experience.

We also continue to benefit from the knowledge, experience and strategic insights provided by our three largest shareholders, while also keeping the interests of all our shareholders and stakeholders front of mind.

The commercial environment

Our long-term mission is to be the leading office investor in CEE, and a financially conservative approach is at the core of our strategy. This has served Globalworth well in the face of wider market challenges that are beyond any individual company's control.

Geopolitical tensions remain in the CEE region primarily due to the Ukraine-Russia war and continue to have a negative impact on European economy. However, the principal challenges faced by the commercial real estate sector relate to the business environment that have rather a global impact and are expressed differently in individual regions and locations.

First, the conditions of the financial markets, including the increase in interest rates affecting the Euro, Dollar and regional currencies, have significantly changed how investors view commercial real estate. While inflation has begun to fall, base interest rates set by the central banking institutions including the European Central Bank have not yet followed though we expect this may materialize during 2024.

Second, the impact of post-pandemic working patterns continues to affect office occupancy and lease negotiations. We anticipate this adjustment process will continue and take several more years to settle down as long-term leases come up for renewal, and as commercial tenants navigate the return to office and/or hybrid working. That said, our leasing teams have performed extremely well considering the difficult circumstances.

Proactive approach

Our priorities are to ensure ongoing financing, optimise our operational leasing business performance and take opportunities when they present themselves.

On financing, we have a clear plan that we will continue to execute throughout 2024 and into 2025. Our Audit and Risk Committee Chair Andreas Tautscher gives more details on this on page 80.

In terms of our operational leasing business, we decided to streamline our portfolio in 2023 through the sale of Warta Tower, an office building in Warsaw, which has given us the flexibility to look for other opportunities. Despite the overall tough market conditions, our operations in the capital cities of Bucharest and Warsaw are showing healthy progress as we strive to increase occupancy levels.

Sustainability

Arching across our developments and operational leasing business is the long-term drive for sustainability. Globalworth continues to work to "future proof" our buildings and developments in line with our long-term 2030 sustainability strategy. This is a fundamental issue for our tenants, investors and the banks. Reducing waste and carbon emissions also saves money in our own operations.

Resilient performance

The whole commercial real estate sector is undergoing profound change. Globalworth is performing well in that context and we are confident we will continue to meet those challenges, endure and thrive.

“

Our long-term mission is to be the leading office investor in CEE, and a financially conservative approach is at the core of our strategy.

Corporate Governance Report

The Directors support high standards of corporate governance. The Board continues to assess its governance through the application of the QCA Code of Corporate Governance (the “QCA Code”) and reports against the QCA Code for the year ending 31 December 2023. The Group’s commitment to strong corporate governance and risk management remains central to the business.

Board of Directors

Introduction

As at 31 December 2023, the Board comprised the chair, who is an independent Non-Executive Director, one executive director and eight other Non-Executive Directors (of which six are considered to be independent within the meaning of the QCA Code).

Dennis Selinas has been the chief Executive Officer (“CEO”) of Globalworth since 1 January 2023, having joined the Company as an Executive Director with effect from 21 November 2022.

Board activities during 2023

During the year, the Board’s activities included:

- Monitoring 2023 performance against the approved budget.
- Approving the 2022 Annual Report and Accounts and determined they were fair, balanced and understandable.
- Approving the 2023 half-year results.
- Approving the declaration of interim dividends in accordance with the Articles.
- Approving the 2024 budget.
- Reviewing the status of the principal risks and progress with the implementation of any mitigation plans.
- Receiving regular reports from Chairs of the Committees on matters discussed.
- Receiving updates on regulatory developments.
- Reviewing the Board composition and annual evaluation process.

Chair

The Chair of the Board is Martin Bartyzal.

Senior independent Director

Andreas Tautscher holds the role of senior independent Director.

Directors

Directors’ Duties and responsibilities

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

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

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

Details on the profiles and experience of the Executive and Non-Executive Directors are set out on pages 75 to 76 of the Annual Report.

Committees of the Board

The committees of the Board are the Audit & Risk Committee, the Remuneration Committee, the Investment Committee and the Nomination Committee.

The composition of each Board committee remained unchanged during the year.

The composition and the terms of reference of each of the Audit & Risk, Remuneration, Nomination and Investment Committees, and their work during the year, are provided in the respective reports for each Committee on pages 80 to 87 of the Annual Report. Committee meetings may be attended by non-members by invitation from the relevant Chair. Attendance by non-members is recorded in the relevant committee minutes.

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

Stakeholder engagement

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

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

Corporate Governance Report continued

The Board monitors activity in the Company's shares

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

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

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

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

Workforce Policies and Practices

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

Board Meetings and Directors' Attendance

The number of meetings of the Board of Directors attended by each Director, as applicable, during the year ended 31 December 2023 is set out below.

Director	Quarterly Board Meetings	Ad hoc Board Meetings	Board Meetings Total
Dennis Selinas	4/4	16/17	20/21
Martin Bartyzal	4/4	17/17	21/21
Andreas Tautscher	4/4	15/17	19/21
Richard van Vliet	4/4	14/17**	18/21
Norbert Sasse	4/4	16/17	20/21
George Muchanya*	1/1	1/6	2/8
Panico Theocharides*	3/3	10/11	13/14
David Maimon	4/4	17/17	21/21
Piotr Olendski	4/4	17/17	21/21
Daniel Malkin	4/4	16/17	20/21
Favieli Stelian	4/4	17/17	21/21
Total Number of Meetings	4	17	21

* Mr Theocharides replaced Mr Muchanya as one of the Growthpoint-appointed Non-Executive Directors on 14 April 2023.

** Observer only (due to the restrictions in the Articles on attendance from certain geographical locations) at one additional ad hoc Board meeting.

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

Corporate Governance Report continued

Board induction, Training and Development

On joining the Board, new members receive an induction on their appointment to the Board which covers the activities of the Group and its key business and financial risks, the terms of reference of the Board, and its Committees, Group integrity compliance policies and practices, the AIM Rules, and the latest financial information about the Group. The Board ensures that they keep their skills up to date. They are made aware of accounting, regulatory, governance and GDPR changes via papers to the Board, presentations and external documents. An annual review of compliance with the AIM Rules is also performed and an annually updated statement of compliance with the AIM Rules can be found on the AIM Rule 26 page of the Company's website.

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

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

Nomination Committee and Board evaluation

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

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

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

Independence evaluation

The Board considers the independence of each member of the Board at each quarterly Board meeting and is of the view that Martin Bartyzal, as Chair, continued to demonstrate objective judgement during the year. In addition, the Board considers that the majority of the Board comprises Non-Executive Directors who are independent of the Company and free from any relationship or circumstances which are likely to impair, or could appear to impair, the exercise of their independent judgement.

Notwithstanding each circumstance set out below, the Board believes that there is continuing empirical evidence to demonstrate that each of the following Directors demonstrates independence in conduct, character and judgement: Martin Bartyzal (who was appointed in April 2020 pursuant to the right of Zakiono to appoint a specified number of directors according to its percentage shareholding in the Company), David Maimon (who sits on the advisory Board of Aroundtown SA, which is a member of the Consortium and an indirect substantial shareholder in the Company), Richard Van Vliet (who was originally appointed pursuant to Growthpoint's right to nominate a Guernsey-based Director), Andreas Tautscher (appointed in December 2021 pursuant to Zakiono's right to nominate a Guernsey-based Director), Piotr Olendski and Favieli Stelian (each of whom was appointed in December 2021 pursuant to the right of Zakiono to appoint a specified number of Directors according to its percentage shareholding in the Company), Daniel Malkin (who was appointed in December 2021 pursuant to the right of Zakiono to appoint a specified number of Directors according to its percentage shareholding in the Company and is an independent director at Aroundtown SA, which is a member of the Consortium). In addition, the Board believes that they can each be considered to be independent for the following reasons: none of them has any cross-directorships or significant links with any other directors through involvement in other companies or bodies (other than Mr Van Vliet as a non-executive of a Growthpoint investment company but he has no other professional or personal connections with any of Growthpoint's Directors, officers or employees; and Mr Maimon and Mr Malkin who sit on different boards at AroundTown SA).

Tenure and re-election of Directors

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

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

Diversity

We believe in respecting individuals and their rights in the workplace. Further details are provided on page 61 of the Annual Report.

The Board of Directors

The right blend of skills and experience



Dennis Selinas

Group CEO

Appointed

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

Skills and Experience

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



Martin Bartyzal

Independent Non-Executive Director & Chair of the Board

Appointed

23 April 2020

Skills and Experience

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



Norbert Sasse

Non-Executive Director

Appointed

27 February 2017

Skills and Experience

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



Panico Theocharides

Non-Executive Director

Appointed

14 April 2023

Skills and Experience

Panico is Group Head of Investments at GRT and has over 20 years' experience in the real estate, advisory and investment banking industries. Prior to joining Growthpoint Panico worked for five years as an independent property advisor and previously was Head of Property Advisory, Corporate Finance at Investec in South Africa. Before that Panico was the Joint Chief Executive Officer of Annuity Properties Limited, a South African focused REIT that was listed on the Johannesburg Stock Exchange.



Richard van Vliet

Independent Non-Executive Director

Appointed

February 2017

Skills and Experience

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

Committee Key

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

I Investment Committee

■ Chair

■ Member

The Board of Directors continued



David Maimon

Independent Non-Executive Director

Appointed

28 May 2020

Skills and Experience

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



Andreas Tautscher

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

Appointed

6 December 2021

Skills and Experience

Andreas is a Guernsey based independent director with over 30 years' financial services experience. During his 24 year career with Deutsche Bank he worked in Banking, Investments, Fund and Trust services. He was appointed as a Managing Director in 2004 and served on a number of senior Boards and Committees in UK, Channel Islands and Europe.

For the last 10 years he was Country Head Channel Islands and ran the Financial Intermediaries EMEA Coverage team. He also worked with a number of Family Office groups in Switzerland and the Channel Islands. Before Deutsche he trained with PricewaterhouseCoopers and qualified as a Chartered Accountant in 1994. Andreas currently sits on, and Chairs, a number of Listed and Regulated Boards. He has experience in IPO's, has also spoken at a number of conferences in the Channel islands and Caribbean on financial services.



Piotr Olendski

Independent Non-Executive Director & Chair of the Remuneration Committee

Appointed

6 December 2021

Skills and Experience

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



Daniel Malkin

Independent Non-Executive Director & Chair of the Nomination Committee

Appointed

6 December 2021

Skills and Experience

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



Favieli Stelian

Independent Non-Executive Director & Chair of the Investment Committee

Appointed

6 December 2021

Skills and Experience

Favieli Stelian has over 25 years of international experience in real estate, renewable energy, business, finance and accounting. Today living in Romania, he is the Managing Partner of Nofar Energy. From 2010 until the end of 2021, he was the CEO of Shikun & Binui Romania (listed on the stock exchange in Israel). Prior to that, Mr Stelian was a director or manager of several Israeli companies both in Israel and Romania. Mr Stelian has a Master's degree in Law from Bar-Ilan University, specialising in capital funds, intellectual property and international commerce. He also has a Bachelor's degree in Business Administration and is a certified public accountant.

Committee Key

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

I Investment Committee

■ Chair

■ Member

Directors' Report

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Directors' indemnities

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

Principal Activities

The Company acquires, develops and manages commercial real estate assets, primarily in the office sector.

Investing Policy

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

Profile of Underlying investments

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

Investment themes

- distressed investments;
- acquisition of unfinished or partially let commercial buildings at prices below replacement cost;
- restructuring;
- acquisition of real estate owned by financial institutions or others seeking to restructure their balance sheets through monetisation; and
- developments with pre-lettings from high-quality tenants. The complete Investing Policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 161 of the Annual Report.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 89 of the Annual Report.

In respect of the year ended 31 December 2023, the Company has already distributed an interim dividend of €0.14 per share in October 2023 and has also declared an interim dividend of €0.11 per share in March 2024. This is equivalent to a total of €0.25 per share in total for the year ended 31 December 2023, and in each case, was made to holders of shares at the respective record dates for each such interim dividend.

In respect of both interim dividends, the Company offered a scrip dividend alternative whereby qualifying shareholders were able to elect to receive ordinary shares of no par value credited as fully paid instead of their entitlement to the cash dividend.

Going Concern

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

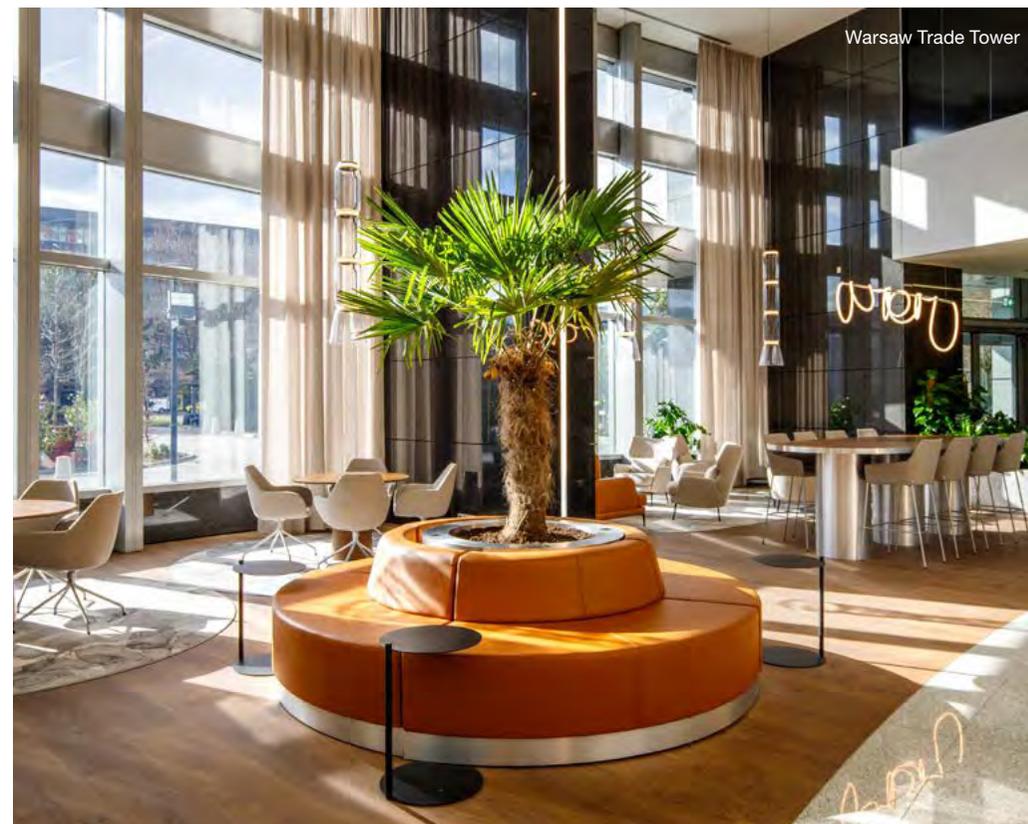
Supply of information to the Board, Delegation and Supporting Committees

The Board meetings are the principal source of regular information for the Board, enabling it to determine strategy and to monitor performance and compliance. Areas of importance to the Board and to Globalworth's business influence features of the Company's governance framework, and this is illustrated in part by the Committees which support the Board and which are each delegated a specific area of focus. Clarity surrounding the responsibilities of each Committee is ensured through Board-approved Terms of Reference.

Monitoring of delegated matters is supported by formal reporting channels.

A representative of the Investment Adviser, the Group CEO, Group CFO, as well as other senior executives, attend each quarterly Board meeting, thus enabling the Board to discuss fully and review the Company's operations and performance. For Board Committees, there is a personal account from the non-Executive Director who chairs each Committee at the next Board meeting following each Committee meeting. These mechanisms are in addition to Committee minutes, written reports and agreed key performance measures to monitor financial and non-financial performance.

Each Director has direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.



Directors' Report continued

Investment Adviser

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

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

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

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

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

Substantial interests

At 31 December 2023 and 21 March 2024, the Company had been notified that the following shareholders had substantial interests (3% or more) in the issued share capital of the company:

	At 21 March 2024		At 31 December 2023	
	Number of Shares	% of issued share capital of the Company	Number of Shares	% of issued share capital of the Company
Zakiono Enterprises Ltd	153,208,864	60.8%	153,208,864	60.8%
Growthpoint Properties Ltd	74,397,917	29.5%	74,397,917	29.5%
Oak Hill Advisors	13,302,825	5.3%	13,302,825	5.3%

Directors' interests

The beneficial and non-beneficial interests of the Directors in the share capital of the Company as at 31 December 2023 and 31 December 2022 are as set out below:

	Number of shares held	
	2023	2022
Dennis Selinas	–	–
Martin Bartyzal	–	–
Norbert Sasse	114,286	114,286
Richard van Vliet	–	–
George Muchanya (until 14 April 2023)	–	–
Panico Theocharides (from 14 April 2023)	–	–
David Maimon	–	–
Andreas Tautscher	–	–
Piotr Olendski	–	–
Daniel Malkin	–	–
Favieli Stelian	–	–

Auditors

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

Power to Buy Back Shares

The Company has the power to buy back shares in the market, the renewal of which power is sought from shareholders on an annual basis at the AGM, and the Board considers on a regular basis the exercise of those powers. During the year ended 31 December 2023, the Board did not exercise its power to buy back shares in the market.

At the 2023 AGM, the Directors were given power by the shareholders to make market purchases of Ordinary Shares representing up to 14.99% of its issued capital at that time, being 35,360,607 Ordinary Shares. This authority will also expire at the 2024 AGM and it is proposed that the renewal of the authority will be sought.

Further details relating to share capital, including movements during the year, are set out in note 21 of the financial statements on page 126.

Annual General Meeting

The AGM of the Company will be held on 17 June 2024 at 09.30 am British summer time at Anson Court, La Route Des Camps, St Martin, Guernsey.

Warrants

As at 31 December 2023, there were no outstanding warrants. 2,830,020 warrants held by Zakiono Enterprises Limited, a company indirectly owned by the Consortium (CPI Property Group S.A. and Aroundtown SA), expired during the year as they were exercisable until the date falling 10 years from the date of Admission and they had not been exercised by that date (which was 25 July 2023).

Directors' Report continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

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

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

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

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

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

The Directors confirm to the best of their knowledge that:

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

Approved by the Board of Directors and signed on behalf of the Board on 22 March 2024.

Martin Bartyzal

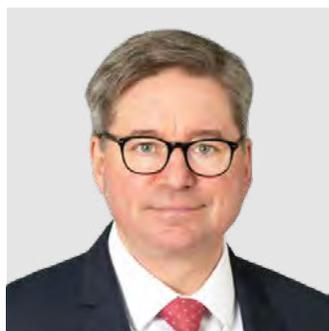
Director
22 March 2024



Audit and Risk Committee Report

Letter from the Chair of the Audit and Risk Committee

Globalworth is performing well in the context of geopolitical and economic uncertainty and a more challenging debt environment. I am grateful to all our staff, and for the strong working relationship between the Board and the finance team.



Andreas Tautscher

Chair of the Audit and Risk Committee

After more than a decade as an employee of Globalworth, Stamatis Sapkas decided to step away from the CFO role and left the Company in July. He has been a hugely valued team member and finance leader. I thank him for his contribution and for facilitating a smooth transition to the new CFO, Rashid Mukhtar. Thank you also to Rashid, a longstanding Globalworth employee, for stepping up to the role and taking such a firm grasp of the finance function and the needs of the business.

Financing

Taking a financially conservative approach is central to our company culture and our business strategy. As such, and in recognition of the financing challenges across the commercial real estate sector, we have prioritised “future proofing” our debt position to ensure sufficient liquidity. As part of this, we formed a working group during the year to guide our efforts, its focus being on our debt structure and preparing for the maturation of bonds in 2025 and 2026. This group continues to meet regularly, with meetings being attended by a number of directors as well as key senior members of the management team. We have been able to refinance a substantial amount of debt by taking on additional lines of bank financing and also bought back EUR 100 million worth of our outstanding bonds during the year. In November, we also successfully arranged a new EUR 145 million bank loan for two flagship properties – Skylight and Lumen – in Warsaw and, since the year end, we have generated additional liquidity with the sale of part of our wholly-owned logistics portfolio to CTP.

Audit and Risk

A primary focus for our auditors has been our financing position and valuations. The key risks in our markets and sector are the current economic conditions, including the impact of interest rates, debt affordability and availability, valuations, and demand for office space. The Ukraine-Russia war continues to cause geopolitical tension in the region.

We have heightened our focus on the risks relating to the current level of interest rates, which we expect will remain at a higher level for longer than was previously anticipated by the market. We are prioritising refinancing, spreading our risk across multiple counterparties, as the key to avoiding the liquidity issues facing the sector.

Valuations pose a challenge as they are based on a combination of desktop assessments and market sales. In our home countries of Poland and Romania, there have been fewer sales in 2023 compared with previous years, with those completing tending to be in distressed circumstances. Another factor affecting valuations is occupancy rates. The post-pandemic reduction in demand for office space continues to have an impact in the sector but, overall, our leasing teams are outperforming the market in this regard, retaining existing lessees through flexible leases and bringing in new tenants.

In terms of regulatory requirements, there have been no relevant changes applicable in 2023. However, looking ahead we are likely to have to modify future reporting following the publication by the QCA of a new Corporate Governance Code, which is intended to enhance transparency and accountability. We are taking advice on what exactly will be needed, but we currently anticipate there will be some impact on risk reporting requirements from 2025 onwards.

Changes to reward structures

In 2023, I supported the work of Piotr Olendski, Chair of the Remuneration Committee, and Daniel Malkin, Chair of the Nominations Committee. This included work relevant to Audit and Risk as we shaped new pay structures and performance metrics to align staff incentives with the interests of shareholders.

Look ahead

In 2024, we will continue with our proactive and careful approach.

Analysis of Audit work



Structure and Composition

The Audit & Risk Committee comprises four independent Non-Executive Directors: Andreas Tautscher (Chair), David Maimon, Daniel Malkin and Richard van Vliet.

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

The profiles of the Chair and other members of the Committee, including their relevant experience, are presented in the Board of Directors sub-section of the Annual Report (pages 75 and 76).

The dates of appointment of the members of the Committee, together with attendance at Committee meetings during the year, are outlined in the table on the page 73.

The role of the Committee includes the following:

Financial Reporting:

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

Controls and Safeguards:

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

External Audit:

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

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

Analysis of Audit work continued

Activities of the Committee

During the year ended 31 December 2023 and up to the date of this report, the Committee has been active in the following areas, presented below under the three key areas of focus of financial reporting, controls and safeguards, and external audit:

Financial Reporting:

- reviewed the Annual Report and consolidated financial statements for the years ended 31 December 2022 and 31 December 2023 prior to their approval by the Board; and
- reviewed the Interim Report and unaudited interim consolidated financial statements for the half year ended 30 June 2023 prior to its approval by the Board.

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

Significant Financial Reporting Matters Considered

Investment Property Valuations

Valuations for investment property, property under construction and land bank are prepared by external valuers. The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in notes 3 and 4 of the consolidated financial statements.

Going Concern Principle

The Committee considers the appropriateness of preparing the Group's financial statements on a going concern basis, being one of the fundamental principles under which the financial statements are prepared.

Fair, Balanced and Understandable Principle

The Committee considers whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.

Audit & Risk Committee Response

The Board and the Committee discuss the outcome of the valuation process and the details of each property on a semi-annual basis. The management liaises with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation. The external auditor has access to the external valuers and comments on the key assumptions used in the valuations performed and movements on property values. The Committee receives a detailed written report from Ernst & Young ("EY") presented to the Committee upon finalisation of the audit fieldwork.

The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 30 June 2025 and supporting documentation. Following their review of management's assessment, the Committee concurred with management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.

The Committee, in reviewing the Company's Annual Report and consolidated financial statements for the year ended 31 December 2023, has placed particular attention in ensuring adherence to this principle. Following its review, the Committee has advised the Board that, in its opinion, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, operating model and strategy.

Analysis of Audit work continued

Controls and Safeguards:

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

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

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

External Audit:

Held regular meetings and discussions with the external auditor:

- At the planning stage of the audit for the year ended 31 December 2023, the Committee held a meeting with the auditor in December 2023 at which the draft audit plan was presented by the auditor, reviewed and discussed. In addition, a discussion was held regarding the risks on which the audit would be focusing.
- Also, at the end of the audit, at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2023, the Committee discussed with the auditor the work performed under the key areas of focus identified at the audit planning phase and the results of the auditor's work.

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

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

Moreover, the Committee held in March 2024 a meeting with the external auditor and discussed the findings from their audit of the consolidated financial statements for the year ended 31 December 2023, prior to publication of the preliminary results for the year ended 31 December 2023.

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

Assessed the Independence and Objectivity of the External Auditor:

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

The external auditor is required to rotate the audit partner responsible for the Group's audit every seven years. In accordance with that requirement, the auditor will rotate the lead audit partner responsible for the Group Audit starting with financial year 2024.

The Auditor has confirmed to the Committee its independence of the Group. The independence and objectivity of the independent auditor is reviewed by the Committee, which also reviews the terms under which the independent auditor is appointed to perform non-audit services, in accordance with the Company's non-audit services policy.

Services which are permissible in accordance with the auditor's independence and other professional standards as well as the Company's non-audit services policy, such as tax compliance, special purpose audits and reviews, assurance non-audit services related to raising of bond notes, periodic reviews of financial information, and pre-acquisition due diligence reviews, are normally permitted to be performed by the independent auditor.

Reviewed the Effectiveness of the External Auditor and Recommended its Reappointment to the Board:

For the year ended 31 December 2023 the Committee reviewed the effectiveness of the external auditors. This was facilitated through: the completion of a questionnaire by the relevant stakeholders (including members of the Committee and key financial management of the Group); interviews with finance staff; and a review of the audit plan and process for the year. In addition, as outlined above, the Committee discussed with the external auditor in early March 2024 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2023. Furthermore, the Committee discussed with the external auditor later in March 2024 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2023 and their draft audit opinion thereon.

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

Following this review, the Committee recommended to the Board that Ernst & Young Cyprus Limited be reappointed as external auditors for the year ending 31 December 2024.

For any questions on the activities of the Committee not addressed in this report, a member of the Audit & Risk Committee remains available to attend each annual general meeting to respond to such questions.

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young Cyprus Limited and other entities of EY during the years ended 31 December 2023 and 31 December 2022:

	Audit fees €'000		Non-audit fees €'000	
	2023	2022	2023	2022
Audit of financial statements	860 ¹	850	–	–
Other non-audit services	–	–	98	171
Total	860	850	98	171

- The table above includes pre-approved fees for 2023, for which services are to be performed and expenses to be recorded in the financial statements of the year ended 31 December 2024.

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2023 and has considered that they are in line with the Group's level of activity, and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

Andreas Tautscher

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

Nomination Committee Report

Letter from the Chair of the Nomination Committee

As the Nomination Committee, we oversee succession planning for senior management and the Board. We also help the Board to fulfil its obligations when considering its composition and the makeup of the committees, ensuring a good mix of experience and knowledge across all the Executive and Non-Executive Directors.



Daniel Malkin

Chair of the Nomination Committee

Stamatis Sapkas decided to step down as CFO at the end of July, having worked at Globalworth for more than a decade. I'd like to thank him for his huge contribution and his smooth handover to the new CFO Rashid Mukhtar. Rashid has stepped up to the role after many years with the company and we thank him for his diligence and the proactive approach he demonstrated since he took over in August.

The composition of the Non-Executive Directors changed when George Muchanya decided to step down from his role at Globalworth and was replaced by Panico Theocharides as one of as one of Growthpoint's representatives on the Board. Panico has also become a member of the Nomination Committee in George's stead. I would like to thank George for his valuable contributions throughout his tenure. Panico Theocharides has more than 20 years of executive experience in real estate and investment banking advisory. He is also a non-executive director at other companies, including oversight of audit and risk, and investment committees. I'd like to welcome Panico and thank him for the fresh perspective he has brought to the Board.

As a Board we regularly review whether we have the overall balance of skills, experience and independence needed to ensure a free exchange of ideas and a healthy level of challenge during decision-making.

We recognise the importance of diversity in avoiding groupthink and we are confident the current board brings together different perspectives, including knowledge and on-the-ground experience of our key markets, Poland and Romania. We are also mindful of the importance of diversity of background in providing diversity of thought and will further widen the search when the time comes for future appointments to the Board.

As a company, Globalworth is fostering a strong and diverse pipeline of management talent. Towards the end of 2023, Ema Iftimie, a long-standing and highly valued member of the Globalworth team, was appointed as Managing Director for our real estate operations in Romania. This happened alongside some other internal promotions, all intended to improve efficiencies within the business.

In 2024, the Nomination Committee will continue to work with the Board to review whether any additional capability is needed, either on the Board or in senior management, in order to sustain Globalworth's leading market position, and ensure its continued commercial success.



Remuneration Committee Report

Letter from the Chair of the Remuneration Committee

In 2023, Globalworth again demonstrated positive results in the face of challenging economic conditions. I'd like to thank our executive team, management and all our employees for their hard work and strong performance in the face of ongoing commercial headwinds in our key markets.

**Piotr Olendski**

Chair of the Remuneration Committee

Staff pay

When considering remuneration across Globalworth in 2023, one very valid consideration was the effect of inflation on our team members, which we recognised was putting particular pressure on staff at lower salary levels as they faced an increase in their cost of living. Our two main countries of operation – Romania and Poland – have seen high inflation over a sustained period. Globalworth therefore decided to adjust pay levels for staff to partially ease the impact, but, with a few exceptions, this adjustment has not been applied to management salaries.

New reward metrics

Following the appointment of Dennis Selinas as CEO on 1 January 2023, we reviewed our pay structures as planned and devised new formalised, detailed and tailored key performance indicators (KPIs) for performance-related pay for executive management, in addition to basic pay. The Remuneration Committee also supported the Chief Executive in putting in place bespoke and focused performance metrics and incentives for management below Board level. This was done with input, insofar as was appropriate, from the chair of the Audit and Risk Committee to ensure alignment with the Company's financial goals, and also keeping in mind the interests of shareholders.

Key managers, who supervise different departments, are now subject to tailored and measurable metrics, which are fully aligned with what is required from each business function and role in order to contribute to Globalworth's overall objectives, aligned with shareholders' interests.

For example, in our leasing team, we have implemented performance metrics linked to occupancy levels, while in the finance team, KPIs relate to measures such as the successful negotiation of financing initiatives, also a pivotal function in the real estate sector.

ESG performance

Across the Company, where appropriate, we have put in place metrics relating to environmental, social and governance (ESG) matters. These have included measures to reward innovation with regard to ESG strategy and greater energy efficiencies because they, in turn, lead to financial savings and essential carbon emission reductions which benefit both our own business and our clients.

I would like to particularly commend the work done on digitalisation solutions which should play a key role in differentiating us from competitors and also allow us to enhance achievement of our ESG goals. This has included the creation and introduction of a mobile phone app that has replaced our plastic identification cards and integrates with smart technology throughout our office buildings to generate energy savings. This is an example of the innovative thinking we want to incentivise at Globalworth.

Look ahead

Reviewing all KPIs across the business will now become part of our annual routine, and, given the results so far, we are satisfied that the new pay structure provides us with a solid launchpad for that discussion in 2024.

We continue to strive for operational excellence and aspire to be the employer of choice for property professionals in Romania and Poland, working to differentiate ourselves from our competitors.

As part of this effort, it is essential we continue to reward strong performance, and we will also focus on retaining and internally promoting our top talent, from different backgrounds across the business.

**Composition of the Committee**

During 2023, the Remuneration Committee comprised four independent Non-Executive Directors: Piotr Olendski (Chair of the Committee), Martin Bartyzal, Favieli Stelian and Richard van Vliet.

Responsibilities of the Committee

The Remuneration Committee has as its remit, amongst other matters, the determination and review of the fees payable to (and the terms of any performance or incentive plans of) GIAL, the Company's subsidiary, and the emoluments of the Executive Directors and other senior employees of the Company, including the setting of performance thresholds, the allocation of any such entitlements between shares and cash and the setting of any vesting periods (in each case, taking such independent advice as it considers appropriate in the circumstances). In addition, the Remuneration Committee reports at least annually to the Board in relation to its activities and recommendations.

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

Remuneration Analysis for Remuneration Committee Report

Directors' Remuneration Policy

Directors' emoluments comprise a fee or salary-based compensation plus, in the case of the Executive Director, dividends in his capacity as preference shareholder of GIAL.

Directors' Emoluments

The emoluments of the Directors are a matter for the Board, considering the recommendations received from the Remuneration Committee. No Director may be involved in any decisions as to his own emoluments.

Summary of Group Remuneration Policy

The Group remuneration policy, which has been in place since July 2019, is designed to achieve an appropriate balance between fixed and variable remuneration, and between variable remuneration based on short-term and longer-term performance. Fixed remuneration includes base salary and benefits. Variable remuneration includes an annual bonus, a significant portion of which will ordinarily be paid in deferred shares pursuant to a deferred annual bonus plan ("DABP"), and performance share plan awards made under a long-term incentive plan ("LTIP").

The Group remuneration policy is intended to align with the strategy and business of the Group and reflects the importance of generating a growing and sustainable cash flow and achieving value creation through the active management of real estate assets, including those under development.

The key objectives of the Group remuneration policy remain to strongly align Group employee and shareholder interests; to underpin an effective pay-for-performance culture; support the retention, motivation and recruitment of talented people; and to encourage Company shareholding ownership amongst Group employees.

The Committee oversees the implementation of this policy and seeks to ensure that the Investment Adviser and senior employees are fairly rewarded for Globalworth's performance over the short and longer term. A significant proportion of the potential total remuneration is therefore performance-related.

Piotr Olendski

Independent Non-Executive Director & Chair of the Remuneration Committee

During the year ended 31 December 2023 the emoluments of the Directors were as follows:

	2023					Total emoluments €'000
	Company	Subsidiaries			Total	
	Fees €'000	Salary ¹ €'000	Dividends ² €'000	Non-cash benefits ³ €'000	€'000	€'000
Dennis Selinas	–	100	230	11	341	341
Martin Bartyzal	75	–	–	–	–	75
Richard van Vliet	50	–	–	–	–	50
Andreas Tautscher	58	–	–	–	–	58
Piotr Olendski	55	–	–	–	–	55
Daniel Malkin	55	–	–	–	–	55
David Maimon	55	–	–	–	–	55
Favieli Stelian	55	–	–	–	–	55
Total	403	100	230	11	341	744

1. Paid by GIAL.
2. Dennis Selinas received dividends in his capacity as a preference shareholder of GIAL, the amount of which depended on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA').
3. Paid by GAM.

During the year ended 31 December 2022 the emoluments of the Directors were as follows:

	2022					Total emoluments €'000
	Company	Subsidiaries			Total	
	Fees €'000	Salary ¹ €'000	Dividends ² €'000	Total	€'000	€'000
Dennis Selinas	–	11	64	–	75	75
Martin Bartyzal	75	–	–	–	–	75
Richard van Vliet	50	–	–	–	–	50
Andreas Tautscher	58	–	–	–	–	58
Piotr Olendski	55	–	–	–	–	55
Daniel Malkin	55	–	–	–	–	55
David Maimon	55	–	–	–	–	55
Favieli Stelian	55	–	–	–	–	55
Total	403	11	64	–	75	478

1. GIAL for Dennis Selinas.
2. Dennis Selinas received dividends in his capacity as preference shareholder of GIAL, the amount of which depended on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA').

Investment Committee Report

Letter from the Chair of the Investment Committee

As a member of the Board and as chair of the Investment Committee, I would like to join the Chair and the rest of the Directors in welcoming the new Chief Executive Dennis Selinas. He has quickly gained an impressive grasp of the fundamentals and detail of Globalworth's market position and operations.



Favieli Stelian

Chair of the Investment Committee

In light of the new executive leadership, as well as continued shifts in commercial property trends, 2023 marked a period of review for our investments. Strategically, Globalworth is maintaining its long-held financially conservative approach, mindful of the obligations that are due in the medium to long term, as explained by Chair of the Audit & Risk Committee Andreas Tautscher on page 80.

As our Chair Martin Bartyzal says on page 71, the broader economies of our markets of operation - Poland and Romania - remain challenging, with high inflation and interest rates. However, although office occupancy around the world has not fully recovered from the pandemic, the level of in-office work in Poland and Romania is now rising and the logistics sector continues to show growing promise. The mid to long-term picture, particularly in Romania, looks increasingly positive, with strong levels of international investment.

To take best advantage of the existing market conditions, during 2023, selected building upgrades agreed in 2022 were implemented, and some developments were selected for disposal, yielding a strong return, such as the Warta Tower office building in Warsaw. This further consolidated our robust plan and approach to maintaining Globalworth's financial health. It also gives us the option of investing in promising new assets should good opportunities present themselves.

Globalworth also continued to invest in our employees, particularly in Environmental, Social and Governance certifications, to build capacity to help our clients meet their obligations with regard to reducing carbon emissions and waste in their operations.



In principle, we maintain the investment threshold at which the executive team is obligated to bring decisions to the Board, but in practice this has not been needed this year. This policy remains in place for future decisions, although for 2024 we do not expect to consider any major new investments, with our emphasis firmly on ensuring our continued financial stability.

As part of maintaining a strong focus on the fundamentals of the business and the broader market picture, I have been pleased to attend the regular working group to support the executive management in implementing our plan and taking appropriate action, with our eyes open to potential opportunity.

Despite current market challenges, the longer-term picture is positive and I look forward to continuing our work as a Board and within the Investment Committee in the coming year, as we continue to move Globalworth forward in a positive direction.

Financial Statements

Globalworth's performance demonstrated remarkable resilience.

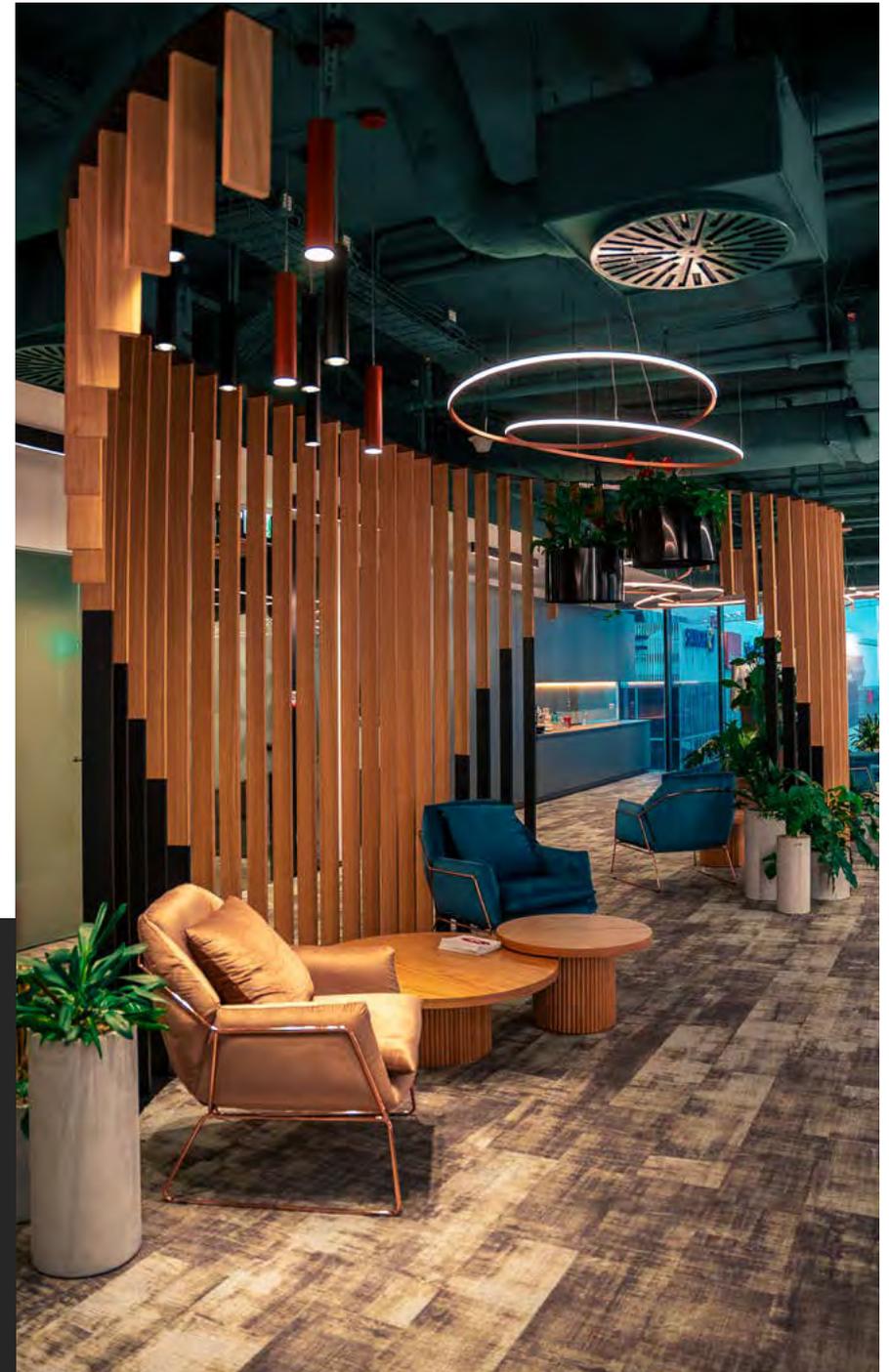
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Revenue

€240m
€239m (2022)

Net operating income

€147m
€140m (2022)



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	31 December 2023 €'000	31 December 2022 €'000
Revenue	7	240,429	239,251
Operating expenses	8	(93,471)	(99,571)
Net operating income		146,958	139,680
Administrative expenses	9	(15,948)	(13,712)
Acquisition costs		–	(7)
Fair value loss on investment property	3	(164,908)	(89,471)
Share-based payment expense		(502)	–
Loss on disposal of subsidiary	24	(474)	–
Profit on disposal of investment property		9,579	–
Depreciation and amortisation expense	3, 4	(588)	(673)
Other expenses		(2,916)	(2,013)
Other income		2,056	524
Foreign exchange (loss)/gain		(1,533)	851
(Loss)/profit from fair value of financial instruments at fair value through profit or loss		(1,393)	222
(Loss)/Profit before net financing cost		(29,669)	35,401
Finance cost	10	(57,146)	(52,532)
Finance income		23,220	2,694
Share of profit of equity-accounted investments in joint ventures	27	2,063	3,219
Loss before tax		(61,532)	(11,218)
Income tax income/(expense)	11	7,692	(4,886)
Loss for the year		(53,840)	(16,104)
Items that will not be reclassified to profit or loss			
Loss on equity instruments designated at fair value through other comprehensive income		–	(5,391)
Total comprehensive income for the year		(53,840)	(21,495)

	Note	31 December 2023 €'000	31 December 2022 €'000
Loss attributable to:		(53,840)	(16,104)
- ordinary equity holders of the Company		(54,152)	(16,961)
- non-controlling interests		312	857
Total comprehensive income attributable to:		(53,840)	(21,495)
- ordinary equity holders of the Company		(54,152)	(22,352)
- non-controlling interests		312	857
Earnings per share (€ cents)			Restated*
- Basic	12	(23)	(7)
- Diluted	12	(23)	(7)

* The IFRS earnings per share for the year 2022 have been restated following the IAS 33 'Earnings per share' requirements regarding accounting for scrip dividend shares issued in 2023.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 €'000	2022 €'000		Note	2023 €'000	2022 €'000
Assets				Equity and liabilities			
Investment property	3	2,843,085	2,945,460	Issued share capital	21	1,769,456	1,704,476
Goodwill	26	12,039	12,349	Treasury shares		(4,797)	(4,859)
Advances for investment property	5	7,175	4,393	Fair value reserve of financial assets at FVOCI		(5,469)	(5,469)
Investments in joint ventures	27	70,098	67,967	Share-based payment reserve		–	156
Equity investments	16	7,844	7,521	Retained earnings		(158,066)	(37,798)
Other long-term assets		1,780	1,784	Equity attributable to ordinary equity holders of the Company		1,601,124	1,656,506
Other receivables	3.4	21,182	–	Non-controlling interests		1,411	862
Prepayments		448	226	Total equity		1,602,535	1,657,368
Deferred tax asset	11.1	1,423	161	Interest-bearing loans and borrowings	14	1,574,771	1,433,631
Non-current assets		2,965,074	3,039,861	Deferred tax liability	11.1	139,299	154,866
Financial assets at fair value through profit or loss		197	3,554	Lease liabilities	3.2	20,482	19,861
Trade and other receivables	17	23,122	22,337	Deposits from tenants		3,774	3,897
Contract assets		6,985	9,967	Guarantees retained from contractors		2,902	1,995
Guarantees retained by tenants		99	98	Trade and other payables	15	78	1,034
Income tax receivable		1,084	840	Non-current liabilities		1,741,306	1,615,284
Prepayments		2,002	2,430	Interest-bearing loans and borrowings	14	28,609	21,600
Cash and cash equivalents	18	396,259	163,767	Guarantees retained from contractors		5,594	3,652
		429,748	202,993	Trade and other payables	15	36,051	35,679
Investment property held for sale	3.3	50,352	126,009	Contract liability		3,289	1,743
Total current assets		480,100	329,002	Other current financial liabilities		1,311	67
Total assets		3,445,174	3,368,863	Current portion of lease liabilities	3.2	1,956	1,669
				Deposits from tenants		18,018	17,477
				Income tax payable		807	382
						95,635	82,269
				Liabilities directly associated with the assets held for sale	3.3	5,698	13,942
				Total current liabilities		101,333	96,211
				Total equity and liabilities		3,445,174	3,368,863

The financial statements were approved by the Board of Directors on 22 March 2024 and were signed on its behalf by:

Andreas Tautscher
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 €'000	2022 €'000		Note	2023 €'000	2022 €'000
Loss before tax		(61,532)	(11,218)	Investing activities			
Adjustments to reconcile profit/(loss) before tax to cash flows from operating activities				Expenditure on investment property completed and under development or refurbishment		(62,463)	(71,235)
Fair value loss on investment property	3.4	164,908	89,471	Payment for land acquisitions		(435)	(1,732)
Loss on sale of residential properties		269	1,851	Advances received for sale of investment property		1,200	4,100
Share-based payment expense	24	502	–	Proceeds from sale of land		4,000	502
Depreciation and amortisation expense		588	673	Payment for acquisition of investment property		–	(5,584)
Net increase in allowance for expected credit losses	19.2	2,283	44	Proceeds from sale of investment property		46,440	12,411
Foreign exchange loss/(gain)		1,533	(851)	Investment in financial assets at fair value through profit or loss		–	(38)
Loss/(gain) from fair valuation of financial instrument at fair value through profit or loss		1,393	(222)	Proceeds from sale of financial assets through profit and loss		–	4,030
Loss on disposal of subsidiary		474	–	Payments for investment in equity investments	16	(323)	(803)
Profit on disposal of investment property		(9,579)	–	Investment in and loans given to joint ventures	27	(12,500)	(28,510)
Share of profit of equity-accounted joint ventures	27	(2,063)	(3,219)	Repayment of loan from joint ventures	27	13,893	13,429
Finance income	10.2	(23,220)	(2,694)	Payment for purchase of other long-term assets		(847)	(371)
Financing cost	10	57,146	52,532	Cash flows used in investing activities		(11,035)	(73,801)
Operating profit before changes in working capital		132,702	126,367	Financing activities			
Decrease/(Increase) in contract assets, trade and other receivables		5,418	(10,547)	Payment of transaction costs on issuance of scrip dividend shares		(154)	–
Increase/(Decrease) in contract liabilities, trade and other payables		5,305	(6,435)	Proceeds for issuance of new shares in subsidiary from non-controlling interest		–	5
Interest paid		(47,836)	(45,662)	Proceeds from interest-bearing loans and borrowings	14	344,794	146,825
Interest received		3,801	723	Repayment of interest-bearing loans and borrowings	14	(182,727)	(325,963)
Income tax paid		(12,734)	(2,168)	Payment of interim dividend to equity holders of the Company	22	(1,076)	(59,771)
Interest received from joint ventures		614	797	Payment for lease liability obligations	3.2	(1,986)	(2,289)
Cash flows from operating activities		87,270	63,075	Payment of bank loan arrangement fees and other financing costs	15	(5,081)	(2,725)
				Cash flows from/(used in) in financing activities		153,770	(243,918)
				Net increase/(decrease) in cash and cash equivalents		230,005	(254,644)
				Effect of exchange rate fluctuations on cash and bank deposits held		2,487	(337)
				Cash and cash equivalents at the beginning of the year	19	163,767	418,748
				Cash and cash equivalents at the end of the year	19	396,259	163,767

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Issued share capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Fair value reserve of financial assets at FVOCI €'000	Retained earnings €'000	Total €'000	Non- controlling interests €'000	Total Equity €'000
As at 1 January 2022		1,704,476	(4,917)	156	–	38,914	1,738,629	–	1,738,629
Interim dividends	22	–	58	–	–	(59,829)	(59,771)	–	(59,771)
Shares issued in a newly acquired subsidiary		–	–	–	–	–	–	5	5
Settlement of fair value reserve of equity instruments designated at FVOCI in cash	17	–	–	–	(78)	78	–	–	–
Total comprehensive income for the year		–	–	–	(5,391)	(16,961)	(22,352)	857	(21,495)
As at 31 December 2022		1,704,476	(4,859)	156	(5,469)	(37,798)	1,656,506	862	1,657,368
Interim dividends paid in cash and scrip dividend	22	65,134	62	–	–	(66,272)	(1,076)	–	(1,076)
Transaction costs on issuance of shares for cash		(154)	–	–	–	–	(154)	–	(154)
Transfer from reserve to retained earnings		–	–	(156)	–	156	–	–	–
Shares issued in subsidiary with NCI		–	–	–	–	–	–	237	237
Total comprehensive income for the period		–	–	–	–	(54,152)	(54,152)	312	(53,840)
As at 31 December 2023		1,769,456	(4,797)	–	(5,469)	(158,066)	1,601,124	1,411	1,602,535

Section I: Basis of Preparation

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

1 Basis of Preparation

Corporate Information

Globalworth Real Estate Investments Limited (the "Company" or "Globalworth") is a company with liability limited by shares (domiciled in Guernsey) and incorporated in Guernsey on 14 February 2013, with registered number 56250. The registered office of the company is at Anson Court, La Route Des Camps, St Martin, Guernsey GY4 6AD. Globalworth, being a real estate Company, has had its ordinary shares admitted to trading on AIM (Alternative Investment Market of the London Stock Exchange) under the ticker "GWI" since 2013.

On 23 July 2021 Zakiono Enterprises Limited, a company wholly owned by Tevat Limited, become a controlling shareholder by holding 60.6% share capital of the company through public offer. Tevat Limited is a joint venture between CPI Property Group S.A. and Aroundtown SA.

The Company's Eurobonds have been admitted to trading on the Official List of the Irish Stock Exchange in March 2018 and July 2020, respectively. In addition, the Company's Eurobonds maturing in March 2025 have been admitted to trading on the Bucharest Stock Exchange in May 2018. The main country of operation of the Company is Guernsey. The Group's principal activities and nature of its operations are mainly investments in real estate properties, through both acquisition and development, as set out in the Strategic Report section of the Annual Report 2022.

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), give a true and fair view of the state of affairs as at 31 December 2023 and 2022 and of the profit or loss and other comprehensive income for the year then ended 31 December 2023 and 31 December 2022, and are in compliance with The Companies (Guernsey) Law, 2008, as amended.

These consolidated financial statements ("financial statements") have been prepared on a historical cost basis, except for investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value.

The material accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS (see note 31), which were adopted on 1 January 2023. These consolidated financial statements are presented in Euro ("EUR" or "€"), rounded to the nearest thousand ('000) unless otherwise indicated, being the functional currency and presentation currency of the Company.

These financial statements are prepared on a going concern basis. The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors based their assessment on the Group's cash flow projections for the period up to 30 June 2025.

These projections consider available cash resources of the Group of c.€396 million, the undrawn financing facilities of €50 million, the latest contracted rental income, anticipated additional rental income from new possible lease agreements during the period covered by the projections, secured bank financing and Sale and Purchase Agreement ("SPA") signed subsequent to the year-end 2023 for the disposal of investment property, as well as the repayment of debt financing maturing within the projected period, capital expenditures and other commitments. The projections and related sensitivity analysis carried out show that in the period up to 30 June 2025, the Company anticipates having sufficient liquid resources to continue to fund ongoing operations without the need to raise any additional debt or equity financing.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as of and for the year ended 31 December 2023 and 31 December 2022. Subsidiaries are fully consolidated (refer to note 28) from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interest represents the portion of profit or loss, other comprehensive income and net assets not held by the Group and is presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to the equity holders of the Company.

Foreign Currency Transactions and Balances

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

Section I: Basis of Preparation continued

2 Critical Accounting Judgements, Estimates and Assumptions

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

Selection of Functional Currency

The Company and its subsidiaries used their judgement, based on the criteria outlined in IAS 21 “The Effects of Changes in Foreign Exchange Rates”, and determined that the functional currency of all the entities is the EUR. In determining the functional currency consideration is given to the denomination of the major cash flows of the entity e.g. revenues and financing.

As a consequence, the Company uses EURO (€) as the functional currency, rather than the local currency Romanian Lei (“RON”) for the subsidiaries incorporated in Romania, Polish Zloty (“PLN”) for the subsidiaries in Poland and Pounds Sterling (“GBP”) for the Company and the subsidiary incorporated in Guernsey.

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

- Investment Property, see note 3 and Fair Value Measurement and Related Estimates and Judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 6;
- Taxation, see note 11;
- Equity Investments, see note 16;
- Trade and Other Receivables, see note 17;
- Share-Based Payment Reserve, see note 24;
- Goodwill, see note 26;
- Investment in Joint Ventures, see note 27; and
- Investment in Subsidiaries, see note 28.

Section II: Investment Property

This section focuses on the assets on the balance sheet of the Group which form the core of the Group's business activities. This includes investment property (both 100% owned by the Group and by the joint ventures), related disclosures on fair valuation inputs, commitments for future property developments and investment property-leasehold and related lease liability recognised for the right of perpetual usufruct of the lands.

Further information about each property is described in the Strategic Report and Operational Review sections of the Annual Report.

3 Investment Property

	Note	Investment property – freehold				Sub-total €'000	Investment property leasehold – Right of usufruct of the land €'000	Total €'000
		Completed investment property €'000	Investment property under refurbishment €'000	Investment property under development €'000	Land for further development €'000			
1 January 2022		2,718,260	156,001	30,850	39,300	2,944,411	21,669	2,966,080
Investment property acquisition		5,584	–	–	–	5,584	–	5,584
Land acquired during the year		–	–	–	1,785	1,785	–	1,785
Subsequent expenditure		24,897	11,512	12,430	1,258	50,097	–	50,097
Net lease incentive movement		15,411	1,664	134	–	17,209	–	17,209
Capitalised borrowing costs		–	119	46	–	165	–	165
Transfer to completed investment property		18,600	–	(14,700)	(3,900)	–	–	–
Disposal during the year		(14,120)	–	–	–	(14,120)	–	(14,120)
Additions to nominal lease liability	3.2	–	–	–	–	–	2,814	2,814
Fair value gain/(loss) on investment property	3.4	(69,078)	(16,915)	690	1,757	(83,546)	(608)	(84,154)
31 December 2022		2,699,554	152,381	29,450	40,200	2,921,585	23,875	2,945,460
Land acquired during the period		–	–	435	–	435	–	435
Subsequent expenditure		40,618	8,584	1,569	33	50,804	–	50,804
Net lease incentive movement		4,886	3,035	(43)	–	7,878	–	7,878
Capitalised borrowing costs	10	6	–	144	–	150	–	150
Transfer to completed investment property	3.3	15,740	–	(4,000)	–	11,740	–	11,740
Disposal during the year	3.2	(6,792)	–	–	(7,000)	(13,792)	–	(13,792)
Fair value loss on investment property		(155,394)	(1,000)	(385)	(2,233)	(159,012)	(578)	(159,590)
31 December 2023		2,598,618	163,000	27,170	31,000	2,819,788	23,297	2,843,085

Section II: Investment Property continued

3 Investment Property continued

3.1 Investment Property – Freehold

Policy

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

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction or refurbishment for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction work is completed – whichever is earlier.

Valuations are performed as of the statement of financial position date by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. The carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments is initially included as part of the carrying value of the investment property. At the balance sheet date investment property is remeasured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property.

Judgements

Classification of Investment Property

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

Disposal of Investment Property Not in the Ordinary Course of Business

The Group enters into contracts with customers to sell properties that are completed. The sale of a completed property is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The recognition and measurement requirements in IFRS 15 are applicable for determining the timing of derecognition and the measurement of consideration (including applying the requirements for variable consideration) when determining any gains or losses on disposal of non-financial assets when that disposal is not in the ordinary course of business.

3.2 Investment Property – Leasehold

Policy

Lessee's Accounting

In certain contracts, the Group acts as a lessee, such as the right of perpetual usufruct of the land (the "RPU"), short-term office rentals, car parking and office equipment.

For low-value lease contracts, the Group applies the recognition exemptions permitted by the standard. Therefore, cash payments for the principal portion of the lease liability of such short-term lease payments or payments for leases of low-value assets (such as office rentals, car parking and office equipment) are included within operating activities as an expense in the same period.

Right of Perpetual Usufruct of the Land (the "RPU")

Under IFRS 16, right-of-use assets that meet the definition of investment property are required to be presented in the statement of financial position as an investment property. The Group has the right of perpetual usufruct of the land (the "RPU" or "right-of-use assets") contracts for the property portfolio in Poland which meet the definition of investment property under IAS 40. Therefore, the Group has combined its "Right-of-use assets" being Investment property – leasehold under the line item "Investment property" along with the investment property – freehold in the statement of financial position. The corresponding lease liabilities are presented under the line item "Lease liabilities" as non-current and the related short-term portion are presented in the line item "Current portion of lease liability".

Section II: Investment Property continued

3 Investment Property continued

3.2 Investment Property – Leasehold continued

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

To arrive at the carrying amount of the investment property using the fair value model, the Group recognised the right-of-use asset at Net Present Value ("NPV") of future annual fees (that is net of all payments expected to be made under the RPU). The change in the carrying amount of investment property – leasehold was charged to profit and loss and presented under the line "Fair value gain on investment property". The NPV of right-of-use assets in order to determine the fair value of investment property – leasehold was calculated based on the following key inputs:

	31 December 2023	31 December 2022
Key inputs to determine the present value		
Gross operating lease commitments (€'000)	100,590	126,549
Remaining individual lease term (years)	67-83	67-84
Discount rate (%)	5.77	5.77

	31 December 2023 €'000	31 December 2022 €'000
Investment property – leasehold	Note	
Opening balance	23,875	21,669
Additions to nominal lease liabilities	–	2,814
Fair value loss on investment property	3.4 (578)	(608)
Closing balance	23,297	23,875

The Group measures the lease liability at the present value of the lease payments that are not paid until the statement of financial position date. The lease payments are discounted at 5.77% after deducting from the opening carrying value the annual rental payments and translating at the closing exchange rate into Euro resulted in a foreign exchange loss. The interest expense for the unwinding effect of the present value of the lease liability for an amount of €1.8 million (2022: €2.4 million) was presented in the statement of comprehensive income under the line "Finance expense".

Additions to nominal lease liabilities represents the parking spaces leased from third-party lessor on a long-term basis. Considering the insignificant nominal amount contributed by these parking leases, as compared to the outstanding nominal lease liability amount, there was no significant change in discount rate applied as compared to the prior year.

	31 December 2023 €'000	31 December 2022 €'000
Lease liability		
Opening balance	21,530	20,065
Additions to nominal lease liabilities	–	2,814
Payment during the year	(1,381)	(1,684)
Interest expense on lease liability	1,366	1,819
Foreign exchange loss/(gain)	923	(1,484)
Closing balance	22,438	21,530
- Current portion	1,956	1,669
- Non-current portion	20,482	19,861

	31 December 2023 €'000	31 December 2022 €'000
Lease liability – held for sale		
Opening balance	8,877	9,141
Liabilities directly associated with the assets held for sale	(4,889)	–
Payment during the year	(605)	(605)
Interest expense on lease liability	411	568
Foreign exchange loss/(gain)	525	(227)
Net movement	(4,558)	(264)
Closing balance	4,319	8,877

3.3 Assets Held for Sale

Policy

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

Judgements and Assumptions Used in the Classification of Investment Properties as Held for Sale

In 2021, the Group entered into a preliminary agreement to sell the properties held by Dolfia sp. z o.o., Ebgaron sp. z o.o., Lamantia sp. z o.o., Nordic Park Offices sp. z o.o. and Warta Tower sp. z o.o., for a total consideration of €125.2 million. In July 2023 Warta Tower sale was concluded (please refer to note 3.4 for further details) and terminated the original SPA for remaining four properties.

In November 2023 the Group signed SPAs for the sale of properties namely Philips House and Nordic Park with a new buyer for amount of €12.9 million and €22.9 million, the sale is expected to be completed by end of March and June 2024, respectively. At 31 December 2023, the properties classified as held for sale were valued at €45.9 million.

Section II: Investment Property continued

3 Investment Property continued

3.3 Assets Held for Sale continued

Judgements and Assumptions Used in the Classification of Investment Properties as Held for Sale continued

All the assets under held for sale group are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets. The management has an active disposal programme with appropriate approvals from the Board and is planning to complete the sale in the near future either under existing SPA or by signing a new SPA with a new buyer(s).

The carrying values of investment properties held for sale at 31 December 2023 are fair valued after taking into account the existing SPA and management's intention to actively market these assets for sale at a price that is reasonable in relation to its current fair value under present market conditions. Despite the fact that the sale has not occurred since their initial classification, management, applying its judgment, still considers their classification appropriate, for the remaining investment properties held for sale, and disclose separately the liabilities directly associated with the assets held for sale.

	Note	31 December 2022 €'000	CAPEX €'000	Fair value loss €'000	Disposal during the year €'000	Transfer to investment property €'000	Movement during the period €'000	31 December 2023 €'000
Completed investment property	3.1	116,199	(165)	(5,124)	(53,270)	(11,740)	(70,299)	45,900
Investment property – leasehold	3.2	9,810	–	(194)	(5,164)	–	(5,358)	4,452
Investment property held for sale		126,009	(165)	(5,318)	(58,434)	(11,740)	(75,657)	50,352
Lease liabilities	3.2	8,877	–	–	–	–	(4,558)	4,319
Deferred tax liability	11.1	5,065	–	–	–	–	(3,686)	1,379
Liabilities directly associated with the assets held for sale		13,942	–	–	–	–	(8,244)	5,698
Net assets held for sale		112,067	–	–	–	–	67,413	44,654

3.4 Fair Value Loss on Investment Property

	Note	31 December 2023 €'000	31 December 2022 €'000
Fair value loss on investment property		164,908	89,471
- Related to investment property	3.1	159,590	84,154
- Related to investment property – held for sale	3.3	5,318	5,317

Section II: Investment Property continued

3.4 Sale of investment property continued

In March 2023, the Group sold a fully owned subsidiary, Nord 50 Herastrau Premium SRL, owning a non-core plot of land of 3.2k sqm located in the northern part of Bucharest for total consideration of €7.0 million out of which €4.0 million was paid in cash and remaining €3.0 million was collected on 7th March 2024. At the disposal date, the Group derecognised net asset of €7.2 million and recorded €0.5 million net loss (including €0.3 million for derecognition of goodwill recognised for deferred tax liability at initial acquisition date (note 26).

In July 2023 the Company sold the Warta Tower office building, a fully vacant building, in Warsaw to a company from the Cornerstone Investment Management platform. The transaction was valued €63.4 million, out of which €20 million are deferred and will be received in October 2025. The receivable carries an interest of 13% p.a., total interest receivables as of 31 December 2023 was €1.1 million. At the disposal date, the Group recognised in the income statement €9.5 million profit after adjusting incidental costs.

4 Fair Value Measurement and Related Estimates and Judgements

Policy

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

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

The Group measures at fair value the investment properties freehold and leasehold (non-financial assets), equity investments (through other comprehensive income) and financial assets at fair value through profit or loss at fair value (recurring) at each statement of financial position date. For financial liabilities, such as interest-bearing loans and borrowings carried at amortised cost using the effective interest rate method, the fair value is disclosed.

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

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

Further information on financial assets such as equity investments and financial assets at fair value through profit and loss can be found in notes 13 and 16.

Investment Property Measured at Fair Value

The Group's investment property portfolio for Romania was valued by Colliers Valuation and Advisory SRL and Cushman & Wakefield International Real Estate Advisor Ltd and for Poland by Knight Frank Sp. z o.o.. All independent professionally qualified valuers hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued using recognised valuation techniques.

Our Property Valuation Approach and Process

The Group's investment department includes a team that reviews twice in a financial year the valuations performed by the independent valuers for financial reporting purposes. For each independent valuation performed, the investment team along with the finance team:

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

The fair value hierarchy levels are specified under IFRS 13 Fair Value Measurement. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (between Level 1, Level 2 and Level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. As of 31 December 2023 (2022: same) the values of all investment properties were classified as Level 3 fair value hierarchy under IFRS 13 and there were no transfers from or to Level 3 from Level 1 and Level 2.

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

Property valuations are inherently subjective as they are valued on the basis of assumptions made by the valuer. Valuation techniques comprise the discounted cash flows, the sales comparison approach and the residual value method.

The Group has based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared, including the amendments or possible amendments of the current lease contracts, delays to non-committed capital expenditure, cost-cutting initiatives and delays in construction activity. The key assumptions concern the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However, all such assumptions or estimates are sensitive to change due to the current market environment. The climate-related risks are embedded in the determination of future cash flows that are used for the fair value of investment properties. Further information is disclosed in Operational Review and Strategic review. Such uncertainty is reflected in the assumptions used for the valuation and the Group disclosed below the sensitivity to different key inputs to overall valuation.

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

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

Key information about fair value measurements, valuation technique and significant unobservable inputs (Level 3) used in arriving at the fair value under IFRS 13 are disclosed below:

Fair value

Class of property	2023	2022	Valuation Technique	Country	Segment	Input	2023	2022
	€'000	€'000					2023	2022
Completed investment property	517,960	588,720	DCF	Poland	Warsaw	Rent per sqm	€11.50–€22.50	€11.75–€22.00
						Discount rate	5.72%–9.10%	4.97%–12.30%
						Exit yield	5.70%–7.75%	5.45%–7.50%
Completed held for sale	(45,900)	(116,199)						
	671,060	716,570	DCF	Poland	Regional	Rent per sqm	€11.50–€15.25	€11.50–€15.00
						Discount rate	6.43%–10.07%	5.23%–10.68%
						Exit yield	6.50%–7.50%	6.20%–8.00%
	115,670	117,260	DCF	Poland	Mixed - used	Rent per sqm	€14.00–€24.00	€13.50–€16.00
						Discount rate	5.64%–7.12%	4.67%–6.68%
						Exit yield	5.47%–6.50%	5.49%–6.25%
	1,109,500	1,164,100	DCF	Romania	Office	Rent per sqm	€2.00–€35.00	€2.00–€35.00
						Discount rate	8.25%–9.5%	8.25%–9.35%
						Exit yield	6.5%–7.65%	6.25%–7.4%
	183,900	176,100	DCF	Romania	Industrial	Rent per sqm	€2.91–€9.00	€2.91–€9.00
						Discount rate	8.5%–9.25%	8.25%–7.75%
						Exit yield	6.75%–7.25%	6.75%–7.25%
	10,100	9,800	DCF	Romania	Residential	Rent per sqm	€7.72–€24.20	€7.72–24.20
						Discount rate	9.75%–9.75%	9.50%–9.50%
						Exit yield	7.75%–7.75%	7.75%–7.75%
	36,328	43,205	SC	Romania	Residential	Sales value (sqm)	€1,500	€1,934
Sub-total	2,598,618	2,699,554						

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

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

Fair value

Class of property	2023	2022	Valuation Technique	Country	Segment	Input	2023	2022
	€'000	€'000					2023	2022
Investment property under development	–	9,550	RM	Poland	Mixed - used	Rent per sqm	–	€13.50
						Discount rate	–	6.76%-7.53%
						Exit yield	–	6.50%
						CAPEX (€m)	–	€26.64
	15,900	19,900	RM	Romania	Office	Rent per sqm	€11.50 - €18	€4.60-€15.00
						Discount rate	8.50% - 9.50%	8.00%- 9.25%
						Exit yield	6.75% - 7.75%	6.25%-7.75%
						CAPEX (€m)	€ 75.68	€77.43
	11,700	–	DCF	Romania	Industrial	Rent per sqm	€5.20 - €9.70	–
						Discount rate	9.00%	–
						Exit yield	7%	–
Investment property under refurbishment	170,070	152,380	DCF	Poland	Mixed - used	Rent per sqm	€13.50 -€13.50	€13.50-€15.00
						Discount rate	6.87% - 8.25%	7.49%-8.67%
						Exit yield	6.61%-6.61%	7.18%-8.06%
						CAPEX (€m)	–	€21.00
Land bank – for further development	9,500	9,500	SC	Romania	Industrial	Sales value (sqm)	€ 27	€27.00 – €2,215.19
	14,000	30,700	RM	Romania	Industrial	Rent per sqm Exit yield	€3.25-€20.00 7.15% - 8.25%	€2.75 –18.00 6.90% – 8.25%
Total	2,819,788	2,921,585						

Income approach: DCF: Discounted Cash Flows, DC: Direct Capitalisation, RM: Residual Method; Market approach: SC: Sales Comparison

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

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

All classes of property portfolio were categorised as Level 3 under the fair value hierarchy. The fair value movement on investment property recognised, as loss, in the income statement includes an amount of €164.9 million (2022: loss of €89.5 million) for fair value measurements as of the statement of financial position date related to investment properties categorised within Level 3 of the fair value hierarchy. In arriving at estimates of market values as at 31 December 2023 and 2022, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

Sensitivity Analysis on Significant Estimates Used in the Valuation

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

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

	Year	Country	€0.5 change in rental value per month, per sqm ¹		25 bps change in exit yield		5% change in CAPEX		€50 change in sales prices per sqm ²		2.5% change in vacancy in perpetuity ³	
			Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
Investment property	2023	Poland	31,730	(37,030)	(57,730)	57,070	–	–	–	–	(32,150)	–
		Romania	28,200	(27,900)	(46,700)	50,700	–	–	1,100	(1,100)	(12,500)	10,100
	2022	Poland	38,490	(38,530)	(62,280)	67,730	–	–	–	–	(32,450)	–
	2022	Romania	31,600	(31,200)	(49,900)	54,600	–	–	1,300	(1,300)	(15,700)	12,400
	– Completed	2023	Poland	–	–	–	–	–	–	–	–	–
Romania			3,000	(3,000)	(3,600)	3,900	(3,500)	3,500	–	–	(200)	100
2022		Poland	1,450	(1,450)	(1,670)	1,810	(1,320)	1,320	–	–	(1,060)	–
2022		Romania	2,200	(2,200)	(1,800)	2,100	(1,900)	2,000	–	–	–	–
– Under development		2023	Poland	3,510	(6,860)	(8,700)	5,910	–	–	–	–	(6,070)
	2022	Poland	4,760	(4,750)	(6,120)	6,560	(210)	200	–	–	(3,740)	–
– Under refurbishment	2023	Romania	2,100	(1,900)	(2,000)	2,300	(2,000)	2,200	400	(500)	–	–
	2022	Romania	3,200	(3,100)	(3,600)	4,000	(3,400)	3,500	400	(500)	–	–

1. The quantitative sensitivity analysis was computed as €0.25 change in rental value per month, per sqm for industrial properties (2022: for industrial properties at €0.25 change in rental value per month, per sqm).

2. The quantitative sensitivity analysis was computed as a €1.5 change in sales price per sqm for the industrial properties portfolio.

3. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as this factor is considered in the valuation methodology as part of yields and not a variable in isolation. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property; see note 14 for details. Further information about individual properties is disclosed in the Operational Review section of the Annual Report.

4.1 Investment Properties Owned by Joint Ventures

	Completed investment property €'000	Investment property under development €'000	Land for further development €'000	Total €'000
1 January 2022	37,400	13,700	35,600	86,700
Land acquisition	8	1,592	802	2,402
Subsequent expenditure	964	22,167	92	23,223
Net lease incentive movement	(17)	155	–	138
Capitalised borrowing costs	92	336	–	428
Transfer to completed investment property	34,700	(34,700)	–	–
Disposal during the year	–	–	(28)	(28)
Fair value gain on investment property	553	5,150	434	6,137
31 December 2022	73,700	8,400	36,900	119,000
Subsequent expenditure	7,037	–	382	7,419
Net lease incentive movement	251	–	–	251
Transfer to completed investment property	8,400	(8,400)	–	–
Fair value gain/(loss) on investment property	2,412	–	(35)	2,377
31 December 2023	91,800	–	37,247	129,047

Section II: Investment Property continued

4 Fair Value Measurement and Related Estimates and Judgements continued

Sensitivity Analysis on Significant Estimates Used in the Valuation of Investment Properties Owned by the Joint Venture

As disclosed in note 27, the Group also has an investment in three joint ventures where investment properties were valued at fair value under the similar Group accounting policies by Colliers Valuation and Advisory SRL.

The table below describes key information about fair value measurements, valuation technique and significant unobservable inputs (Level 3) used in arriving at the fair value under IFRS 13.

Class of joint venture property	Carrying value		Valuation technique	Country	Input	Range	
	2023 €'000	2022 €'000				2023	2022
Completed investment property	91,800	73,700	DCF	Romania	Rent per sqm Discount rate Exit yield	€2.00-€10.00 4.28%-4.52% 7% -7.25%	€2.00-€9.00 8.50%-9.00% 7.00%-7.25%
Investment property under development	-	8,400	RM	Romania	Discount rate Exit yield CAPEX (€m)	- - -	8.75% 7.25% €2.38
Land bank – for further development	37,247	36,900	SC	Romania	Sales value sqm	€30.00-€70.00	€30.00-€70.00
Total	129,047	119,000					

Income approach: DCF: Discounted Cash Flows, DC: Direct Capitalisation, RM: Residual Method; Market approach: SC: Sales Comparison

A quantitative sensitivity analysis (for properties owned by joint ventures), in isolation, of the most sensitive inputs used in the independent valuations performed, as of the statement of financial position date, are set out below. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate (and exit yield), and an apposite change in the long-term vacancy rate.

Joint ventures Investment Property	Year	Country	€0.25 change in rental value per month, per sqm		25 bps change in exit yield		5% change in CAPEX		€1.5 change in sales prices per sqm		2.5% change in vacancy in perpetuity	
			Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– Completed	2023	Romania	2,400	(2,400)	(3,300)	3,200					(1,400)	(1000)
	2022	Romania	2,300	(2,200)	(2,500)	2,700	-	-	-	-	(1,000)	900
– Under development	2023	Romania										
	2022	Romania	600	(500)	(400)	400	(100)	100	-	-	-	-
– Further development	2023	Romania							1,400	(1,400)		
	2022	Romania	-	-	-	-	-	-	1,400	(1,400)	-	-

The Group is committed to responding to the effects of climate change and its Sustainability Policy covers the impact of the Group's operations and processes, the long-term environmental performance of the properties owned and developed, as well as the reduction of energy consumption and greenhouse gas emissions. The Group, therefore, actively invests in properties which are either certified as environmentally friendly or have the potential to be classified as such following our own initiatives. The Company conducted a climate change transition and physical risks and opportunities assessment, across its value chain, in alignment with TCFD recommendations (i.e. Task Force on Climate-Related Financial Disclosures). Climate analysis indicates that the probability of floods to occur is very likely across RCPs climate scenarios (2.6, 4.5 and 8.5 W/m²) for several locations in Poland and likely in Romania, where construction operations are in progress. As Globalworth considers that extreme precipitation and flood events will increase and that direct operations might be compromised, it is investing in solutions that will provide business continuity. Already, we are implementing procedures and flood protection has been purchased for the majority of the properties, as we consider flooding to be one of the main natural hazards occurring in Poland and Romania, which, in certain circumstances, may take the form of a disaster.

Section II: Investment Property continued

5 Advances for Investment Property

	2023 €'000	2022 €'000
Advances for land and other property acquisitions	2,000	2,000
Advances to contractors for investment properties under development	5,175	2,393
	7,175	4,393

6 Commitments

Commitments for Investment Property

As at 31 December 2023 the Group had agreed to construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property of €8.2 million (2022: €10.9 million), investment property under development of nil (2022: €0.7 million) and had committed with tenants to incur incentives (such as fit-out works and other lease incentives) of €11.8 million (2022: €10.3 million).

The Group's joint ventures were committed to the construction of investment property for the amount of €0.1 million at 31 December 2023 (2022: €1.3 million).

Operating Lease Commitments – Group as Lessor

Policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases and such lease agreements fall within the scope of IFRS 16; see note 7 for policies on revenue recognition for properties under operating leases.

Judgements Made for Properties Under Operating Leases, being the Lessor

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties and, therefore, being the lessor accounts for these leases as operating leases.

The duration of these leases is one year or more (2022: one year or more) and rentals are subject to annual upward revisions based on the consumer price index. The future aggregate minimum rentals receivable under non-cancellable operating leases for investment properties – freehold are as follows:

	2023 €'000	2022 €'000
Not later than 1 year	181,839	169,880
Later than 1 year and not later than 5 years	507,919	426,748
Later than 5 years	175,006	152,843
	864,764	749,471

Section III: Financial Results

This section quantifies the financial impact of the operations for the year; further analysis on operations is presented in the Financial Review section of the Annual Report. This section includes the results and performance of the Group, including earnings per share and EPRA Earnings. This section also includes details about the Group's tax position in the year and deferred tax assets.

7 Revenue

Policy

7.1 Rental Income

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. The value of lease agent commission, rent-free periods, fit-out incentives and all similar lease incentives is spread on a straight-line basis over the term of the lease.

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

7.2 Revenue from Contracts with Customers

7.2a) Service Charge Income

The lease agreements include certain services offered to tenants comprising the overall property management, including common area maintenance services as well as other administrative and support services. The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. These services are specified in the lease agreements and separately invoiced.

The Group has concluded that these services represent a series of daily services that are satisfied over time and apply a time-elapsed measure of progress. The consideration charged to tenants for these services includes fees charged based on the area occupied by the tenant and reimbursement of certain expenses incurred. The Group has determined that this variable consideration generally relates to this non-lease component and that allocating it over the period of service meets the variable consideration allocation criteria under IFRS 15. The Group has identified a few lease agreements with non-triple net clauses, where the service charge was capped, which required the reclassification of €1.7 million from the rental revenues to service charge revenue during 2023 (2022: €0.5 million).

7.2b) Fit-out Services Income

For contracts relating to fit-out services, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including architectural work, procurement of materials, site preparation, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Group has determined that the goods and services are not distinct and has accounted for them as a single performance obligation.

Under IFRS 15, the Group recognises revenue over time because it expects that control will transfer over time. In certain fit-out contracts, its performance creates an asset that the tenant controls as the asset is created. In other cases, its performance does not create an asset with an alternative use to the Group and the Group has concluded that it has an enforceable right to payment for performance completed to date.

The Group has measured the stage of completion (i.e. performance measurement over time) for the revenue recognition from distinctive fit-out project using a cost input method, by reference to the costs incurred to date on a project for the satisfaction of a performance obligation relative to the total budgeted costs of the project to the completion.

7.2c) Rendering of Services

Revenue from asset management fees, marketing and other income which are recognised at the time the service is provided.

	2023 €'000	2022 €'000
Contracted rent	191,913	180,920
Adjustment for lease incentives	(31,548)	(31,093)
Rental income	160,365	149,827
Revenue from contracts with customers		
Service charge income	75,056	86,809
Fit-out services income	4,185	2,374
Asset management fees	122	66
Marketing and other income	701	175
	80,064	89,424
	240,429	239,251

The adjustment for lease incentives includes no amortisation impact for COVID-19-related rent concession given during the year-ended 2023 (2022: €0.1 million).

The total contingent rents and surrender premia recognised as rental income during the year amount to €2.3 million (2022: €1.9 million) and €1.1 million (2022: €0.2 million), respectively.

Principal Rather than Agent

The Group arranges for third parties to provide certain services to the tenants either as part of service charges or fit-out services. Under IFRS 15, the Group concluded it was the principal because it is primarily responsible for fulfilling the promise to perform the specific services and the Group bears all risks (e.g. credit risk and inventory risk) on these transactions as it is obliged to pay the service provider even if the customer defaults on payment. The Group determined that it controls the service before it is provided to the tenant and, hence, it is the principal rather than the agent in these contracts. As a result, the Group has concluded that it is acting as a principal in all of the above-mentioned revenue arrangements.

Section III: Financial Results continued

7.2 Revenue from Contracts with Customers

Contract Asset

A contract asset is initially recognised for revenue earned from service charge income, fit-out services income and rendering of other services, (the revenue stream is disclosed in note 7), because the receipt of consideration is conditional on successful completion of the services. Once a fiscal invoice is issued after the completion of services the contract assets are reclassified to trade receivables. For contract assets no credit risk allowance was recorded.

Contract Liability

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract.

8 Operating Expenses

Policy

a) Service Costs

Service costs for common areas, as well as expenses for non-common areas, are included under direct property expenses. Reclaiming them from tenants is presented separately under revenue, see note 7.

b) Works Carried Out on Properties

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

	2023 €'000	2022 €'000
Property management, utilities and insurance	86,722	96,433
Property maintenance costs and other non-recoverable costs	2,087	746
Property expenses arising from investment property that generate rental income	88,809	97,179
Property expenses arising from investment property that did not generate rental income	19	19
Fit-out services costs	4,643	2,373
	93,471	99,571

9 Administrative expenses

Policy

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments

	Note	2023 €'000	2022 €'000
Directors' emoluments ¹		732	1,189
Salaries and wages ^{1,2}		7,954	7,100
Accounting, secretarial and administration costs		411	475
Legal and other advisory services		1,289	1,301
Audit and non-audit services ³		1,310	800
Corporate social responsibility	9.1	180	470
Travel and accommodation		359	218
Marketing and advertising services		2,091	1,099
Post, telecommunication and office supplies		625	548
Stock exchange expenses		577	512
Restructuring costs		420	–
		15,948	13,712

- Costs of €2.5 million (2022: €2.0 million) associated with the team of Executive Directors and other employees who worked on CAPEX projects for standing and under development properties were capitalised in line with the progress made on the properties under development during the year.
- During the year, the Group contributed €0.4 million (2022: €0.3 million) and nil (2022: nil) to the mandatory Government Pension Fund of the employees and key management of the Group, respectively.
- Refer to the Audit and Risk Committee report for details on the fees charged by the Company's auditor for the year.

9.1 Corporate Social Responsibility

	2023 €'000	2022 €'000
Total expenditure of the Globalworth Foundation during the year	180	480
Donations from employees and other third parties	–	(10)
Corporate social responsibility expenditure supported by the Group	180	470

Section III: Financial Results continued

10 Finance Cost

Policy

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

	Note	2023 €'000	2022 €'000
Interest on secured loans		15,929	7,054
Interest on the unsecured revolving facility		4,683	1,588
Interest on fixed-rate bonds		26,779	32,496
Debt cost amortisation and other finance costs	10.1	7,742	8,305
Interest on lease liability	3.2	1,777	2,387
Bank charges		236	702
		57,146	52,532

10.1 Debt Cost Amortisation and Other Finance Costs

	2023 €'000	2022 €'000
Debt issue cost amortisation – secured bank loans	712	930
Debt issue cost amortisation – unsecured revolving facility	1,856	1,461
Debt issue cost amortisation – fixed rate bonds	5,174	5,914
	7,742	8,305

The Company capitalised borrowing costs in the value of investment property, amounting to €0.2 million (2022: €0.2 million), using a capitalisation weighted average rate of 3.33% (2022: 3.33%).

10.2 Finance income

	Note	2023 €'000	2022 €'000
Gain on Bond buyback		15,809	–
Income from bank deposits		3,801	722
Interest income from loans to joint ventures		2,075	1,526
Interest income on other receivables	3.4	1,284	–
Other financial income		251	446
		23,220	2,694

11 Taxation

Policy

Current Income Tax

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

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

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

The unrecognised deferred income tax asset is reassessed at each reporting date and is recognised to the extent it has become probable that the future taxable profit will allow for the recovery of such deferred tax asset. Deferred tax assets and liabilities are offset if provided by law and the deferred taxes relate to the same taxable entity and the tax authority.

	2023 €'000	2022 €'000
Current income tax income	12,908	1,264
- Related to the current year	13,554	3,253
- Related to the prior year	(646)	(1,989)
Deferred income tax expense	(20,600)	3,622
	(7,692)	4,886

Section III: Financial Results continued

11 Taxation continued

Policy continued

Current Income Tax Expense

The Company is tax resident in Guernsey and subject to Guernsey tax rules and does not fall in the scope of the Pillar Two model rules. The subsidiaries in Romania, Poland and Cyprus are subject to tax on local sources of income. The current income tax expense of €12.9 million (2022: €1.3 million) represents the profit tax for the Group. The taxable income arising in each jurisdiction is subject to the following standard corporate income tax rates: Poland at 19% (however small entities with revenue up to €2 million in the given tax year and entities starting a new business for their first tax year of operation, under certain conditions, are charged a reduced rate of 9%), Romania at 16% and Cyprus at 12.5%.

The Group's subsidiaries in Poland are subject to the minimum tax, which is applied to income from ownership of certain high-value fixed assets having an initial value of the asset exceeding PLN 10 million at a rate of 0.035% per month. From 2019, the taxpayer has a right to apply for the refund of previously paid minimum tax which was not deducted from the advance corporate income tax. This minimum tax can be set off against CIT if CIT is higher. The tax is applied only to leased buildings while no tax applies on vacant buildings or vacant space in partially occupied buildings. Due to the COVID-19 pandemic, the minimum tax scheme was suspended from 1 March 2020 until 31 May 2022 and the Group's subsidiaries are subject to corporate income tax.

Starting 1 January 2024, there is a minimum tax on turnover introduced in Romania and it applies to entities which have a turnover over certain limit. Therefore, some Romanian entities which are part of the tax unity will be captured by this new rule and they will be paying the higher amount between corporate income tax or a minimum tax on turnover, which is 1% applicable on certain adjusted elements of income.

The Group's subsidiaries incorporated and tax resident in Cyprus need to comply with the tax regulations in their country of incorporation. The income generated by subsidiaries located in Cyprus is represented by dividend and interest income which are the most significant sources of income. Dividend income is tax-exempt under certain conditions, while interest income is subject to corporate income tax at the rate of 12.5% in Cyprus.

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

There are uncertainties in Romania and Poland, where the Group has significant operations and this is due to the interpretation of complex tax regulations, frequent changes in tax laws and lack of predictability over these tax changes with possible impact on the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania has had a corporate income tax audit in the last five years, while in Poland some entities are currently under tax audit with respect to the corporate income tax and withholding tax settlements for the fiscal year 2018, 2019, 2020 and 2021.

Reconciliation Between Applicable and Effective Tax Rate

The reconciliation between tax expense and the product of accounting profit multiplied by the Company's income tax rate for the year ended 31 December 2023 and 31 December 2022 is as follows:

	2023 €'000	2022 €'000
Profit/(loss) before tax	(61,532)	(11,218)
Less: Non-deductible unrealised fair value loss on investment property	(164,908)	(89,471)
Profit before fair value loss on investment property and tax	103,376	78,253
At the Company's income tax rate 0% (2022: 0%)	-	-
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
- Corporate income tax	1,837	1,004
- Deferred tax expense for taxable temporary differences	(9,390)	2,089
- related to current year	(9,390)	146
- related to prior year's tax losses	-	1,943
- Tax in Cyprus		
- Corporate income tax	3,857	-
- Tax in Poland		
- Corporate income tax	7,214	260
- Deferred tax expenses for taxable temporary differences	(11,210)	1,533
- related to the current year	(20,527)	(1,085)
- related to the prior year's tax losses	9,317	2,618
Tax (income)/expense reported in the income statement	(7,692)	4,886
Effective tax rate, including deferred tax expenses (%)	-7.4%	6.2%

11.1 Deferred Tax (asset)/liabilities

	Note	2023 €'000	2022 €'000
Deferred tax asset		(1,423)	(161)
Deferred tax liabilities directly associated with the assets held for sale	3.3	1,379	5,065
Deferred tax liabilities		139,299	154,866
		139,255	159,770

Section III: Financial Results continued

11 Taxation continued

Deferred Income Tax Expense

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Net Deferred Tax				
Valuation of investment property at fair value	152,280	181,070	(28,790)	(472)
Deductible temporary differences	(2,397)	(1,247)	(1,150)	1,340
Interest expense and foreign exchange loss on intra-group loans	(8,803)	(18,743)	9,940	866
Discounting of tenant deposits and long-term deferred costs	118	68	50	(4)
Share issue cost recognised in equity	(7)	(7)	-	-
Valuation of financial instruments at fair value	48	72	(24)	(67)
Recognised unused tax losses	(2,069)	(1,443)	(626)	1,959
Derecognised on subsidiary disposal	85	-	-	-
	139,255	159,770	(20,600)	3,622

The Group has unused assessed tax losses carried forward of €32.3 million (2022: €49.7 million) in Romania and €14.7 million (2022: €19.1 million) in Poland that are available for offset against future taxable profits of the entity which has the tax losses. The tax losses recorded by Romanian subsidiaries before 1st January 2024 can be carried forward for seven years from the year of generation. However, starting 2024, tax losses can be used up to the 70% of the taxable income computed by the entity. Also, the tax losses incurred starting with 1st January 2024 can be carried forward only for five consecutive years and within the 70% limit mentioned above.

The tax losses in Poland can be carried forward for a period of five consecutive tax years from the year of origination. In Poland, in any particular tax year, the taxpayer may not deduct more than 50% of the loss incurred in the year for which it was reported. Additionally, starting from 2020, the taxpayer may utilise one-time tax losses generated after 31 December 2018 in the amount of greater than PLN 5 million or 50% of tax loss of a given fiscal year in the following five fiscal years.

As of the statement of financial position date the Group recognised deferred tax assets of €1.9 million (2022: €1.4 million) in Romania and Poland for which deferred tax asset recognition criteria were met under IAS 12, out of the total available deferred tax assets of €8.0 million (2022: €10.7 million), calculated at the corporate income tax rates of 16% in Romania and 19% (9% for small entities) in Poland. Therefore, the available deferred tax assets, €6.0 million (2022: €9.2 million) deferred tax asset was not recognised (Romania and Poland) in the income statement of the Group as the amount could not be utilised from the future taxable income as per the criteria under IAS 12.

Expiry year	2024	2025	2026	2027	2028	2029	2030	Total
Total available deferred tax assets (€m)	4.0	0.6	1.5	0.7	1.1	0.1	0.0	8.0

Therefore, the available deferred tax assets, €6.0 million (2022: €9.2 million) deferred tax asset was not recognised (Romania and Poland) in the income statement of the Group as the amount could not be utilised from the future taxable income as per the criteria under IAS 12.

There are also temporary non-deductible interest expenses and net foreign exchange losses of €215.6 million, of which €41.2 million in Romania and €174.4 million in Poland (2022: €276.5 million, of which €38.9 million in Romania and €237.6 million in Poland) related to intercompany and bank loans. Each year an amount up to 30% of tax EBITDA (plus PLN 3 million in Poland based on the recent Supreme Court sentence for the periods 2019-2021) and for 2022 not less than PLN 3 million would become tax-deductible, for which €8.8 million (€1.1 million in Romania and €7.7 million in Poland) deferred tax asset was recorded (2022: €18.7 million, €1.1 million in Romania and €17.7 million in Poland).

In Romania such temporary non-deductible interest expenses can be carried forward indefinitely until it is tax deductible as per EBITDA threshold. Nevertheless, starting 1 January 2024, the threshold for deductibility of interest expense which will be subject to 30% of tax EBIDTA is decreased from €1 million to €500,000. On the other hand in Poland, the interest expense which was already paid prior to the financial position date (and corresponding net foreign exchange loss on such interest expense) can only be utilised over five consecutive tax years from the year of origination and unpaid interest expense (and corresponding net foreign exchange loss on such interest expense) is available for utilisation indefinitely. As of 31 December 2023, out of the total €7.7 million (2022: €17.7 million) deferred tax asset on interest expense and foreign exchange loss recognised in Poland, €1.5 million (2022: €2.6 million) is available for utilisation in five years from the origination.

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

Tax Assets

At each statement of financial position date, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors. Based on the above assessment, the Group recognised deferred tax expense related to deferred tax asset for fiscal losses carried forward for an amount of €0.6 million (2022: deferred tax expense of €2.0 million) representing derecognition of deferred tax assets of nil (2022: derecognition of €1.5 million) in Romania, due to improved actual tax results and transition of some subsidiaries to a taxable profit position, and derecognition of deferred tax assets of €0.6 million (2022: derecognition of €0.5 million) in Poland, due to improved actual tax results.

The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group's ability to utilise future tax benefits.

Section III: Financial Results continued

12 Earnings Per Share

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

Date	Event	Number of shares issued ('000)	% of the year	Weighted average ('000)
01-Jan-2022	At the beginning of the year	221,373		221,373
	Bonus effect of scrip dividend shares (Apr-23)*	2,861		2,861
	Bonus effect of scrip dividend shares (Oct-23)*	3,252		3,252
2022	Shares in issue at year-end (basic)	227,486		227,486
Jan- Dec 2022	Effect of dilutive shares	97	77%	75
2022	Shares in issue at year-end (diluted)	227,583		227,561
Jan-2023	At the beginning of the year	227,486		227,486
Apr-23	Shares issued for scrip dividend (excluding bonus effect)	11,445	74%	8,521
Oct-23	Shares issued for scrip dividend (excluding bonus effect)	13,007	23%	2,930
2023	Shares in issue at year-end (basic)	251,937		238,936
Jan-Dec 2023	Effect of dilutive shares	150	91%	137
2023	Shares in issue at year-end (diluted)	252,087		239,073

Subsequent to 31 December 2023, nil new shares were issued.

	2023 €'000	2022 €'000
Profit/(loss) attributable to equity holders of the Company for the basic and diluted earnings per share	(54.152)	(16,961)
		Restated*
IFRS earnings per share	Cents	Cents
- Basic	(23)	(7)
- Diluted	(23)	(7)

* The IFRS earnings per share for the year 2022 have been restated following the IAS 33 "Earnings per share" requirements regarding accounting for scrip dividend issued in 2023, the number of Scrip Dividend Share being calculated based on a discount of 20%.

Key Alternative Performance Measures

The Company distributes on a semi-annual basis a dividend to its shareholders of not less than 90% of the Company's funds from operations, estimated using EPRA Earnings, subject to solvency and other legal requirements. EPRA Earnings is a non-IFRS measure.

EPRA Earnings Per Share

The following table reflects the reconciliation between IFRS Earnings as per the statement of comprehensive income and EPRA Earnings (non-IFRS measure):

	Note	2023 €'000	2022 €'000
Earnings attributable to equity holders of the Company (IFRS)		(54,152)	(16,961)
Changes in fair value of financial instruments and associated close-out costs		-	(429)
Fair value loss on investment property	3.1	164,908	89,471
Profit on disposal of investment property and related tax credit		(5,794)	-
Loss on sale of residential properties		269	1,851
Loan close-out costs	10.2	(15,809)	-
Changes in the value of financial assets at fair value through profit or loss		1,393	(222)
Acquisition costs		-	7
Deferred tax charge in respect of above adjustments		(28,814)	(539)
Non-controlling interests share of above		284	783
Adjustments in respect of joint ventures		(975)	(2,376)
EPRA Earnings attributable to equity holders of the Company		61,310	71,585
EPRA Earnings per share		cents	cents
- Basic		26	32
- Diluted		26	32

Section IV: Financial Assets and Liabilities

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

13 Financial Instruments

Policy

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

Under IFRS 9 the Group classifies its financial assets in the two main measurement categories, those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortised cost. The classification of the financial asset in either of the above categories depends on the Group's business model for managing the financial asset and the contractual terms of the cash flows. The Group reclassifies the financial instrument when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Under IFRS 9 transaction costs that are directly attributable to the acquisition of the financial asset are recognised in the carrying amount at the initial date in case of a financial asset not at fair value through profit or loss ("FVPL"). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Financial Assets

Financial assets of the Group mainly include cash and cash equivalents, contract assets, trade and other receivables and guarantees retained by tenants, loan receivables from joint ventures, equity investments and financial assets at fair value through profit or loss.

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial Assets at Amortised Cost

Cash and cash equivalents, contract assets, trade and other receivables, other receivables, guarantees retained by tenants and loan receivables from joint ventures.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest income from the financial assets at amortised cost is included in finance income using the effective interest rate method and are subject to impairment. Any gain or loss arising on derecognition is recognised directly in statement of comprehensive income and presented in other income or expenses.

Note 19.2 provides information about the Group's exposure to credit risk and the impairment loss recognised during the year on the financial assets subject to impairment.

Cash and Cash Equivalents

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

Trade and Other Receivables

Trade receivables are amounts due from tenants for rent and services performed in the ordinary course of business. They are generally due for settlement within 30 days and assessed as working capital in the ordinary course of business; therefore, they are all classified as current. Trade receivables are recognised initially at the amount of consideration under IFRS 15 that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

Equity Investments Through Other Comprehensive Income (with no recycling of cumulative gains and losses upon derecognition)

Financial assets at fair value through other comprehensive income ("FVOCI") comprise equity investments which are not held for trading, and at initial recognition the Group, at its sole irrevocable option under IFRS 9, designates the unquoted equity investment as financial assets at fair value through other comprehensive income. Under this option, qualifying dividends are recognised in profit or loss. Changes in fair value, net of deferred tax if any, are recognised in other comprehensive income.

Section IV: Financial Assets and Liabilities continued

13 Financial Instruments continued

Policy continued

Equity Investments Through Other Comprehensive Income (with no recycling of cumulative gains and losses upon derecognition) continued

Subsequently, if the equity investment will be derecognised then the impact of derecognition will remain in other comprehensive income and will not be reclassified to profit and loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value under these valuation techniques is classified as Level 3. The Group uses its judgement to select a variety of methods (including external transactions with third parties to raise equity or convertible debt by the investee, enterprise value using future cash flows, the performance of investee, annual budget and future business plans) and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial Liabilities

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

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

Interest-Bearing Loans and Borrowings

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

Derivative Financial Instruments

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

14 Interest-Bearing Loans and Borrowings

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

	2023 €'000	2022 €'000
Current portion of:		
Secured loans and accrued interest	13,086	3,845
Unsecured fixed-rate bonds and accrued interest	15,523	17,755
Sub-total	28,609	21,600
Non-current		
Secured loans	650,460	353,978
Unsecured fixed rate bonds	924,311	1,079,653
Sub-total	1,574,771	1,433,631
Total	1,603,380	1,455,231

Section IV: Financial Assets and Liabilities continued

14 Interest-Bearing Loans and Borrowings continued

14.1 Key Terms and Conditions of Outstanding Debt

Facility	Currency	Nominal interest rate	Maturity date	2023		2022	
				Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Loan 16	EUR	EURIBOR 3-month + margin	March 2031	11,000	10,999	12,220	12,218
Loan 37	EUR	Fixed rate Bond	March 2025	460,247	458,649	562,522	558,569
Loan 38 ¹	EUR	Fixed rate & Floating rate EURIBOR 3-month + margin	May 2025	100,121	100,083	100,115	99,874
Loan 41	EUR	EURIBOR 3-month + margin	March 2029	85,991	85,503	85,552	84,959
Loan 43	EUR	EURIBOR 3-month + margin	December 2024	–	–	34,522	34,423
Loan 44/45	EUR	Fixed rate	February 2027	62,295	62,122	62,295	62,062
Loan 46	EUR	Fixed rate	November 2029	65,043	64,542	65,045	64,462
Loan 47	EUR	EURIBOR 3-month + margin	April 2024	–	–	60,060	60,060
Loan 48	EUR	Fixed rate Bond	July 2026	405,011	396,120	405,011	392,658
Loan 49	EUR	Fixed rate	March 2029	272	272	449	449
Loan 50	EUR	Fixed rate	March 2029	380	380	1,429	1,421
Loan 51	EUR	EURIBOR 6-month + margin	May 2028	85,217	84,413	85,162	84,076
Loan 53	EUR	EURIBOR 3-month + margin	December 2032	94,860	93,663	–	–
Loan 54	EUR	EURIBOR 3-month + margin	September 2034	3,206	3,151	–	–
Loan 55	EUR	EURIBOR 3-month + margin	October 2030	145,351	143,811	–	–
Loan 56	EUR	EURIBOR 3-month + margin	December 2030	45,033	44,741	–	–
Loan 57	EUR	EURIBOR 3-month + margin	June 2034	55,155	54,931	–	–
Total				1,619,182	1,603,380	1,474,382	1,455,231

1. Loan 38 was drawn down in two tranches – 95% of the facility carries a fixed interest rate and 5% carries a floating interest rate.

Unsecured Corporate Bonds

In March 2018, the Group issued a €550 million unsecured Eurobond (Loan 37). The seven-year Euro-denominated Bond matures on 29 March 2025 and carries a fixed interest rate of 3.0%. In June 2023 a buyback of €100 million nominal value was successfully completed, by paying a cash consideration of €83.2 million, resulting in a net gain of €15.8 million.

In July 2020 the Group completed under its €1.5 billion Euro Medium Term Notes Programme the issuance of €400 million new notes, due in 2026, by exchanging €226.9 million of the €550 million notes due in June 2022 (subsequently repaid at maturity) and the remaining amount of €158.7 million, after deduction of buy-back premium and issuance fees, was received in cash.

Financial Covenants

Financial covenants on unsecured fixed-rate bonds are calculated on a semi-annual basis at 30 June and 31 December each year and include the Consolidated Coverage Ratio, with a minimum value of 200%, the Consolidated Leverage Ratio, with a maximum value of 60%, and the Consolidated Secured Leverage Ratio, with a maximum value of 30%.

Section IV: Financial Assets and Liabilities continued

14 Interest-Bearing Loans and Borrowings continued

14.1 Key Terms and Conditions of Outstanding Debt continued

Unsecured Revolving Credit Facility (“RCF”)

On 16 June 2022, the amount of €60 million was drawn down to strengthen the liquidity of the Group, for an initial period of 1 month that was further extended (Loan 47), until 27 March 2023 when it was repaid in full. As of 31 December 2023, the amount of €215 million was available for utilisation under the RCF. The facility is no longer available after March 2024.

At the end of December 2022, the Group entered a new three-year term unsecured Revolving Credit Facility for €50 million with Erste Group Bank AG, the new liquidity being available to be drawn until December 2025. The new RCF loan terms have been structured to, generally, align with the Company’s existing Euro Medium Term Note (“EMTN”) programme for fixed-rate bonds. In addition to the financial covenants applicable for unsecured fixed-rate bonds, the RCF contains a supplementary financial covenant of the Total Unencumbered Assets Ratio with a minimum value of 125%.

Unsecured International Finance Corporation (“IFC”) Loan

At the end of May 2022, the Group entered into a six-year term unsecured loan agreement for €85 million with IFC (loan 51). The IFC loan terms have been aligned with the Company’s Revolving Credit Facility terms including financial covenants.

Secured Facilities

In December 2022, the Group entered into a ten-year term secured loan agreement for €110 million with Erste Group Bank AG, and Banca Comerciala Romana SA for refinancing of the Company’s logistics/light- industrial portfolio in Romania. Out of the €110 million, €96.5 million was available to the Group and the difference was available to Black Sea Vision SRL, one of the Group’s joint venture companies, to refinance the existing debt held with Banca Comerciala Romana SA and to obtain additional liquidity. The loan was drawn in March 2023 (Loan 53).

In October 2023, the Group:

- entered into a eleven-year term secured loan agreement of €9.5 million with Banca Transilvania (Loan 54) for refinancing one of the 75% owned industrial property in portfolio, at 31 December 2023 €6.3 million was available for further drawdown until October 2024;
- entered a seven-year bank financing of €145 million (Loan 55) with Aareal Bank AG secured against two office properties in Poland.

In December 2023 the Group:

- entered a seven-year bank facility of €45 million (Loan 56) secured by a Romanian office property. This facility was drawdown to refinance the existing debt held with Banca Comerciala Romana SA (Loan 43) and to obtain additional liquidity;
- entered a ten and a half-year facility (Loan 57) with Banca Transilvania secured by three office properties in Romania, in amount of €56 million, out of which the amount of €55 million was drawn by 31 December 2023 with the remainder €1 million available for drawdown until June 2024;
- extended the €11 million bank facility held with Unicredit Bank (Loan 16) up to March 2031.

Financial Covenants

Financial covenants on secured loans are calculated based on the individual financial statements of the respective subsidiaries and subject to the following ratios:

- gross loan-to-value ratio (“LTV”) with maximum values ranging from 45%–83% (2022: 60%–83%). LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date);
- the debt service cover ratio (“DSCR”) minimum values of 120% (2022: 120%). DSCR is calculated, depending on the respective credit facility, on the preceding 12-month historical ratio or projected future 12-month period ratio;
- minimum interest cover ratio (“ICR”), historic with minimum values from 350% and projected with minimum values from 140% (2022: 250%), which was applicable to two properties as at 31 December 2023 (31 December 2022: two). Historic ICR is calculated as Actual Net Rental Income as a percentage of the Actual Interest Costs for the 12 preceding months period from the calculation date. Projected ICR is calculated as Projected Net Rental Income as a percentage of the Projected Interest Costs for the 12-month period commencing immediately after the date of the calculation; and
- debt yield ratio (“DYR”) with minimum values of 5%. DYR is calculated as the 12-month projected Net Operating Income divided by the loan outstanding value at a relevant calculation date.

Secured bank loans are secured by investment properties which were recognised in the statement of financial position at the fair value of €1,427 million at 31 December 2023 (2022: €794.4 million) and also carry pledges on rent receivable balances of €8.5 million (2022: €7.4 million), VAT receivable balances of €0.4 million (2022: €0.8 million) and a moveable charge on the respective bank accounts (refer to note 19).

The Group is in compliance with all financial covenants and there were no payment defaults during the year 2023 (2022: no). As of 31 December 2023, the Group had undrawn borrowing facilities of €272 million (2022: €300 million), however the RCF of €215 million is no longer available after March 2024.

Loan from non-controlling interest holders to a subsidiary

In March 2022 and April 2022, North Logistics Hub SRL and Logistics Hub Chitila SRL, two newly incorporated subsidiaries, received a loan from minority shareholders for an amount of €0.4 million and €1.4 million respectively, representing 25% of CAPEX investment in the projects which were financed through shareholders’ loans both from the Group and minority shareholder in proportion to the equity interest in the Company. During 2023 the loan outstanding decreased to €0.2 million and respectively €0.4 million with keeping the proportion of the equity interest in the Company. The loans are unsecured and carry a fixed interest of 4%.

Section IV: Financial Assets and Liabilities continued

15 Trade and Other Payables

	2023 €'000	2022 €'000
Current		
Payable for property service charges	13,108	12,719
Payable to suppliers for properties under development	10,777	11,645
Advances received for sale of investment property/ property held for sale	1,200	3,333
Deferred income for rent	7,579	4,918
Salaries and related payables	1,361	1,078
Accruals for administrative expenses	1,692	1,767
Accruals for other costs	166	126
Other taxes payable	152	73
Other short-term payables	16	20
	36,051	35,679
Non-current		
Consideration payable for asset acquisition	78	1,034

16 Equity Investments

	31-Dec-23 €'000	31-Dec-22 €'000
Name of investees		
Mindspace Ltd	4,254	4,254
Early Game Venture Fund I Coöperatief U.A.	1,668	1,464
Gapminder Fund Coöperatief U.A.	1,922	1,803
Equity investments (unquoted)	7,844	7,521

Judgements

The Group considers investment in the above entities as strategic and their classification as a financial asset at fair value through other comprehensive income is more relevant instead of a financial asset at fair value through the income statement. The classification criteria were assessed separately for each investment at the initial date.

Estimates Used in the Valuation Technique and Key Inputs

In determining fair value, the Group relied on the financial data of investees' portfolios and estimates by the management of the investee portfolio companies as to the effect of future developments. Although the Group uses its best judgement, there are inherent limitations in any estimation techniques. Any change in the discount rate, WACC, and/or EBITDA multiple used in valuation may have a significant impact on the estimated value at 31 December 2023. The fair value estimates attempt to present the amount the Group could realise in a current transaction; the final realisation may be different as future events will also affect the current estimates of fair value.

Investment in Mindspace Ltd

In 2018, the Group entered into an agreement with Mindspace Ltd, receiving a 4.99% stake in Mindspace Ltd (which was subsequently decreased to 3.69% following an equity raise in 2021) in return for investing €8.6 million in the company's Preferred A-2 class shares. As of 31 December 2023 the Group hold 3.77% of total equity.

Mindspace Ltd commenced its operations in 2013 with subsidiaries in Cyprus, Poland, Germany, the UK, the USA, the Netherlands and Romania. The company leases office spaces for long-term periods, renovates them and turns them into modern shared offices/coworking spaces while providing its customers with office spaces and additional services. The company is also a tenant of the Group, in Poland and Romania.

Section IV: Financial Assets and Liabilities continued

16 Equity Investments continued

Fair value measurement

The fair value of the Group's participation in Mindspace Ltd was calculated based on a third-party valuation (Level 3 under IFRS 13) organised by the investee.

The fair value of the Group's participation in Mindspace Ltd was calculated, internally by the management (2022: based on third party valuation), based on the net present value of estimated future cash flows, using a discounted cash flows model. The valuation methodology requires to make certain assumptions about the key inputs used, including forecasted discounted cash flows (which were based on the investee's forecast earnings as per business plan, the discount rate of 7.5% and EBITDA multiple of 13.4 (based on the 3-year EBITDA multiple of a comparable quoted global company operating in a similar industry). Based on the above analysis as at 31 December 2023, the fair value amount was marginally higher than the carrying value therefore no fair value gain or loss was recorded in the other comprehensive income (2022: €5.5 million fair value loss).

Furthermore, as at 31 December 2023, a 10% change in EBITDA multiple or 50 bps change in the discount rate would have an insignificant impact on the carrying value. Since, the capital gains or losses on the underlying investments are subject to 0% capital gains taxes in Cyprus therefore no deferred tax asset was recorded in other comprehensive income related to fair value loss.

As at 31 December 2023, a 1% increase or (decrease) in fair value of equity share in the investee would have increased/(decreased) the fair value loss/(gains) on the investment by €0.08 million (2022: €0.43 million).

Investment in Venture Funds

Early Game Venture Fund I Coöperatief U.A.

Early Game is a venture fund that invests in tech start-ups in Romania through the Competitiveness Operational Program and is co-funded by the European Regional Development Fund. Globalworth Tech Limited, a fully owned subsidiary of the Group, is committed to investing in total €2.0 million in this fund.

Globalworth Tech Limited invested €1.2 million in Early Game Venture Fund I Coöperatief U.A. ("Early Game") in the prior years. During 2023, the subsidiary participated in further equity calls in 2022 and invested another €0.2 million (2022: €0.3 million).

Gapminder Fund Coöperatief U.A.

In the prior years, Globalworth Tech Limited invested €1.2 million in Gapminder Fund Coöperatief U.A. ("Gapminder") and participated in further equity calls of €0.1 million during 2023 (2022: €0.6 million). Gapminder is a venture fund that invests in tech start-ups in Romania through the Entrepreneurship Accelerator and Seed Fund Financial Instrument in Romania and is co-funded by the European Investment Fund. The Group is committed to investing in total €2.4 million out of the fund's total planned investment value of €50 million.

At 31 December 2023, the Group assessed the fair value of its investments based on the latest available management accounts of both funds and the underlying enterprise value of each tech start up and seed investments by Early Game and Gapminder. The enterprise value of underlying investments is based on last capital raises initiated by such seed investment and pre-seed investment which is participated in by third parties.

Based on this analysis, no fair value gain was recognised in other comprehensive income as the change in the value of both investments was insignificant to the cost of the initial investment (2022: €0.07 million).

17 Trade and Other Receivables

	Note	2023 €'000	2022 €'000
Current			
Rent and service charges receivable		15,909	19,201
VAT and other taxes receivable		169	2,616
Consideration receivable for subsidiary disposal	3.4	3,084	–
Consideration receivable for ROFO		3,322	–
Advances to suppliers for services		472	177
Sundry debtors		166	343
		23,122	22,337

Rent and Service Charges Receivable

Rent and service charges receivable are shown, in the above table, net of allowance for expected credit losses of €6 million (2022: €4.1 million). Rent and service charges receivable are non-interest-bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 19.2). For the terms and conditions for related party receivables, see note 30.

Right of First Offer Agreements (ROFO)

As of 31 December 2023, the balance of ROFO bonds and loans is €3.3 million which was collected in full in February 2024.

Section IV: Financial Assets and Liabilities continued

18 Cash and Cash Equivalents

	2023 €'000	2022 €'000
Cash at bank and in hand	171,596	143,515
Short-term deposits	224,663	20,252
Cash and cash equivalents as per statement of financial position	396,259	163,767

Cash at bank and in hand includes restricted cash balances of €5.7 million (2022: €7.8 million) and short-term deposits include restricted deposits of €14.9 million (2022: €0.1 million). The restricted cash balance can be used to repay the outstanding debts and repayment of deposits to tenants.

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 20.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates on Euro deposits ranging from minus 0.6% to positive 3.9% (2022: minus 0.60% to positive 0.01%) per annum, for PLN deposits from 1.83% to 4.70% (2022: 0.24% to 4.56%) per annum and for RON deposits from 5.3% to 5.8% (2022: 0.68% to 6.25%) per annum. For RON deposits the highest interest rate was earned on overnight deposits.

19 Financial Risk Management – Objective and Policies

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

- Market risk (including currency risk and interest rate risk);
- Credit risk; and
- Liquidity risk.

Refer to the Principal Risks & Uncertainties section, pages 63 to 69, for further details on the Group's Risk Management Framework, covering Business Environment Risks, Property Portfolio Risks, Financial, Financing & Liquidity Risks and Regulatory Risks.

Financial, Financing & Liquidity Risks sub-section from the Group's Risk Management Framework primarily addresses the lack of available financing and refinancing risks of outstanding debt, risk of breach of loan covenants for outstanding debt at 31 December 2023 and changes in interest rate risk impacting our future cash flows and liquidity position.

19.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's market risks arise from open positions in: (a) foreign currencies; (b) interest-bearing assets and liabilities, (c) investments in equity instruments — refer to note 16 and (d) fair value of investment property — refer to note 4, to the extent that these are exposed to general and specific market movements.

19.1 a) Foreign Currency Risk

The Group has entities registered in several EU countries, with the majority of operating transactions arising from its activities in Romania and Poland.

Therefore, the Group is exposed to foreign exchange risk, primarily with respect to the Romanian Lei ("RON") and Polish Zloty ("PLN"). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Group.

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.1 Market Risk continued

19.1 a) Foreign Currency Risk continued

The Group's exposure to foreign currency risk was as follows (based on nominal amounts):

Amounts in €'000 equivalent value	2023				2022			
	Denominated in				Denominated in			
	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	14,869	18,413	56	11	16,691	20,817	11	20
Trade and other receivables	8,680	9,641	–	–	13,720	7,037	–	–
Contract assets	4,866	3,004	–	–	4,760	5,063	–	–
Income tax receivable	1	1,085	–	–	33	1,629	–	–
Total	28,416	32,143	56	11	35,204	34,546	11	20
LIABILITIES								
Trade and other payables	13,868	17,731	–	–	16,028	12,984	–	–
Lease liability	–	26,757	–	–	–	30,407	–	–
Income tax payable	681	126	–	–	197	(6)	–	–
Guarantees from subcontractors	825	4,986	–	–	959	2,672	–	–
Deposits from tenants	4,100	6,857	–	–	3,784	7,081	–	5
Total	19,474	56,458	–	–	20,968	53,138	–	5
Net exposure	8,942	(24,315)	56	11	14,236	(18,592)	11	15

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.1 Market Risk continued

Foreign Currency Sensitivity Analysis

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

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

All amounts in €'000	2023		2022	
	Profit or (loss)	Equity	Profit or (loss)	Equity
RON	(447)	(447)	(712)	(712)
PLN	1,216	1,216	930	930
USD	(1)	(1)	(1)	(1)
GBP	(3)	(3)	(1)	(1)

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

19.1 b) Interest Rate Risk

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

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 31 December 2023, out of the total outstanding balance of interest-bearing loans and borrowings, 76.1% (2022: 80.7%) carry fixed-rate interest, as a consequence, the Group is exposed to fair value interest rate risk, which has been disclosed under IFRS. As of 31 December 2023, the fair value of such fixed-rate debt was lower by €98.7 million (2022: lower by €133.6 million) than the carrying value as disclosed below in the fair value hierarchy table.

The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed rate long-term financing either through fixed rate secured or unsecured loans or variable rate loans where the risk for interest rate increase is mitigated through fixed-variable swaps or caps from case-by-case basis.

Furthermore, as at 31 December 2023, out of the total outstanding interest-bearing loans and borrowing balance, 23.9% (2022: 19.3%) carry a variable interest rate, which ranges from EURIBOR 3-month to EURIBOR 6-month rates; see note 14 for details on each individual loan. These loans expose the Group to cash flow interest rate risk and, in order to minimise this risk, the Group hedged 23.7% (31 December 2022: 21.6%) of such variable interest rate exposure with fixed-variable interest rate swap instruments and interest rate cap instruments with strike prices ranging from minimum 3% to 4%.

Based on the Group's debt balances at 31 December 2023, an increase or decrease of 100 basis points in EURIBOR will result in an increase or decrease (net of tax) of interest expense by €2.9 million per annum (2022: €2.8 million per annum), with a corresponding impact on equity for the same amount, respectively. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

19.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to trade with recognised and creditworthy third parties. The Group's exposure is continuously monitored and spread amongst approved counterparties. The Group's maximum exposure to credit risk, by class of financial asset, is equal to their carrying values at the statement of financial position date.

	Note	2023 €'000	2022 €'000
Financial assets measured at fair value through profit or loss		3,322	3,554
Loan receivable from joint venture	27	45,732	47,324
Trade receivables – net of provision	17	15,909	19,201
Contract assets		6,985	9,967
Other receivables		166	343
Guarantees retained by tenants		99	98
VAT and other taxes receivable	17	169	2,616
Income tax receivable		1,084	840
Cash and cash equivalents	18	396,259	163,767
		469,725	247,710

Financial Assets at Fair Value Through Profit or Loss and Other Comprehensive Income

The Group places funds in financial instruments issued by reputable real estate companies with high credit worthiness.

Contract Assets and Trade Receivables

A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (only the passage of time is required before payment of the consideration is due).

There is no significant concentration of credit risk with respect to contract assets and trade receivables, as the Group has a large number of tenants, most of which are part of multinational groups, internationally dispersed, as disclosed in the Operational Review of the Annual Report. For related parties, including joint ventures, it is assessed that there is no significant risk of non-recovery.

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.2 Credit Risk continued

Estimates and Assumptions Used for Impairment of Trade Receivables and Contract Assets

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group applied the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix that is based on the historical collection and default experience adjusted for forward-looking factors (such as macroeconomic forecasts of unemployment, economic sentiment indicator, real GDP growth, inflation rate) in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime ECL (Expected Credit Losses). The assessment is performed on a six-month basis and any change in original allowance will be recorded as gain or loss in the income statement.

The movements in the provision for impairment of receivables during the respective periods were as follows:

	2023 €'000	2022 €'000
Opening balance	4,112	5,776
Specific allowance for expected credit losses	2,741	263
Reversal of provision for doubtful debts	(489)	(219)
Write-off	–	(1,658)
Foreign currency translation income	(338)	(50)
Closing balance	6,026	4,112

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

2023 (€'000)	Days past due					Total
	Current	<90 days	<120 days	<365 days	>365 days	
Trade and other receivables – gross	9,642	5,725	374	2,102	4,092	21,935
Less: Specific allowance	50	378	91	1,054	4,092	5,665
Less: Expected credit loss	4	198	7	152	–	361
Carrying amount	9,588	5,148	276	896	–	15,909
Expected credit loss rate	0.0%	3.8%	2.5%	17.0%	–	

2022 (€'000)	Days past due					Total
	Current	<90 days	<120 days	<365 days	>365 days	
Trade and other receivables – gross	11,785	6,334	162	1,417	3,616	23,313
Less: Specific allowance	–	80	11	44	3,616	3,751
Less: Expected credit loss	4	198	7	152	–	361
Carrying amount	11,781	6,056	144	1,220	–	19,201
Expected credit loss rate	0.01%	3.3%	4.9%	12.5%	–	

The Group considers that a default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The customer balances which were overdue but for which no specific loss allowance was recorded are due to the fact that the related customers committed and started to pay the outstanding balances subsequent to the year-end. Further deposits payable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contractual terms.

VAT and Other Taxes Receivable

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

Cash and Cash Equivalents

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. During 2023 the cash and cash equivalents balances were kept with several international banks having credit rating profiles (assigned by S&P, Moody's or Fitch) in the upper-medium investment grade range (i.e. A+ to A- for long-term and P-1 to P-2 and F1+ to F2 for short-term) for 68% (2022: 60%) of the cash and cash equivalents balance of the Group, in lower medium investment grade range (BBBs) for 32% (2022: 40%) of the cash and cash equivalents balance of the Group and insignificant amounts (2022: insignificant) in non-investment grade. Surplus funds from operating activities are deposited only for short-term periods, which are highly liquid with reputable institutions.

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.2 Credit Risk continued

Loan Receivable from Joint Ventures

The outstanding loan balance is not past due and no credit loss allowance recorded. Loan receivable from joint ventures is considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

Financial Instruments for Which Fair Values are Disclosed

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

	Year	Carrying amount €'000	Fair value hierarchy			Total €'000
			Level 1 €'000	Level 2 €'000	Level 3 €'000	
Interest-bearing loans and borrowings (note 14)	2023	1,603,380	740,761	–	763,869	1,504,630
	2022	1,455,231	800,385	–	521,275	1,321,660
Other current financial liabilities	2023	1,311	–	1,311	–	1,311
	2022	67	–	67	–	67
Financial asset at fair value through profit or loss	2023	197	–	197	–	197
	2022	3,554	–	–	3,554	3,554
Lease liabilities (note 3.2)	2023	22,438	–	–	22,438	22,438
	2022	21,530	–	–	21,530	21,530

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

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.3 Liquidity Risk

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due. Ultimate responsibility for liquidity risk management rests with management. The Group manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cash flows. The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, further equity raises and in the medium term, debt refinancing. The current market conditions expose the Group to refinancing risk for its outstanding debt, however this is mitigated through constant monitoring liquidity and maturities of debts financing, frequent communication with current and potential equity and debt investors, as well as continuous discussions with leading global, European, and local institutions in connection with its financing requirements.

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

All amounts in €'000 31 December 2023	Contractual payment term					Difference from carrying amount	Carrying amount
	<3 months	3 months-1 year	1-5 years	>5 years	Total		
Interest-bearing loans and borrowings	20,968	48,373	1,297,168	494,362	1,860,871	(257,491)	1,603,380
Lease liability	–	1,771	8,775	100,590	111,136	(84,379)	26,757
Trade payables and guarantees retained from contracts (excluding advances from customers)	24,429	8,374	2,994	70	35,866	1,164	37,030
Other payables	16	–	–	–	16	–	16
Deposits from tenants	17,702	399	2,789	1,573	22,463	(671)	21,792
Total	63,115	58,917	1,311,726	596,595	2,030,352	(341,377)	1,688,975

All amounts in €'000 31 December 2022	Contractual payment term					Difference from carrying amount	Carrying amount
	<3 months	3 months-1 year	1-5 years	>5 years	Total		
Interest-bearing loans and borrowings	19,897	26,082	1,335,002	235,216	1,616,197	(160,966)	1,455,231
Lease liability	–	2,151	13,614	113,914	129,679	(99,272)	30,407
Trade payables and guarantees retained from contracts (excluding advances from customers)	21,235	12,963	2,948	16	37,162	260	37,422
Other payables	20	–	–	–	20	–	20
Deposits from tenants	17,303	186	3,336	1,251	22,076	(702)	21,374
Total	58,455	41,382	1,354,900	350,397	1,805,134	(260,680)	1,544,454

Section IV: Financial Assets and Liabilities continued

19 Financial Risk Management – Objective and Policies continued

19.3 Liquidity Risk continued

Other Current Financial Liabilities

Other current financial liabilities represent the mark-to-market value of CAP instruments for covering the increase of 3-month EURIBOR above strikes of 3% and 4% interest rate caps, obtained from the counterparty financial institution and were valued at €1.3 million at 31 December 2023 (2022: €0.07 million).

Reconciliation of Liabilities Arising from Financing Activities in Cash Flows

Description	2022 €'000	Net cash flows €'000	Non-cash changes movement					2023 €'000
			Amortisation in mark-to- market value €'000	Foreign exchange €'000	Finance income	Debt cost amortisation €'000	Interest expense €'000	
Interest-bearing loans and borrowings (note 14)	1,455,231	109,150	–	–	(16,285)	7,742	47,542	1,603,380
Other current financial liabilities	67	–	1,244	–	–	–	–	1,311

Description	2021 €'000	Net cash flows €'000	Non-cash changes movement					2022 €'000
			Amortisation in mark-to- market value €'000	Foreign exchange €'000	Debt cost amortisation €'000	Interest expense €'000		
Interest-bearing loans and borrowings (note 14)	1,633,920	(227,525)	–	–	6,840	41,996	1,455,231	
Other current financial liabilities	261	–	(194)	–	–	–	67	

Section IV: Financial Assets and Liabilities continued

20 Capital Management

The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base so as to maintain investor, creditor and market confidence and to sustain the continuous development of its business. The Board considers from time to time whether it may be appropriate to raise new capital by a further issue of shares. The Group monitors capital primarily using an LTV ratio and manages its gearing strategy to a long-term target LTV of less than 40%.

The LTV is calculated as the amount of outstanding debt (the Group's debt balance plus 50% of joint ventures' debt balance), less cash and cash equivalents (the Group's cash balance plus 50% of joint ventures' cash balance), divided by the open market value of its investment property portfolio (the Group's investment property – freehold portfolio plus 50% of joint ventures' investment property – freehold value) as certified by external valuers. The future share capital raise or debt issuance are influenced, in addition to other factors, by the prevailing LTV ratio.

	Note	2023 €'000	2022 €'000
Interest-bearing loans and borrowings (face value)	14	1,619,182	1,474,382
Less:			
Cash and cash equivalents	18	396,259	163,767
Group interest-bearing loans and borrowings (net of cash)		1,222,923	1,310,615
Add:			
50% share of joint ventures' interest-bearing loans and borrowings		17,513	11,764
50% share of joint ventures' cash and cash equivalents		(2,506)	(1,524)
Combined interest-bearing loans and borrowings (net of cash)		1,237,931	1,320,855
Group open market value as of financial position date		2,865,688	3,037,784
Add:			
50% share of joint ventures' open market value as of financial position date	27	64,524	59,500
Open market value as of financial position date		2,930,212	3,097,284
Loan-to-value ratio ("LTV")		42.2%	42.7%

Since the carrying value of the lease liability closely matches the fair value of the investment property – leasehold at 31 December 2023 under the applicable accounting policy as per IFRS 16, both asset and liability, related to the right of perpetual usufruct of the lands, are excluded from the above calculation.

Section V: Share Capital and Reserves

The disclosures in this section focus on dividend distributions, the share schemes in operation and the associated share-based payment charge to profit or loss. Other mandatory disclosures, such as details of capital management, are also disclosed in this section.

21 Issued Share Capital

Policy

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

The Company can offer to Shareholders to elect to receive dividends from the Company in the form of scrip dividend Shares rather than cash and the Directors believe that this is likely to benefit both the Company and Shareholders. If Shareholders qualify and elect to receive Scrip Dividend Shares, the Company will benefit from the ability to retain the cash which would otherwise have been paid out as dividends. Those Shareholders can also increase their holding of Shares without incurring dealing costs.

	2023		2022	
	€'000	Number ('000)	€'000	Number ('000)
Opening balance	1,704,476	222,427	1,704,476	222,427
Shares issued for scrip dividend	65,134	30,563	–	–
Transaction costs on the issuance of shares	(154)	–	–	–
Balance at 31 December	1,769,456	252,990	1,704,476	222,427

Ordinary shares carry no right to fixed income but are entitled to dividends as declared from time to time. Each ordinary share is entitled to one vote at meetings of the Company. There is no limit on the authorised share capital of the Company. The Company can issue no par value and par value shares as the Directors see fit.

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

22 Dividends

Policy

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the Articles of Incorporation of the Company and Guernsey Company Law, a distribution is authorised when it is approved by the Board of Directors of the Company.

A corresponding amount is recognised directly in equity. There are no income tax consequences attached to the payment of dividends in either 2023 or 2022 by the Group to its shareholders.

	2023 €'000	2022 €'000
Declared and paid during the year		
Interim dividend: €0.29 per shares (2022: €0.27 per share)	66,272	59,771

On 8 March 2023, the Board of Directors of the Company approved the distribution of an interim dividend in respect of the six-month financial period ended 31 December 2022 of €0.15 per ordinary share.

On 30 August 2023, the Board of Directors of the Company approved the distribution of an interim dividend in respect of the six-month financial period ended 30 June 2023 of €0.14 per ordinary share.

23 Financial Position Key Performance Measures

The net asset value ("NAV"), EPRA Net Reinstatement Value ("EPRA NRV") and the numbers of shares used for the calculation of each key performance measure on the financial position of the Group and the reconciliation between IFRS and EPRA measures are shown below.

	Note	2023 €'000	2022 €'000
Net assets attributable to equity holders of the Company		1,601,124	1,656,506
		Number ('000)	Number ('000)
Number of ordinary shares used for the calculation of:			
NAV per share	12	251,937	221,373
Diluted NAV and EPRA NRV per share	12	252,087	221,470
		€	€
NAV per share		6.36	7.48
Diluted NAV per share		6.35	7.48

Section V: Share Capital and Reserves continued

23 Financial Position Key Performance Measures continued

EPRA Net Reinstatement Value ("EPRA NRV") Per Share*	Note	2023 €'000	2022 €'000
Net assets attributable to equity holders of the Company			
Exclude:		1,601,124	1,656,506
Deferred tax liability on investment property	11	152,280	181,070
Fair value of interest rate swap instrument	20	1,114	(194)
Goodwill as a result of deferred tax	26	(5,387)	(5,697)
Adjustment in respect of the joint venture for the above items		1,455	3,798
EPRA NRV attributable to equity holders of the Company		1,750,586	1,835,483
		€	€
EPRA NRV per share		6.94	8.29

* Not an IFRS requirement

24 Share-Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in other reserves in equity (share-based payment reserve), over the period in which the service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. Where the share scheme has market-related performance criteria, the Group has used a binomial option pricing model to establish the relevant fair values at the grant date, considering the terms and conditions. The following table analyses the components of the share-based payment reserve and the total cost outstanding at year-end.

Share-based payments reserve	2023 €'000	Number ('000)	2022 €'000	Number ('000)
Executive share option plan	-	-	156	-

Share-based payments expense	2023 €'000	2022 €'000
Subsidiaries' employees share based payment expense	502	-

During 2023 the Group reward the performance of employees through an annual performance bonus with a total amount of €2.0 million in the form of either cash or shares. Out of this, the Group recorded salary expenses of €0.5 million and capitalised €0.8 million.

In Romania, the expense recorded in 2023 is €0.5 million, for shares assigned to employees with a vested period of one year and a further €0.2 million will be expensed in 2024 until vesting date. Under the bonus letter the employees have option to receive cash by selling the shares at a pre-determined fixed price. The Company estimate that all employees will opt to place the shares once the vesting period ended.

Executive Share Option Plan

Under the plan, the Directors of the Group were awarded share option warrants as remuneration for services performed.

In 2013, the Group granted warrants to the Founder and the Directors which entitle each holder to subscribe for ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds €10.00 per share and €12.50 per share for each tranche respectively and the holder is employed on such date. The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. Under the share option warrants scheme, Zakiono Enterprises Limited had the right to subscribe in two tranches of 2.83 million ordinary shares in total (1.415 million for each tranche) at an exercise price of €5.00 per share.

The contractual terms of each warrant granted was 10 years. Therefore at 31 July 2023, subsequent to 10 years anniversary the share option warrants were expired.

25 Treasury Shares

	2023		2022	
	Amount €'000	Number ('000)	Amount €'000	Number ('000)
Opening balance	(4,859)	(1,053)	(4,917)	(1,053)
Dividend on treasury shares held by a subsidiary	62	-	58	-
Closing balance	(4,797)	(1,053)	(4,859)	(1,053)

The Company has 838,118 shares in treasury, and further 214,822 shares are held by one of the subsidiaries.

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure

This section includes details about Globalworth's subsidiaries, new business and properties acquired, investment in joint ventures, goodwill and related impact on the statement of comprehensive income and cash flows.

26 Goodwill

Policy

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

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

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

	2023 €'000	2022 €'000
Balance at 31 December	12,039	12,349

Goodwill is allocated to the Group's cash-generating units ("CGUs") which represent individual properties acquired under business combinations. The opening balance represents goodwill from deferred tax liabilities, recognised at the acquisition date of Globalworth Asset Managers SRL, and its asset/property management activities.

Key Estimates and Assumptions Used for Goodwill Impairment Testing

The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flow model from asset management fees. The cash flows are derived from the budget for the next four years approved by management based on signed asset management fee agreements for standing properties and significant future investments that will enhance the asset management fee base of the cash-generating unit being tested. These calculations require the use of estimates which mainly include the assumptions on the financial performance of a CGU's operations. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

At 31 December 2023, the goodwill related to asset/property management activity with a carrying value of €6.7 million (2022: €6.7 million) was tested for impairment. No impairment charge arose as a result of this assessment at year-end.

Per sensitivity analysis for goodwill on CGU, an increase of 2.0% in the discount rate and a decline of 1.00% in the growth rate, the impairment test result would still conclude on no impairment on 31 December 2023, however headroom, between carrying value of goodwill and recoverable value, decreased significantly as compared to the prior year when a similar sensitivity test was performed.

At 31 December 2023 and 2022 respectively, the value-in-use of the property management activity was determined based on the following main assumptions:

- forecasts for 4 years;
- discount rate of 9.8% p.a. as of 31 December 2023 (2022: 10.4% p.a.); and
- extrapolation to perpetuity from year 4 onwards, considering a growth rate of 2.5% p.a. (2022: 2.5%).

In 2023 the Group has derecognised €0.3 million related to a sale of a land plot during 2023 (note 3.5) related to deferred tax liability arise from business combination at initial acquisition in 2014. The charge is recorded within loss on disposal of subsidiary in the statement of profit or loss.

27 Investment in Joint Ventures

Policy

The Group's investments in its joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

After the application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group's share of the results of operations of the joint venture is recorded in the income statement after adjusting the transaction between the Group and the joint venture to the extent of the interest in the joint venture. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Judgements and Assumptions Used for Joint Ventures

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Following such assessment, the Group's investment was classified as a joint venture.

As at 31 December 2023, the Group determined that there is no objective evidence that the investments in the joint ventures are impaired. The financial statements of each joint venture are prepared for the same reporting period as the Group. The joint ventures had no other contingent liabilities or commitments as at 31 December 2023 (2022: €nil), except construction commitments as disclosed in note 6.

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Policy continued

	31-Dec-23 €'000	31-Dec-22 €'000
Investments		
Opening balance	20,643	16,917
Investments in the joint ventures (including acquisition costs)	1,660	507
Share of profit during the year	2,063	3,219
Equity investment in joint venture	24,366	20,643
Opening balance	47,324	31,991
Loan provided to the joint ventures	10,840	28,033
Loan repayments from the joint ventures	(13,893)	(13,429)
Interest repayment from the joint ventures	(614)	(797)
Interest income on the loans to joint ventures	2,075	1,526
Loans receivable from joint ventures	45,732	47,324
Total	70,098	67,967

27.1 Investments in the Joint Ventures

In April 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Bucharest Logistic Park SRL, through which it acquired a 50% shareholding interest (€0.09 million investment) in Global Logistics Chitila SRL ("Chitila Logistics Hub"), an unlisted company in Romania, owning land for further development, at the acquisition date, in Chitila, Romania.

In June 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Mr. Sorin Preda through which it acquired a 50% shareholding interest (€6.36 million investment) in Black Sea Vision SRL ("Constanta Business Park"), an unlisted company in Romania, owning land for further development, at acquisition date, in Constanta, Romania.

In September 2022, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Global Vision Business Development SRL through which it acquired a 50% shareholding interest (€0.07 million investment) in Targu Mures Logistics Hub SRL ("Targu Mures Logistics Hub"), an unlisted company in Romania, owning land for further development, at acquisition date, in Mures, Romania. During the first half of 2023, the development of Targu Mures Logistic Hub was completed.

As at 31 December 2023 and 31 December 2022 the investment properties owned by the joint ventures entities was classified as an industrial segment for the Group.

Judgements and Assumptions Used for Asset Acquisition

At the time of acquisition, the Group considered whether the acquisition represented an acquisition of a business or an acquisition of an asset. In the absence of an integrated set of activities required for a business other than the property, the Group concluded the acquisition of the joint venture does not represent a business therefore accounted for it as an acquisition of a group of assets and liabilities. The cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date and no goodwill or deferred tax is recognised.

Summarised Statements of Financial Position of the Joint Ventures as at 31 December

The summarised statements of financial position of the joint ventures are disclosed below, which represents the assets and liabilities recognised in the financial statements of each joint venture without adjusting the balance payable to or receivable from the Group. Transactions and balances receivable or payable between the Group and the individual joint ventures are disclosed in note 30.

	2023 €'000 Constanta Business Park	2023 €'000 Chitila Logistics Hub	2023 €'000 Targu Mures Logistics Hub	2023 €'000 Combined
Completed investment property	64,400	48,800	15,500	128,700
Investment property under development	347	–	–	347
Other non-current assets	34	158	704	896
Total non-current assets	64,781	48,958	16,204	129,943
Other current assets	565	294	1,258	2,117
Cash and cash equivalents	2,400	2,069	542	5,011
Total assets	67,746	51,321	18,004	137,071
Loans payable to the Group	11,346	26,383	8,003	45,732
Bank loans (face value)	13,115	14,869	6,804	34,788
Bank loans (at amortised cost)	(152)	(106)	(57)	(315)
Loan from joint venture partner	181	2,085	317	2,583
Deferred tax liability	5,951	1,116	242	7,309
Other non-current liabilities	175	290	–	465
Total non-current liabilities	30,616	44,637	15,309	90,562
Loan from joint venture partner	–	–	–	–
Other current liabilities	661	765	1,390	2,816
Current portion of bank loans	155	83	67	305
Total liabilities	31,432	45,485	16,766	93,683
Net assets	36,314	5,836	1,238	43,388

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Policy continued

Summarised Statements of Financial Position of the Joint Ventures as at 31 December continued

	2022 €'000	2022 €'000	2022 €'000	2022 €'000
	Constanta Business Park	Chitila Logistics Hub	Targu Mures Logistics Hub	2022 Combined
Completed investment property	26,300	47,400	–	73,700
Investment property under development	36,900	–	8,400	45,300
Other non-current assets	470	41	8	519
Total non-current assets	63,670	47,441	8,408	119,519
Other current assets	751	350	1,218	2,319
Cash and cash equivalents	1,134	1,437	476	3,047
Total assets	65,555	49,228	10,102	124,885
Loans payable to the Group	14,209	25,138	7,976	47,323
Bank loans (face value)	7,598	15,878	–	23,476
Bank loans (at amortised cost)	(107)	(115)	–	(222)
Loan from joint venture partner	584	3,196	302	4,082
Deferred tax liability	6,008	871	–	6,879
Other non-current liabilities	176	106	–	282
Total non-current liabilities	28,468	45,074	8,278	81,820
Loan from joint venture partner	–	28	–	28
Other current liabilities	1,477	716	2,607	4,800
Current portion of bank loans	52	–	–	52
Total liabilities	29,997	45,818	10,885	86,700
Net assets	35,558	3,410	(783)	38,185

The Group has signed loan facilities, amounting to €80.3 million (€78.3 million at 31 December 2022), with Chitila Logistics Hub, Constanta Business Park and Targu Mures Logistics Hub joint ventures to fund the development costs of the projects, out of which €38.6 million was available for future drawdown as of 31 December 2023 (€33.5 million at 31 December 2022). Further details on investment property are disclosed in note 4.1.

Summarised Statements of Financial Performance of the Joint Ventures during 2023

The table below includes individual and combined income statements of the joint venture extracted from the individual financial statements of each joint venture without adjusting for the transactions with the Group.

	2023 €'000	2023 €'000	2023 €'000	2023 €'000
	Constanta Business Park	Chitila Logistics Hub	Targu Mures Logistics Hub	2023 Combined
Revenue	2,765	3,983	734	7,482
Operating expenses	(830)	(2,063)	(381)	(3,274)
Administrative expenses	(83)	(136)	(140)	(359)
Fair value gain/(loss) on investment property	(679)	193	2,866	2,380
Foreign exchange loss	(13)	(10)	(25)	(48)
Profit before net financing cost	1,160	1,967	3,054	6,181
Finance expense	57	14	–	71
Finance income	(1,438)	(1,710)	(791)	(3,939)
Income tax income/(expense)	57	(245)	(242)	(430)
Total comprehensive income for the year	(164)	26	2,021	1,883
	2022 €'000	2022 €'000	2022 €'000	2022 €'000
	Constanta Business Park	Chitila Logistics Hub	Targu Mures Logistics Hub	2022 Combined
Revenue	1,384	2,873	–	4,257
Operating expenses	(432)	(1,325)	(1)	(1,758)
Administrative expenses	(64)	(82)	(2)	(148)
Fair value gain/(loss) on investment property	2,714	4,993	(1,581)	6,126
Foreign exchange gain/(loss)	6	(48)	(9)	(51)
Profit before net financing cost	3,608	6,411	(1,593)	8,426
Finance expense	(324)	(993)	(77)	(1,394)
Finance income	5	10	–	15
Income tax expense	(503)	(871)	–	(1,374)
Total comprehensive income for the year	2,786	4,557	(1,670)	5,673

Income tax expense mainly represents deferred tax expense on the valuation of investment property.

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

27 Investment in Joint Ventures continued

Share of Profit of Equity-Accounted Investments in Joint ventures

The following table presents a reconciliation between the profit for the years ended 31 December 2023 and 2022 recorded in the individual financial statements of the joint ventures with the share of profit recognised in the Group's financial statements under the equity method.

	2023 €'000 Constanta Business Park	2023 €'000 Chitila Logistics Hub	2023 €'000 Targu Mures Logistics Hub	2023 €'000 Combined
Profit/(loss) for the year	(164)	26	2,021	1,883
Group 50% share of profit/(loss) for the year	(82)	13	1,011	942
Adjustments for transactions with the Group	284	480	357	1,121
Share of profit of equity-accounted investments in joint ventures	202	493	1,368	2,063
	2022 €'000 Constanta Business Park	2022 €'000 Chitila Logistics Hub	2022 €'000 Targu Mures Logistics Hub	2022 €'000 Combined
Profit/(loss) for the year	2,786	4,557	(1,670)	5,673
Group 50% share of profit/(loss) for the year	1,393	2,279	(835)	2,837
Adjustments for transactions with the Group	185	158	39	382
Share of profit/(loss) of equity-accounted investments in joint ventures	1,578	2,437	(796)	3,219

28 Investment in Subsidiaries

Policy

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

Key Judgements and Assumptions Used in Determining the Control Over an Entity:

- Power over the investee (i.e. existing rights, directly or indirectly, in the investee that gives it the current ability to direct the relevant activities of the investee). If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns (such as the appointment of an administrator or director in the subsidiary or investee).

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 31 December 2023 and 31 December 2022, are disclosed in the table below. The Group did not have any restrictions (statutory, contractual or regulatory) on its ability to transfer cash or other assets (or settle liabilities) between the entities within the Group.

As of 31 December 2023, the Group consolidated the following subsidiaries, being holding companies, as principal activities.

Subsidiary	Note	31 December 2023 Shareholding interest (%)	31 December 2022 Shareholding interest (%)	Place of incorporation
Globalworth Investment Advisers Limited		100	100	Guernsey, Channel Islands
Globalworth Holdings Cyprus Limited		100	100	Cyprus
Zaggatti Holdings Limited				
Tisarra Holdings Limited				
Ramoro Limited				
Vaniasa Holdings Limited				
Serana Holdings Limited				
Kusanda Holdings Limited				
Kifeni Investments Limited				
Casalia Holdings Limited				
Pieranu Enterprises Limited				
Oystermouth Holding Limited				
Minory Investments Limited				
Globalworth Tech Limited				
IB 14 Fundusz Inwestycyjny Zamkniety Aktywow Niepublicznych		100	100	Poland

Section VI: Investment in Subsidiaries, Joint Ventures and Related Disclosure continued

28 Investment in Subsidiaries continued

Changes in Group Structure

28.1 Subsidiaries Under Liquidation Process

- The following companies are dormant and have applied for voluntary liquidation during 2020: Zaggatti Holdings Limited, Kifeni Investments Limited, Casalia Holdings Limited, Oystermouth Holding Limited, Pieranu Enterprises Limited, Ramoro Limited and Vaniasa Holdings Limited.
- Fundacja Globalworth w likwidacji was liquidated on 2 November 2023 and subsequently was struck off from the Registrar of Companies in Poland on 12 February 2024.

28.1 New Subsidiaries

- GW Tech z o.o was incorporated on 7 September 2023 with 100% effective interest having services as principal activity.
- In February 2024 Belfield sp. z o.o an empty SPV was bought for €3,000 as a new service company.

Section VII: Other Disclosures

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

This section also includes the transactions with related parties, new standards and amendments, contingencies that existed at the year-end and details on significant events which occurred in 2023.

29 Segmental Information

The Board of Directors is of the opinion that the Group is engaged mainly in real estate business, comprising offices, mixed-use, industrial and residential investment properties segments and property management services, in two geographical areas, Romania and Poland.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers who are responsible for allocating resources and assessing the performance of the operating segments have been identified as the Executive Directors.

The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction or refurbishment) to members of Executive Management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income ("NOI", i.e. gross rental income less property expenses) on a quarterly basis and valuation gains/losses from property valuation at each semi-annual basis. The individual properties are aggregated into office, mixed-use, industrial and residential segments.

The industrial property segment and head office segments are presented on a collective basis as Others in the table on the next page since their individual assets, revenue and absolute profit (or loss) are below 10% of all combined total asset, total revenue and total absolute profit (or loss) of all segments. All other segments are disclosed separately as these meet the quantitative threshold of IFRS 8.

Consequently, the Group is considered to have four reportable operating segments: the offices segment (acquires, develops, leases and manages offices and spaces), the residential segment (builds, acquires, develops and leases apartments), mixed-use and the other segment (acquires, develops, leases and manages industrial spaces and corporate office).

Share-based payments expense is not allocated to individual segments as underlying instruments are managed at the Group level. Segment assets and liabilities reported to Executive Management on a segmental basis are set out below:

Section VII: Other Disclosures continued

29 Segmental Information continued

	2023						2022					
	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter- segment eliminations €'000	Total €'000	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter- segment eliminations €'000	Total €'000
Rental income – Total	132,932	12,387	1,472	13,861	(287)	160,365	127,028	10,503	1,623	11,137	(464)	149,827
Romania	67,675	–	1,472	13,861	(281)	82,727	61,459	–	1,623	11,137	(300)	73,919
Poland	65,257	12,387	–	–	(6)	77,638	65,569	10,503	–	–	(164)	75,908
Revenue from contract with customers – Total	68,844	8,104	760	5,668	(3,312)	80,064	73,455	7,747	764	10,405	(2,947)	89,424
Romania	37,046	–	760	5,668	(1,007)	42,467	32,891	–	764	10,405	(771)	43,289
Poland	31,798	8,104	–	–	(2,305)	37,597	40,564	7,747	–	–	(2,176)	46,135
Revenue – Total	201,776	20,491	2,232	19,529	(3,599)	240,429	200,483	18,250	2,387	21,542	(3,411)	239,251
Operating expenses	(77,704)	(9,660)	(886)	(6,247)	1,026	(93,471)	(78,926)	(9,529)	(957)	(10,991)	832	(99,571)
Segment NOI	124,072	10,831	1,346	13,282	(2,573)	146,958	121,557	8,721	1,430	10,551	(2,579)	139,680
NOI – Romania	64,086	–	1,346	13,503	(1,039)	77,896	58,390	–	1,430	10,551	(976)	69,395
NOI – Poland	59,765	10,831	–	–	(1,534)	69,062	63,167	8,721	–	–	(1,603)	70,285
Administrative expenses	(11,275)	(1,023)	(45)	(3,605)	–	(15,948)	(9,329)	(405)	(53)	(3,925)	–	(13,712)
Acquisition costs	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Fair value loss on investment property	(164,329)	(3,025)	292	2,154	–	(164,908)	(81,549)	(21,379)	1,062	12,395	–	(89,471)
Depreciation and amortisation expense	(546)	(1)	(15)	(26)	–	(588)	(628)	–	(17)	(28)	–	(673)
Other expenses	(2,511)	(184)	(107)*	(114)	–	(2,916)	(198)	36	(1,851)*	–	–	(2,013)
Other income	40	2,059	–	–	(43)	2,056	515	29	1	8	(29)	524
Loss on disposal of subsidiary	–	–	–	(474)	–	(474)	–	–	–	–	–	–
Profit on disposal of investment property	9,579	–	–	–	–	9,579	–	–	–	–	–	–
Foreign exchange gain/(loss)	(740)	(393)	(10)	(390)	–	(1,533)	755	85	24	(13)	–	851
Segment result	(45,931)	8,264	1,461	11,048	(2,616)	(27,774)	31,123	(12,913)	596	18,981	(2,608)	35,179
Finance cost	(13,396)	(855)	(1)	(42,894)**	–	(57,146)	(9,923)	(409)	(3)	(42,197)**	–	(52,532)
Finance income	3,339	122	66	19,693	–	23,220	1,016	4	81	1,593	–	2,694
Share-based payment expense	–	–	–	(502)	–	(502)	–	–	–	–	–	–
Loss from fair value of financial instruments	(85)	–	–	(1,308)	–	(1,393)	222	–	–	–	–	222
Share of profit of equity-accounted investments in joint ventures	–	–	–	2,063	–	2,063	–	–	–	3,219	–	3,219
Profit before tax	(56,073)	7,531	1,526	(11,900)	(2,616)	(61,532)	22,438	(13,318)	674	(18,404)	(2,608)	(11,218)

* Other expenses include a loss on sale of non-core investment property (apartments) and other one-off expenses.

** Include €26.8 million interest expense on Eurobonds (2022: €32.7 million).

Section VII: Other Disclosures continued

29 Segmental Information continued

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the year ended 31 December 2022.

Segments	2023						2022					
	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000
Segment non-current assets	2,301,312	288,822	46,493	208,974	(2,516)	2,843,085	2,414,875	279,612	53,067	199,930	(2,024)	2,945,460
Romania	1,136,100	–	46,493	208,974	(639)	1,390,928	1,200,703	–	53,067	199,930	(395)	1,453,305
Poland	1,165,212	288,822	–	–	(1,877)	1,452,157	1,214,172	279,612	–	–	(1,629)	1,492,155
Assets held for sale	50,352	–	–	–	–	50,352	126,009	–	–	–	–	126,009
Total assets	2,874,424	299,917	47,935	226,045	(3,147)	3,445,174	2,812,401	289,743	56,821	212,445	(2,547)	3,368,863
Total liabilities	705,685	79,421	3,793	1,054,244	(504)	1,842,639	557,192	23,334	3,983	1,113,450	(406)	1,697,553
Additions to non-current assets												
- Romania	17,898	–	(23)	5,396	–	23,271	15,377	–	74	21,204	–	36,655
- Poland	23,911	12,085	–	–	–	35,996	27,651	13,348	–	–	–	40,999

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

Section VII: Other Disclosures continued

30 Transactions with Related Parties

The Group's immediate parent is Zakiono Enterprises Limited (2023: 60.8%), a wholly owned subsidiary of Tevat Limited. Tevat Limited is jointly owned by Aroundtown SA (indirectly) and CPI Property Group S.A. The Group's related parties are Aroundtown SA and CPI Property Group S.A, the Company's joint ventures, the Company's Executive and Non-Executive Directors, key other Executives, as well as all the companies controlled by them or under their joint control, or under significant influence. The related party transactions are set out in the table below:

Name	Nature of transactions/balances amounts	Income statement		Statement of financial position	
		2023 €'000	2022 €'000	2023 €'000	2022 €'000
Global Logistics Chitila SRL (50% Joint Venture)	Shareholder loan receivable	-	-	26,383	25,138
	Finance income	885	1,003	-	-
	Office rent	12	12	-	-
	Asset management fees	62	41	-	-
Black Sea Vision SRL (50% Joint Venture)	Shareholder loan receivable	-	-	11,346	14,209
	Finance income	505	451	-	-
	Office rent	12	12	-	-
	Asset management fees	52	24	-	-
Targu Mures Logistics Hub SRL (50% Joint Venture)	Shareholder loan receivable	-	-	8,004	7,976
	Finance income	700	77	-	-
	Office rent	6	1	-	-
	Asset management fees	9	-	-	-
Mr. Dimitris Raptis (Chief Executive Officer until 31 December 2022)	Rent revenue	-	2	-	-
Mr. Adrian Danoiu (Chief Operating Officer until 22 March 2024)	Revenue from sale of residential property	-	400	-	-

Key Management Remuneration

The Executive Directors and Non-Executive Directors are the key management personnel. Their aggregate emoluments are €0.7 million (2022: €1.2 million). Out of these amounts, €0.04 million was paid in advance as of 31 December 2023 (2022: €0.04 million was payable to the Directors). Further details are disclosed in the Remuneration Committee Report on pages 85 to 86.

Section VII: Other Disclosures continued

31 New and Amended Standards

Starting from 1 January 2023 the Group adopted the following new and amended standards and interpretations. The new standards and amendments had no significant impact on the Group's financial position and performance.

	Effective Date (EU endorsement)
Narrow scope amendments and new Standards	
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023)	Jan-23
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan-23
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan-23
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	Jan-23
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Jan-23

For other standards issued but not yet effective and not early adopted by the Group, management believes that there will be no significant impact on the Group's consolidated financial statements.

	Effective Date (EU endorsement)
Narrow scope amendments and new Standards	
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	Jan-25
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)	Jan-25
Amendments to IAS 1 Presentation of Financial Statements:	
<ul style="list-style-type: none"> Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and Non-current Liabilities with Covenants (issued on 31 October 2022) 	Jan-25
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	Jan-25

32 Contingencies

Taxation

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. There might be inconsistent interpretations of the tax law and frequent changes of tax law which creates unpredictability and may trigger the risk of additional taxes and penalties. Where the State authorities have findings from tax audits relating to misinterpretation of tax laws, and related regulations, these may result in confiscation of the amounts in case; additional tax liabilities are payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from misinterpretation of the legal provisions may result in a significant amount payable to the State. The Group believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

Transfer Pricing

According to applicable relevant tax legislation in Cyprus, Romania and Poland, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the prices applicable for intra-group transactions reflect the market value that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future to assess whether the transfer pricing policy observes the "arm's length principle".

Legal Proceedings

In recent years the Romanian State Authorities have initiated reviews of real estate restitution processes and in some cases commenced legal procedures where it has considered that the restitution was not performed in accordance with applicable legislation. The Group is involved in one such case, which is currently at a very early stage and may take a very long time to be concluded, and management believes that the risk of any significant loss occurring in future is remote.

33 Subsequent Events

In February 2024, the Group signed a twelve-year secured facility with Libra Bank for refinancing one of the Company's office properties in Romania. The facility of €25 million was drawn in full.

In 11 March 2024 the Group has entered into an agreement for the sale of part of its wholly-owned logistics portfolio with CTP INVEST SPOL S.R.O. The wholly-owned logistics portfolio comprises five logistic/ light-industrial parks with ten facilities in Timisoara, Arad, Oradea and Pitesti as well as a majority stake in two small business units projects in Bucharest. The agreement contains a number of customary conditions, all of which are expected by the Company to be fulfilled after signing. The net consideration payable to Globalworth is €70 million, excluding working capital, and following adjustment for associated secured bank loans of €98.2 million and other customary adjustments. The final consideration is to be determined on the closing date by the end of May 2024. The sale proceeds will be used by the Company for general corporate purposes.

On 13 March 2024, the Company announced that its Board of Directors has approved the payment of an interim dividend in respect of the six-month ended 31 December 2023 of €0.11 per ordinary share (which will be paid on 26 April 2024) and offers a scrip dividend alternative to the Interim Dividend so that qualifying shareholders can elect to receive new ordinary shares in the Company instead of cash in respect of all or part of their entitlement to the Interim Dividend. Qualifying shareholders who validly elect to receive the Scrip Dividend Alternative will become entitled to a number of Scrip Dividend Shares in respect of their entitlement to the Interim Dividend that is based on a price per Scrip Dividend Share calculated on the basis of a discount of 20% to the average of the middle market quotations for the Company's shares as derived from the Daily Official List (or any other publication of a recognised investment exchange showing quotations for the Company's shares) on the five consecutive dealing days from and including the Ex-Dividend Date, the "Reference Price".

Independent auditor's report to the Members of Globalworth Real Estate Investment Limited

Opinion

We have audited the consolidated financial statements of Globalworth Real Estate Investments Limited ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in compliance with The Companies (Guernsey) Law, 2008, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter

Valuation of Investment Property
(€2,843 million)

The valuation of investment property is the key driver of the Group's net asset value and total return. Valuation of investment property requires specialist expertise and the use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. The current macro-economic context led to an unstable current economic environment which resulted in an increased subjectivity and required further consideration from the audit team, including our internal specialists.

For this reason, we consider valuation of investment property a key audit matter.

The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are in notes 3 and 4 of the consolidated financial statements.

How our audit addressed the Key Audit Matter

The audit procedures performed on the valuation of investment property included among others the following:

- We documented our understanding and walkthrough to confirm the processes, policies and methodologies used by management for valuing investment property; specific attention was given to macroeconomic impact through discussion with management and EY valuation specialists.
- We agreed the valuations recorded in the consolidated financial statements to the values reported by the Group's independent experts ("specialists");
- We agreed a sample of the significant inputs, particularly rental data, let areas and projected CAPEX, used by the specialists to value investment property to contractual documentation and development plans;
- We tested the arithmetical accuracy of the calculations done by specialists for the main assumptions in the models, by performing a sample of their calculations;
- We involved our own internal valuation specialists from Romania and Poland to assist us to:
 - evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the specialists, for a sample of properties (properties with significant value, risky or with significant changes in values or conditions);
 - assess the conformity of the valuation methods applied with the applicable valuation standards; and
 - evaluate the competence, capability and objectivity of the external valuation specialists.

We also considered the adequacy of disclosures in relation to the investment property valuation.

Independent auditor's report to the Members of Globalworth Real Estate Investment Limited continued

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the consolidated financial statements

Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and in compliance with The Companies (Guernsey) Law, 2008, as amended, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the Members of Globalworth Real Estate Investment Limited continued

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format ("ESEF") of the Group for the year ended 31 December 2023 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of Globalworth-Annual-Report-and-Financial-Statements-2023-ESEF.zip which includes the consolidated statement of financial position as of 31 December 2023 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and all disclosed made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2023 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Directors are responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the ESEF Regulation.

Our responsibility is to examine the digital files prepared by the Directors in accordance with the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"). These Audit Guidelines require us to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files has been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Hadjidamianou.

Ernst & Young Cyprus Limited

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22 March 2024

Additional Information

Complete breakdown of our properties and portfolio.



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Schedule of Properties: Romania

As at 31 December 2023

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm) ¹	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) ²	GAV (€m)	Select Tenants
Office (Standing or Under Construction)											
BOB	1	Bucharest	6A Dimitrie Pompeiu Blvd, District 2	2008/2017	22.4	84.6%	2.6	9.1	3.2	44.0	Deutsche Bank, Ridzone Computers, NX Data
BOC	1	Bucharest	3 George Constantinescu St., District 2	2009/2014	57.1	85.8%	8.8	4.7	10.1	127.2	Honeywell, HP, Nestle, Mood Media
City Offices	2	Bucharest	2 – 4A Oltenitei Street., District 4	2014/2017	36.1	90.1%	5.1	6.1	6.2	68.7	Vodafone, BRD, Edenred, MaxBet
Gara Herastrau	1	Bucharest	4B Gara Herastrau Street, District 2	2016	12.0	95.9%	2.0	4.6	2.0	26.3	ADP, Qualitest
Green Court Complex	3	Bucharest	4 Gara Herastrau, District 2	2014/2015/2016	54.3	87.2%	9.5	4.6	10.8	133.8	Banca Transilvania, Orange Services, Carrefour, Schneider Electric, Sanofi
Globalworth Campus	3	Bucharest	4-6 Dimitrie Pompeiu Blvd, District 2	2017/2018/2020	90.3	94.8%	15.2	6.0	16.0	200.6	Amazon, Unicredit Services, Allianz, Stefanini, Dell, Mindspace
Globalworth Plaza	1	Bucharest	42 Pipera Road, District 2	2010/2017	24.1	99.5%	5.0	4.1	5.1	58.6	Cegecim, Patria Bank, AC Nielsen, ASIT Services, Coface
Globalworth Square	1	Bucharest	44 Pipera Street, District 2	2021	29.3	100.0%	6.9	5.9	6.9	76.7	Wipro, Dante International (Emag), Delivery Solutions (Sameday)
Globalworth Tower	1	Bucharest	201 Barbu Vacarescu Street, District 2	2016	54.7	100.0%	13.3	4.6	13.4	174.9	Vodafone, Huawei, NNDKP, Wipro
Renault Bucharest Connected	2	Bucharest	Preciziei 3G, District 6	2018	42.3	100.0%	6.7	6.1	6.7	82.6	Automobile Dacia
Tower Center International	1	Bucharest	15-17 Ion Mihalache Blvd, District 1	2012	22.4	98.0%	5.2	6.9	5.3	70.9	EY, Hidroelectrica, Cegeka, Tradeshift, Mindspace
Unicredit HQ	1	Bucharest	1F Expozitiei Blvd, District 1	2012	17.4	100.0%	3.4	7.2	3.4	45.2	Unicredit

Notes

1 GLA of "Land for future development" represents size of land plot / expected GLA upon completion of development

2 Contracted rent at 100% occupancy (including ERV on available spaces).

* Includes tenant options

Schedule of Properties: Romania continued

As at 31 December 2023

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm) ¹	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) ²	GAV (€m)	Select Tenants
Industrial (Standing or Under Construction)											
Pitesti Industrial Park	2	Pitesti	1 Dacia A1 Street, Oarja, Arges County	2010/2022	75.2	100.0%	4.6	7.1	4.6	59.2	Automobile Dacia; Caroli Foods
Timisoara Industrial Park I	4	Timisoara	Lipovei Way, Giarmata, Timis	2011/2015/2017	103.7	100.0%	5.0	5.0	5.0	67.1	Continental, Valeo Lighting, Litens, Coca Cola
Timisoara Industrial Park II	2	Timisoara	Lipovei Way, Giarmata, Timis	2019/2022	37.0	54.4%	1.0	7.2	1.8	21.7	DS Smith, Returo, OVT Logisticzentrum, Liberty Springs
Chitila Logistics Hub ³	1	Bucharest	77 Rudeni, Chitila, jud. Ilfov	2020/2022	77.0	87.1% (94.9%*)	3.5	6.3	4.0	48.8	HAVI Logistics, Mediapost, Mega Image, Rovere
Constanta Business Park ³	2	Constanta	Lazu, jud. Constanta	2020/2022	41.1	99.8%	2.3	4.3	2.3	27.5	Linde, Quadrant Amroq Beverages (Pepsi), Elvada
Industrial Park West Arad	1	Arad	7 IV Industrial West Zone Street	2020	20.1	100.0%	1.3	11.1	1.3	17.7	HUF Romania
Industrial Park West Oradea	1	Oradea	22 Nicolae Filipescu Street	2020	6.9	100.0%	0.5	11.7	0.5	6.7	IWIS Mobility Systems
Business Park Chitila	1	Bucharest	Chitila, jud. Ilfov	2020	7.1	98.1%	0.6	2.9	0.6	7.3	Dr Phyto, AJG Trucks
Targu Mures Logistics Hub ³	1	Tg. Mures	Cristesti, jud. Mures	2023	18.3	100.0%	1.5	10.1	1.5	15.5	EKR Elektrokontakt, FrieslandCampina Romania
Business Park Stefanesti	3	Bucharest	Afumati, jud. Ilfov	2024E	17.7	51.0%	0.6	6.2	1.3	15.9	Delivery Solutions (Sameday), Ro Alimenta EU
Craiova Logistic Park	1	Craiova	Almaj, jud Dolj	2024E	6.0	100.0%	0.4	20.0	0.4	1.8	Returo SGR
Retail/Residential (Standing)											
Upground Towers	1	Bucharest	9B Fabrica de Glucoza Street, District 2	2011	24.4	Retail: 90.7% Resi: 83.3%	Retail: 0.8 / Resi: 0.5	Retail: 9.0 / Resi: 2.5"	Retail: 0.9 / Resi: 0.5	46.5	World Class, Mega Image (Delhaize group)

Notes

1 GLA of "Land for future development" represents size of land plot / expected GLA upon completion of development

2 Contracted rent at 100% occupancy (including ERV on available spaces).

3 Properties owned through JV agreements (Chitila Logistics Park and Constanta Business Park) are presented on the 100% basis. Globalworth holds a 50% share in the respective JV companies.

* Includes tenant options

Schedule of Properties: Romania continued

As at 31 December 2023

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm) ¹	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) ²	GAV (€m)	Select Tenants
Land for future development											
Globalworth West	—	Bucharest	Preciziei 3F	n.a.	12.1 / 33.4	—	—	—	—	6.6	
Green Court D	—	Bucharest	1 Dimitrie Pompeiu Blvd, District 2	n.a.	4.4 / 17.2	—	—	—	—	7.5	
Luterana	—	Bucharest	7-13 Luterana Street, District 1	n.a.	6.6 / 26.4	—	—	—	—	12.5	
Constanta Business Park ³	—	Constanta	Lazu, jud. Constanta	n.a.	909.8 / 525.8	—	—	—	—	37.2	
Timisoara Industrial Park (I and II)	—	Timisoara	Lipovei Way, Giarmata, Timis	n.a.	310.1 / 165.2	—	—	—	—	11.0	
Total Standing Commercial Portfolio											
No. of Commercial Investments: 22	34				859.0	93.5% / 94.2%*	105.1	5.8	111.8	1,395.3	

Notes

1 GLA of "Land for future development" represents size of land plot / expected GLA upon completion of development

2 Contracted rent at 100% occupancy (including ERV on available spaces).

3 Properties owned through JV agreements (Chitila Logistics Park and Constanta Business Park) are presented on the 100% basis. Globalworth holds a 50% share in the respective JV companies.

* Includes tenant options

Schedule of Properties: Poland

As at 31 December 2023

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) ¹	GAV (€m)	Select Tenants
Office²											
Batory Building 1	1	Warsaw	212A Jerozolimskie Av.	2000 / 2017	6.6	93.7%	1.1	2.9	1.2	11.7	Solid Group, ZST, Impuls Leasing
Bliski Centrum	1	Warsaw	8 Zurawia St.	2000 / 2018	4.9	96.5%	1.1	2.7	1.2	12.4	Eurozet, eToto
Nordic Park	1	Warsaw	8 Herberta St.	2000 / 2018	9.0	91.7%	1.8	2.6	2.0	21.2	Baxter, ZBP
Philips	1	Warsaw	195A Jerozolimskie Av.	1999 / 2018	6.2	92.3%	1.1	2.2	1.2	12.3	Signify, Philips, Trane
Skylight & Lumen	2	Warsaw	59 Zlota St.	2007	49.2	90.5%	12.7	3.7	14.0	204.1	Pernod Ricard, Mars, InOffice, PGE, ASB
Spektrum Tower	1	Warsaw	18 Twarda St.	2003 / 2015	32.2	90.0%	7.4	3.2	8.2	112.8	CityFit, Westwing, EcoVadis
Warsaw Trade Tower	1	Warsaw	51 Chłodna St.	1999 / 2016	46.8	82.1%	8.7	4.6	10.6	143.4	Uniq, MSD, BNI
CB Lubicz	2	Krakow	23, 23A Lubicz St.	2000 & 2009 / 2018 & 2020	26.0	82.5%	4.6	3.3	5.5	69.1	International Paper, Allegro, Alten
				Podium Park I: 2018	18.9	99.7%	3.3	3.5	3.3		
Podium Park	3	Krakow	al. Jana Pawła II 43a	Podium Park II: 2020	18.8	81.6%	2.9	5.0	3.5		
				Podium Park III: F.D.	17.7	—	—	—	3.1	93.1	Ailleron, Heineken, Revolut Ltd, W. Kruk, FMC Technologies
Quattro Business Park	5	Krakow	25 Bora-Komorowskiego Av.	2010, 2011, 2013, 2014 & 2015	66.2	48.5%	5.4	4.2	11.4	113.2	Google, Samsung Electronics
Rondo Business Park	3	Krakow	38 Lublańska St.	2007 - 2008	20.3	20.8%	0.9	3.7	3.5	25.0	Lux Med, Jaral
Retro Office House	1	Wroclaw	69/73, Piłsudskiego	2019	23.2	97.7%	4.3	2.3	4.4	57.2	Infor, Olympus, Intive
West Gate & West Link	2	Wroclaw	2 Szybowcowa St. / 12 Lotnicza St.	2015 / 2018	33.5	100.0%	6.3	5.5	6.3	83.1	Nokia, Deichmann
A4 Business Park	3	Katowice	42 Francuska St.	2014 / 2016	33.1	62.0%	3.6	4.9	5.6	62.0	Rockwell
Silesia Star	2	Katowice	10 aleja Roździeńskiego	2016	30.2	79.4%	4.6	3.6	5.7	56.1	Siemens, VB Leasing, Hireright
Green Horizon	2	Lodz	106a Pomorska St.	2012 / 2013	35.5	85.6%	5.2	2.7	6.0	63.7	Infosys, Medicover, PKO BP
Tryton	1	Gdansk	11 Jana z Kolna St.	2016	25.6	90.0%	4.4	3.3	4.8	55.7	Intel, Aramco Fuels, City Space

Notes

1 Contracted rent at 100% occupancy (including ERV on available spaces).

2 All properties are 100% owned by Globalworth Poland. Globalworth at 31 Dec 2022 held 100.0% in Globalworth Poland.

Schedule of Properties: Poland continued

As at 31 December 2023

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) ¹	GAV (€m)	Select Tenants
Mixed - Use²											
Hala Koszyki	5	Warsaw	63 Koszykowa St.	5x2016	22.3	92.1%	7.0	4.3	7.4	115.7	Mindspace, Eneris
Renoma (refurbishment)	1	Wroclaw	40 Swidnicka St.	2009	48.3	56.8%	5.1	5.0	9.1	111.8	DXC Technology, TJX Poland , Deloitte Poland
Supersam (refurbishment)	1	Katowice	8 Piotra Skargi St.	2015	26.7	68.3%	3.3	2.8	4.7	51.3	Jamf Software, Aldi, Groupon Shared Services
Total Standing Commercial Portfolio											
No. of Commercial Investments: 18	36				508.5	79.3%	86.4	3.8	105.8	1,304.7	

Notes

1 Contracted rent at 100% occupancy (including ERV on available spaces).

2 All properties are 100% owned by Globalworth Poland. Globalworth at 31 Dec 2022 held 100.0% in Globalworth Poland.

Standing Portfolio – Breakdown by Location & Type

As at 31 December 2023

	Investments (#)	Number of Properties (#)	Value GAV (€m)	Area GLA (k sqm)	Occupancy rate by GLA (%)	Rent			Contracted Headline Rent / Sqm or Unit			
						Contracted Rent (€m)	WALL Years	100% Rent (€m)	Office (€/sqm/m)	Commercial (€/sqm/m)	Industrial (€/sqm/m)	
Office & Mixed-Use Portfolio												
Bucharest New CBD	8	12	842.1	344.2	93.1%	63.3	5.2	67.5	14.8	14.8	–	
Bucharest Other	4	6	267.4	118.2	96.6%	20.4	6.5	21.6	14.1	13.8	–	
Romania: Office	12	18	1,109.5	462.4	94.0%	83.7	5.5	89.1	14.6	14.5	–	
Warsaw	8	13	633.6	177.3	88.8%	41.1	3.8	45.9	19.3	19.7	–	
Krakow	4	12	293.3	150.2	61.2%	17.0	4.0	27.1	13.9	14.0	–	
Wroclaw	2	3	140.3	56.7	99.0%	10.6	4.2	10.7	15.0	14.8	–	
Lodz	1	2	63.7	35.5	85.6%	5.2	2.7	6.0	13.3	13.5	–	
Katowice	2	5	118.1	63.3	70.3%	8.2	4.2	11.2	13.7	13.7	–	
Gdansk	1	1	55.7	25.6	90.0%	4.4	3.3	4.8	14.6	14.4	–	
Poland: Office & Mixed-Use	18	36	1,304.7	508.5	79.3%	86.4	3.8	105.8	16.2	16.3	–	
Total Office & Mixed-Use Portfolio	30	54	2,414.2	970.8	86.3%	170.2	4.7	194.9	15.4	15.4	–	
Logistics/Light-Industrial												
Timisoara	2	6	88.8	140.7	88.0%	6.0	5.4	6.8	5.5	3.9	3.8	
Arad	1	1	17.7	20.1	100.0%	1.3	11.1	1.3	7.1	5.3	4.9	
Oradea	1	1	6.7	6.9	100.0%	0.5	11.7	0.5	5.7	5.3	5.3	
Targu Mures	1	1	15.5	18.3	100.0%	1.5	10.1	1.5	8.9	6.1	5.5	
Pitesti	1	2	59.2	75.2	100.0%	4.6	7.1	4.6	5.5	5.0	5.0	
Constanta	1	2	27.5	41.1	99.8%	2.3	4.3	2.3	7.8	4.1	3.8	
Bucharest	3	3	60.3	88.5	88.6%	4.4	5.8	4.9	8.1	4.4	4.0	
Total Industrial Portfolio	10	16	275.7	390.7	93.1%	20.5	6.6	21.8	6.8	4.5	4.3	

Standing Portfolio – Breakdown by Location & Type continued

As at 31 December 2023

	Investments (#)	Number of Properties (#)	Value GAV (€m)	Area GLA (k sqm)	Occupancy rate by GLA (%)	Contracted Rent (€m)	Rent		Contracted Headline Rent / Sqm or Unit		
							WALL Years	100% Rent (€m)	Office (€/sqm/m)	Commercial (€/sqm/m)	Industrial (€/sqm/m)
Other Portfolio											
Bucharest New CBD Upground Complex - Residential	1	1	36.4	18.6	nm	0.5	2.5	0.5	–	–	–
Bucharest New CBD Upground Complex - Commercial	–	–	10.1	5.8	90.7%	0.8	9.0	0.9	–	10.9	–
Total Other Portfolio			46.5	24.4	nm	1.4	6.5	1.4	–	10.9	–
Total Standing Commercial Portfolio											
	40	70	2,700.0	1,367.4	88.3%	191.5	4.9	217.7	15.0	12.1	4.3
Of which Romania	22	34	1,395.3	859.0	93.5%	105.1	5.8	111.8	14.1	10.0	4.3
Of which Poland	18	36	1,304.7	508.5	79.3%	86.4	3.8	105.8	16.2	16.3	–

Portfolio – Breakdown by Location & Type

As at 31 December 2023

	Number of Standing Investments (#)	Standing Properties (#)	GAV (€m)			Land & Future Developments	Total Portfolio	GLA (k sqm)			Total Portfolio
			Standing Properties	Under Construction				Standing Properties	Under Construction	Future Developments	
Office Portfolio											
Bucharest New CBD	8	12	842.1	–	7.5	849.6	344.2	–	17.2	361.4	
Bucharest Other	4	6	267.4	–	19.1	286.5	118.2	–	59.8	178.0	
Romania: Office	12	18	1,109.5	–	26.6	1,136.1	462.4	–	77.0	539.4	
Warsaw	8	13	633.6	–	–	633.6	177.3	–	–	177.3	
Krakow	4	12	293.3	–	7.1	300.4	150.2	–	17.7	167.9	
Wroclaw	2	3	140.3	111.8	–	252.0	56.7	48.3	–	105.0	
Lodz	1	2	63.7	–	–	63.7	35.5	–	–	35.5	
Katowice	2	5	118.1	51.3	–	169.3	63.3	26.7	–	89.9	
Gdansk	1	1	55.7	–	–	55.7	25.6	–	–	25.6	
Poland: Office & Mixed-Use	18	36	1,304.7	163.0	7.1	1,474.8	508.5	75.0	17.7	601.1	
Total Office & Mixed-Use Portfolio	30	54	2,414.2	163.0	33.7	2,610.9	970.8	75.0	94.7	1,140.5	
Logistics / Light-Industrial											
Timisoara	2	6	88.8	–	11.0	99.8	140.7	–	165.2	305.9	
Arad	1	1	17.7	–	–	17.7	20.1	–	–	20.1	
Oradea	1	1	6.7	–	–	6.7	6.9	–	–	6.9	
Targu Mures	1	1	15.5	–	–	15.5	18.3	–	–	18.3	
Pitesti	1	2	59.2	–	–	59.2	75.2	–	–	75.2	
Constanta	1	2	27.5	–	37.2	64.7	41.1	–	525.8	566.9	
Bucharest	3	3	60.3	11.7	–	72.0	88.5	13.3	–	101.8	
Craiova	–	–	–	1.8	–	1.8	–	6.0	–	6.0	
Total Logistics/Light-Industrial Portfolio	10	16	275.7	13.5	48.2	337.4	390.7	19.3	690.9	1,101.0	

Portfolio – Breakdown by Location & Type continued

As at 31 December 2023

	GAV (€m)						GLA (k sqm)			
	Number of Standing Investments (#)	Standing Properties (#)	Standing Properties	Under Construction	Land & Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Total Portfolio
Other Portfolio										
Bucharest New CBD Upground Complex - Residential	1	1	36.4	–	–	36.4	18.6	–	–	18.6
Bucharest New CBD Upground Complex - Commercial	–	–	10.1	–	–	10.1	5.8	–	–	5.8
Total Other Portfolio	–	–	46.5	–	–	46.5	24.4	–	–	24.4
Total Commercial Portfolio	40	70	2,700.0	176.5	81.9	2,958.4	1,367.4	94.2	785.7	2,247.3
Of which Romania	22	34	1,395.3	13.5	74.8	1,483.6	859.0	19.3	767.9	1,646.2
Of which Poland	18	36	1,304.7	163.0	7.1	1,474.8	508.5	75.0	17.7	601.1

Portfolio – Breakdown by Location & Type continued

As at 31 December 2023

	Contracted Rent and ERV (€m)						
	Standing Properties	Under Construction	Future Developments	ERV of Available Spaces		Total	
				Standing	U/C & Future	Standing & U/C	Future
Office Portfolio							
Bucharest New CBD	63.3	–	–	4.2	–/ 3.6	67.5	3.6
Bucharest Other	20.4	–	–	1.2	–/ 11.9	21.6	11.9
Romania: Office	83.7	–	–	5.3	–/ 15.5	89.1	15.5
Warsaw	41.1	–	–	4.8	–/ –	45.9	–
Krakow	17.0	–	–	10.1	–/ 3.1	27.1	3.1
Wroclaw	10.6	5.1	–	0.1	3.9 / –	19.8	–
Lodz	5.2	–	–	0.8	–/ –	6.0	–
Katowice	8.2	3.3	–	3.1	1.4 / –	16.0	–
Gdansk	4.4	–	–	0.5	–/ –	4.8	–
Poland: Office & Mixed-Use	86.4	8.4	–	19.4	5.4 / 3.1	119.6	3.1
Total Office & Mixed-Use Portfolio	170.2	8.4	–	24.7	5.4 / 18.6	208.7	18.6
Logistics/Light-Industrial							
Timisoara	6.0	–	–	0.8	–/ 6.9	6.8	6.9
Arad	1.3	–	–	–	–/ –	1.3	–
Oradea	0.5	–	–	–	–/ –	0.5	–
Targu Mures	1.5	–	–	–	–/ –	1.5	–
Pitesti	4.6	–	–	–	–/ –	4.6	–
Constanta	2.3	–	–	0.0	–/ 27.7	2.3	27.7
Bucharest	4.4	0.3	–	0.5	0.6 / –	5.9	–
Craiova	–	0.4	–	–	–/ –	0.4	–
Total Logistics/Light-Industrial Portfolio	20.5	0.7	–	1.3	0.6 / 34.6	23.2	34.6

Portfolio – Breakdown by Location & Type continued

As at 31 December 2023

	Contracted Rent and ERV (€m)			ERV of Available Spaces		Total	
	Standing Properties	Under Construction	Future Developments	Standing	U/C & Future	Standing & U/C	Future
Other Portfolio							
Bucharest New CBD Upground Complex - Residential	0.5	–	–	–	–/–	0.5	–
Bucharest New CBD Upground Complex - Commercial	0.8	–	–	0.1	–/–	0.9	–
Total Other Portfolio	1.4	–	–	0.1	–/–	1.4	–
Total Commercial Portfolio	191.5	9.1	–	26.1	6.0 / 53.2	232.8	53.2
Of which Romania	105.1	0.7	–	6.8	0.6 / 50.1	113.2	50.1
Of which Poland	86.4	8.4	–	26.8	5.4 / 3.1	127.0	3.1

Portfolio Analyses

As at 31 December 2023

Portfolio Analysis by Value and Property Type

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	1,123.6	37.5%	—	1,123.6	—	1,123.6	38.3%
Light Industrial/Logistics	289.2	9.7%	(91.8)	197.4	45.9	243.3	8.3%
Residential & Lands	107.2	3.6%	(37.2)	70.0	18.6	88.6	3.0%
Total Romania	1,520.0	50.8%	(129.0)	1,391.0	64.5	1,455.5	49.7%
Poland							
Office	1,196.1	39.9%	—	1,196.1	—	1,196.1	40.8%
Mixed-Use	278.7	9.3%	—	278.7	—	278.7	9.5%
Total Poland	1,474.8	49.2%	—	1,474.8	—	1,474.8	50.3%
Grand Total	2,994.8	100.0%	(129.0)	2,865.8	64.5	2,930.3	100.0%

Notes

Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest – New CBD	896.1	29.9%	—	896.1	—	896.1	30.6%
Bucharest – Other	358.5	12.0%	(48.8)	309.7	24.4	334.1	11.4%

Portfolio Analysis by Value and Location

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest	1,254.6	41.9%	(48.8)	1,205.8	24.4	1,230.2	42.0%
Timisoara	99.8	3.3%	—	99.8	—	99.8	3.4%
Pitesti	59.2	2.0%	—	59.2	—	59.2	2.0%
Constanta	64.7	2.2%	(64.7)	—	32.4	32.4	1.1%
Arad	17.7	0.6%	—	17.7	—	17.7	0.6%
Oradea	6.7	0.2%	—	6.7	—	6.7	0.2%
Craiova	1.8	0.1%	—	1.8	—	1.8	0.1%
Targu Mures	15.5	0.5%	(15.5)	—	7.8	7.8	0.3%
Total Romania	1,520.0	50.8%	(129.0)	1,391.0	64.5	1,455.5	49.7%
Poland							
Warsaw	633.6	21.2%	—	633.6	—	633.6	21.6%
Krakow	300.4	10.0%	—	300.4	—	300.4	10.3%
Wroclaw	252.0	8.4%	—	252.0	—	252.0	8.6%
Katowice	169.3	5.7%	—	169.3	—	169.3	5.8%
Lodz	63.7	2.1%	—	63.7	—	63.7	2.2%
Gdansk	55.7	1.9%	—	55.7	—	55.7	1.9%
Total Poland	1,474.8	49.2%	—	1,474.8	—	1,474.8	50.3%
Grand Total	2,994.8	100.0%	(129.0)	2,865.8	64.5	2,930.3	100.0%

Notes

Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

Portfolio Analyses continued

As at 31 December 2023

Portfolio Analysis by Commercial Contracted Rent and Property Type as at 31 December 2023

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	83.7	41.6%	—	83.7	—	83.7	42.4%
Light Industrial/Logistics	21.2	10.5%	(7.3)	13.9	3.6	17.6	8.9%
Residential & Other	1.4	0.7%	—	1.4	—	1.4	0.7%
Total Romania	106.3	52.8%	(7.3)	99.0	3.6	102.7	52.0%
Poland							
Office	79.4	39.5%	—	79.4	—	79.4	40.2%
Mixed-Use	15.5	7.7%	—	15.5	—	15.5	7.8%
Total Poland	94.9	47.2%	—	94.9	—	94.9	48.0%
Grand Total	201.2	100.0%	(7.3)	193.9	3.6	197.5	100.0%
Grand Total	201.2	100.0%	(7.3)	193.9	3.6	197.5	100.0%

Notes

Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

Portfolio Analysis by Contracted Rent and Location

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest	89.8	44.6%	(3.5)	86.3	1.7	88.1	44.6%
Timisoara	6.0	3.0%	—	6.0	—	6.0	3.0%
Pitesti	4.6	2.3%	—	4.6	—	4.6	2.3%
Constanta	2.3	1.2%	(2.3)	—	1.2	1.2	0.6%
Arad	1.3	0.6%	—	1.3	—	1.3	0.6%
Oradea	0.5	0.2%	—	0.5	—	0.5	0.2%
Craiova	0.4	0.2%	—	0.4	—	0.4	0.2%
Targu Mures	1.5	0.7%	(1.5)	—	0.7	0.7	0.4%
Total Romania	106.3	52.8%	(7.3)	99.0	3.6	102.7	52.0%
Poland							
Warsaw	41.1	20.4%	—	41.1	—	41.1	20.8%
Wroclaw	15.7	7.8%	—	15.7	—	15.7	8.0%
Krakow	17.0	8.5%	—	17.0	—	17.0	8.6%
Katowice	11.5	5.7%	—	11.5	—	11.5	5.8%
Lodz	5.2	2.6%	—	5.2	—	5.2	2.6%
Gdansk	4.4	2.2%	—	4.4	—	4.4	2.2%
Total Poland	94.9	47.2%	—	94.9	—	94.9	48.0%
Grand Total	201.2	100.0%	(7.3)	193.9	3.6	197.5	100.0%
Grand Total	201.2	100.0%	(7.3)	193.9	3.6	197.5	100.0%

Notes

Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

Portfolio Analyses continued

As at 31 December 2023

Portfolio Analysis by Commercial Contracted Rent and Tenant Origin as at 31 December 2023

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Multi	88.0	43.7%	(4.3)	83.6	2.2	85.8	43.4%
National	16.7	8.3%	(2.9)	13.8	1.5	15.3	7.7%
State Owned	1.6	0.8%	—	1.6	—	1.6	0.8%
Total Romania	106.3	52.8%	(7.3)	99.0	3.6	102.7	52.0%
Poland							
Multi	63.2	31.4%	—	63.2	—	63.2	32.0%
National	30.4	15.1%	—	30.4	—	30.4	15.4%
State Owned	1.2	0.6%	—	1.2	—	1.2	0.6%
Total Poland	94.9	47.2%	—	94.9	—	94.9	48.0%
Grand Total	201.2	100.0%	(7.3)	193.9	3.6	197.5	100.0%

Notes

Globalworth includes 100% of Contracted Rent from investments made under JV agreements, in the Combined Portfolio.

EPRA Performance Measures

EPRA vacancy rate

The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces). The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.

EPRA Vacancy Rate

		31-Dec-23	31-Dec-22
Estimated rental value of vacant space	(A)	25.9	29.4
Estimated rental value of the whole portfolio	(B)	209.0	210.0
EPRA Vacancy Rate	(A/B)	12.4%	14.0%

EPRA net initial yield and EPRA "topped-up" net initial yield

The EPRA NIY (Net Initial Yield) is calculated as the annualised rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. The EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step rents). EPRA NIY and EPRA "topped-up" NIY are aimed at encouraging the provision of comparable and consistent disclosure of yield measures across Europe. These two yield measures can be clearly defined, widely used by all participants in the direct and indirect European real estate market and should be largely comparable from one company to the next and with market evidence.

EPRA NIY and "topped-up" NIY1

Figures in €m		31-Dec-23	31-Dec-22
Investment property – wholly owned		2,865.8	3,039.6
Investment property – share of JVs/Funds		64.5	59.7
Trading property (including share of JVs)		–	–
Less: developments, future developments		239.8	242.6
Completed property portfolio		2,690.5	2,856.7
Allowance for estimated purchasers' costs	2%	53.8	57.1
Gross up completed property portfolio valuation	(B)	2,744.3	2,913.8
Annualised cash passing rental income		169.0	160.6
Property outgoings		11.6	10.3
Annualised net rents	(A)	157.4	150.3
Add: notional rent expiration of rent free periods or other lease incentives		19.4	19.0
Topped-up net annualised rent	(C)	176.8	169.3
EPRA NIY	(A / B)	5.7%	5.2%
EPRA "topped-up" NIY4	(C / B)	6.4%	5.8%

EPRA Performance Measures continued

EPRA NAV metrics	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
	31-Dec-23 €'000	31-Dec-23 €'000	31-Dec-23 €'000	31-Dec-22 €'000	31-Dec-22 €'000	31-Dec-22 €'000
Net assets attributable to equity holders of the parent	1,601,124	1,601,124	1,601,124	1,656,506	1,656,506	1,656,506
Include/exclude						
I) Hybrid instruments						
Diluted NAV	1,601,124	1,601,124	1,601,124	1,656,506	1,656,506	1,656,506
Include:						
II. a) Revaluation of IP (if IAS 40 cost option is used)	–	–	–	–	–	–
II. b) Revaluation of IPUC (if IAS 40 cost option is used)	–	–	–	–	–	–
II. c) Revaluation of other non-current investments	–	–	–	–	–	–
III. Revaluation of tenant leases held as finance leases	–	–	–	–	–	–
IV. Revaluation of trading properties	–	–	–	–	–	–
Diluted NAV at fair value	1,601,124	1,601,124	1,601,124	1,656,506	1,656,506	1,656,506
Exclude:						
V. 50% of deferred tax in relation to fair value gains of IP	152,280	76,140	n/a	181,070	90,535	n/a
VI. Fair value of financial instruments	1,114	1,114	1,114	(194)	(194)	(194)
VII. Goodwill as a result of deferred tax	(5,387)	(5,387)	(5,387)	(5,697)	(5,697)	(5,697)
VIII. a) Goodwill as per the IFRS balance sheet	n/a	(6,652)	(6,652)	n/a	(6,652)	(6,652)
VIII. b) Intangibles as per the IFRS balance sheet	n/a	(35)	(35)	n/a	(1)	(1)
IX. Adjustment in respect of joint venture and NCI for above items	1,455	1,455	n/a	3,798	3,798	n/a
Include:						
IX. Fair value of fixed interest rate debt	n/a	n/a	98,751	n/a	n/a	133,571
X. Revaluation of intangibles to fair value	n/a	n/a	n/a	n/a	n/a	n/a
XI. Real estate transfer tax	–	–	n/a	–	–	n/a
NAV	1,750,586	1,667,759	1,688,915	1,835,483	1,738,295	1,777,533
Fully diluted number of shares	252,087	252,087	252,087	221,470	221,470	221,470
NAV per share (EUR)	6.94	6.62	6.70	8.29	7.85	8.03

EPRA Cost Ratios (%)	31-Dec-23 €'000	31-Dec-22 €'000
Include:		
Administrative/operating expense line per IFRS income statement	(15,948)	(13,712)
Net service charge costs/fees	(11,786)	(9,245)
Management fees less actual/estimated profit element	122	66
Other operating income/recharges intended to cover overhead expenses less any related profits	110	537
Share of Joint Ventures expenses	(1,817)	(953)
Exclude (if part of the above):		
Investment property depreciation	n/a	n/a
Ground rent costs	10	10
Service charge costs recovered through rents but not separately invoiced	–	–
EPRA Costs (including direct vacancy costs)	(29,309)	(23,297)
Direct vacancy costs	11,666	10,370
EPRA Costs (excluding direct vacancy costs)	(17,643)	(12,927)
Gross Rental Income less ground rents – per IFRS2	160,365	149,827
Less: service fee and service charge costs components of Gross Rental Income	–	–
Add: share of Joint Ventures (Gross Rental Income less ground rents)	3,741	2,129
Gross Rental Income	164,106	151,956
EPRA Cost Ratio (including direct vacancy costs)	18%	15%
EPRA Cost Ratio (excluding direct vacancy costs)	11%	9%

EPRA Performance Measures continued

EPRA LTV Metric	31/12/2023				31/12/2022			
	Proportionate Consolidation				Proportionate Consolidation			
	Group (as reported) €'000	Share of Joint Ventures €'000	Non-controlling Interests €'000	Combined €'000	Group (as reported) €'000	Share of Joint Ventures €'000	Non-controlling Interests €'000	Combined €'000
Include:								
Borrowings from Financial Institutions	753,924	17,547	(1,973)	769,498	506,849	11,764	(470)	518,144
Commercial paper	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bond loans	865,258	n/a	n/a	865,258	967,533	n/a	n/a	967,533
Foreign currency derivatives (futures, swaps, options and forwards)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net payables	10,489	1,874	–	12,363	26,648	3,423	–	30,071
Owner-occupied property (debt)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Current accounts (equity characteristic)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Exclude:								
Cash and cash equivalents	396,259	2,506	(130)	398,635	163,767	1,524	(106)	165,184
Net Debt (a)	1,233,412	16,915	(1,843)	1,248,484	1,337,263	13,663	(363)	1,350,563
Include:								
Owner-occupied property	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Investment properties at fair value	2,652,915	64,350	(2,875)	2,714,390	2,763,629	36,850	(1,800)	2,798,679
Properties held for sale	50,352	–	–	50,352	126,009	–	–	126,009
Properties under development	190,170	174	(2,925)	187,419	181,831	22,650	(3,125)	201,356
Intangibles	35	–	–	35	1	–	–	1
Net receivables	–	–	–	–	–	–	–	–
Financial assets	45,732	–	–	45,732	47,324	–	–	47,324
Total Property Value (b)	2,939,204	64,524	(5,800)	2,997,928	3,118,794	59,500	(4,925)	3,173,369
LTV (a/b)	42.0%	26.2%	31.8%	41.6%	42.9%	23.0%	7.4%	42.6%

Investing Policy

Investing Strategy

The Company's primary focus is to invest in a diversified portfolio of real estate assets situated in Romania and Poland, the two largest markets in Central and Eastern Europe. The Company may also invest in real estate assets located in other South-Eastern European and Central Eastern European countries. The Directors believe its primary markets of investment represent an attractive real estate investment proposition over the medium-to-long term.

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

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

Assets or Companies in Which the Company can Invest

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

Strategy Through Which the Investing Policy is Achieved

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

Investment Approach

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

Holding Period for Investments

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

Glossary

Adjusted EBITDA (normalised)

Earnings before finance cost, tax, depreciation, amortisation of other non-current assets, purchase gain on acquisition of subsidiaries, fair value movement, and other non-operational and/or non-recurring income and expense items.

Asset or Property

Represent the individual land plot or building under development or standing building which forms part or the entirety of an investment.

Bargain Purchase Gain

Any excess between the fair value of net assets acquired and consideration paid, in accordance with IFRS 3 “Business Combinations”.

BREEAM

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

CAPEX

Represents the estimated capital expenditure to be incurred for the completion of the development projects.

Capitalisation Rates

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

CBD

Central Business District.

CEE

Central and Eastern Europe.

CIT

Corporate income tax.

Combined Portfolio

Includes the Group’s property investments consolidated on the balance sheet under investment property–freehold as at 31 December 2023, plus those properties held as joint ventures presented at 100%.

Commercial Properties

Comprise the office, light-industrial and retail properties or areas of the portfolio.

Completed Investment Property

Completed developments consist of those properties that are in a condition which will allow the generation of cash flows from its rental.

Completion Dates

The date when the properties under development will be completed and ready to generate rental income after obtaining all necessary permits and approvals.

Consolidated Coverage Ratio

Calculated as the aggregate amount of Adjusted EBITDA for the period of the most recent two consecutive semi-annual periods ending on such Measurement Date divided by the Consolidated Interest Expense for such two semi-annual periods.

Consolidated Interest Expense

All charges, interest, commission, fees, discounts, premiums and other finance costs in respect of Indebtedness (but excluding such interest on Subordinated Shareholder Debt) incurred by the Group.

Consolidated Leverage Ratio

Calculated as the Consolidated Total Indebtedness divided by Consolidated Total Assets.

Consolidated Secured Leverage Ratio

Calculated as the Secured Consolidated Total Indebtedness divided by Consolidated Total Assets at that date.

Consolidated Total Assets

Total assets (excluding intangible assets) of the Group.

Consolidated Total Indebtedness

Total Indebtedness of the Group (excluding deferred tax liabilities and income and deposits from tenants).

Contracted Rent

The annualised headline rent that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

Debt Service Cover Ratio (“DSCR”)

It is calculated as net operating income for the year as defined in specific loan agreements with the respective lenders, divided by the principal plus interest due over the same year.

Discount Rates

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

Discounted Cash Flow Analysis (“DCF”)

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

Earnings Per Share (“EPS”)

Profit after tax divided by the basic/diluted weighted average number of shares in issue during the year.

EDGE

Excellence in Design for Greater Efficiencies (“EDGE”). An innovation of the International Finance Corporation (“IFC”), member of the World Bank Group, EDGE is a green building standard and a certification system for more than 160 countries.

EPRA

The European Public Real Estate Association is a non-profit association representing Europe’s publicly listed property companies. EPRA Earnings profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated closeout costs and the related deferred tax impact of adjustments made to profit after tax.

EPRA Earnings Per Share

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

EPRA Net Disposal Value (“EPRA NDV”)

The EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the balance sheet, net of any resulting tax. This measure should not be viewed as a “liquidation NAV” because, in many cases, fair values do not represent liquidation values.

Glossary continued

EPRA Net Reinstatement Value (“EPRA NRV”)

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes are included, as applicable.

EPRA Net Tangible Assets (“EPRA NTA”)

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NAV, EPRA NRV, EPRA NTA, EPRA NDV Per Share

EPRA NAV, or EPRA NRV, or EPRA NTA, or EPRA NDV divided by the diluted number of shares outstanding at the year or period end.

Estimated Rental Value (“ERV”)

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

Estimated Vacancy Rates

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

EURIBOR

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

Financial Year

Period from 1 January to 31 December.

FFO

Free funds from operations, estimated as the EPRA Earnings for the relevant period.

GLA

Gross leasable area.

IFRS

International Financial Reporting Standards as adopted by the European Union.

IFRS Earnings

Result (Profit or Loss) after tax as per the statement of comprehensive income.

IFRS Earnings per share

Result (Profit or Loss) after tax as per the statement of comprehensive income divided by the weighted average number of shares in issue during the year.

Interest Cover Ratio (“ICR”)

Calculated as net operating income divided by the debt service/interest.

Investment Represent

A location in which the Company owns/has interests in.

Land Bank for Further Development

Land bought for further development but for which the Group did not obtain all the legal documentations and authorisation permits in order to start the development process.

Leadership in Energy & Environmental Design (“LEED”)

LEED, a green building certification programme that recognises best-in-class building strategies and practices.

Loan-to-Cost Ratio (“LTC”)

Calculated by dividing the value of loan drawdowns by the total project cost.

Loan to Value (“LTV”)

Calculated as the total outstanding debt excluding amortised cost, less cash and cash equivalents as of financial position date, divided by the appraised value of owned assets as of the financial position date. Both outstanding debt and the appraised value of owned assets include our share of these figures for joint ventures, which are accounted for in the consolidated financial statements under the equity method.

Maintenance Costs

Including necessary investments to maintain functionality of the property for its expected useful life.

Master Lease

Master lease includes various rental guarantees, which range between 3 and 5 years, covering certain vacant spaces in certain properties owned in Poland.

MSCI

MSCI is an international finance company headquartered in New York City and listed on the New York Stock Exchange and serves as a global provider of equity, fixed income, hedge fund stock market indexes, multi-asset portfolio analysis tools and ESG products. An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (“ESG”) risks.

NBP

National Bank of Poland.

Net Asset Value (“NAV”)

Equity attributable to shareholders of the Company and/or net assets value.

Net Asset Value (“NAV”) Per Share

Equity attributable to owners of the Company divided by the number of ordinary shares in issue at the period end.

Net Operating Income (“NOI”)

Net operating income is the gross operating income less operating expenses that are not paid by or rechargeable to tenants, excluding funding costs, depreciation and capital expenditure.

Occupancy Rate

The estimated let sqm (GLA) as a percentage of the total estimated total sqm (GLA) of the portfolio, excluding development properties and in certain cases (where applicable) spaces subject to asset management (where they have been taken back for refurbishment and are not available to let as of the financial position date).

Open Market Value (“OMV” or “GAV”)

Open market value means the fair value of the Group's investment properties and the joint ventures (where the Group owns 50%) determined by Colliers Valuation and Advisory SRL (“Colliers”), Cushman & Wakefield LLP (“C&W”) and Knight Frank Sp. z o.o (“Knight Frank”), independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

Passing Rent

This is the gross rent, less any ground rent payable under the head leases.

Property Under Development

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

RCF

Revolving Credit Facility.

Glossary continued

Residual Value Method

Valuation method that estimates the difference between the market value of the building upon completion that can be built on the plot of land and all the building's construction costs, as well as the developer's profit. This method relies on the contribution concept by estimating from the future income of the building, the amount that can be distributed to the land.

ROBOR

Romanian Interbank Offer Rate.

Sales Comparison Approach

Valuation method that compares the subject property with quoted prices of similar properties in the same or similar location.

Secured Consolidated Total Indebtedness

Consolidated Total Indebtedness that is secured by any Security granted by any member of the Group.

SPA

Share sale purchase agreement.

SQM

Square metres.

The Company or the Group

Globalworth Real Estate Investments Limited and its subsidiaries.

The Investment Adviser

Globalworth Investment Advisers Limited, a wholly owned holding subsidiary incorporated in Guernsey.

Total Accounting Return

Total accounting return is the growth in EPRA NRV per share plus dividends paid, expressed as a percentage of EPRA NRV per share at the beginning of the year.

Total Unencumbered Assets Ratio

Calculated as the Unsecured Consolidated Total Assets divided by Unsecured Consolidated Total Indebtedness.

Unsecured Consolidated Total Assets

Means such amount of Consolidated Total Assets that is not subject to any Security granted by any subsidiary of the Group.

Unsecured Consolidated Total Indebtedness

Means the Consolidated Total Indebtedness less Secured Consolidated Total Indebtedness.

WALL

Represents the remaining weighted average lease length of the contracted leases as of the financial position date, until the lease contracts' full expiration.

Weighted Average Interest Rate

The average of the interest rate charged on the Group's loans, weighted by the relative outstanding balance of each loan at the year or period end.

WIBOR

Warsaw Interbank Offered Rate.

Company Directory

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