CONSOLIDATED INTERIM REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2014

Place and date of publication: Warsaw, 21 August 2014

Content of the consolidated interim report:

Management Board's report on the activities of Globe Trade Centre S.A. Capital Group in the six-month period ended 30 June 2014

Unaudited interim condensed consolidated financial statements as of 30 June 2014 together with independent auditors` review report

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP IN THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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Item 1. Introduction

The GTC Group, established in 1994, is a developer and commercial real estate manager in Central, Eastern and Southern Europe. The Group operates in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and Czech Republic. Additionally, it holds land in Ukraine and Russia.

The Group's portfolio comprises: (i) completed office buildings and office parks, as well as, retail and entertainment centres (commercial real estate); (ii) residential projects; (iii) project under construction and (iv) undeveloped plots of land (including suspended projects) (landbank).

Since its establishment, the Group has developed approximately 950 thousand sq m of NRA of commercial space (office and retail) and approximately 300 thousand sq m of residential space. The Group has sold approximately 344 thousand sq m of NRA in completed commercial properties and approximately 260 thousand sq m of residential space.

As of 30 June 2014, the Group's portfolio in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria and Slovakia comprises the following properties:

- 28 completed commercial properties with a combined NRA of approximately 589 thousand sq m of which the Group's proportional interest amounts to 540 thousand sq m of NRA
- inventory of residential units totalling 40 thousand sq m, and
- landbank designated for future development, with approximately 1.1 million sq m NRA designated for commercial use and approximately 483 thousand sq m NRA designated for residential use.

Additionally, the Group conducts operations in the Czech Republic, through its associates. The Group's proportional interest in assets in Czech Republic amounts to approximately 24 thousand sq m of NRA in two office buildings and a shopping mall. The Group is also the co-owner of a 140 thousand sq m land plot located in Ukraine, of which the Group's proportional interest is 70 thousand sq m, a 43 thousand sq m land plot located in Russia, of which the Group's proportional interest is 27.5 thousand sq m and a 10 thousand sq m land plot designated for Ana Tower, located in Romania, of which the Group's proportional interest is 5 thousand sq m.

The Group's completed commercial properties comprise 20 office properties and 8 retail properties that account for approximately 78% of the total book value of the Group's portfolio as of 30 June 2014. The Group's completed properties in its three most significant markets, i.e. Poland, Romania and Hungary, constitute 41%, 17% and 14% of the total value of the Group's completed real estate portfolio, respectively.

The Company's shares are listed on the WSE and included in the WIG30 index. The Company's shares are also included in the international MSCI index, the Dow Jones STOXX Eastern Europe 300 average, the GPR250 index, which comprises the 250 largest and most liquid real estate companies in the world; and the FTSE EPRA/NAREIT Emerging Index.

The Group's headquarters are located in Warsaw, at 5 Wołoska Street.

In the Management Board's report references to the Company are to Globe Trade Centre S.A. and all references to the Group or the Capital Group are references to Globe Trade Centre S.A. and its consolidated subsidiaries. Expressions such as: "Shares" relate to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code; "Bonds", "Existing Bonds" refers to the bonds issued by Globe Trade Centre S.A. in 2007, 2008 and bonds issued in 2012 and introduced to alternative trading market in December 2012 and January 2013 and marked with the ISIN codes PLGTC0000144 and PLGTC0000151; "New Bonds" refers to series GTCSA032019 bonds issued by Globe Trade Centre S.A. in 2014 with the ISIN code PLGTC0000177 and market under the GTC0319 code; „the

Report" refers to the consolidated interim report prepared pursuant to art 90 section 1 of the Decree of the Finance Minister of 19 February 2009 on current and periodical information published by issuers of securities and conditions of qualifying as equivalent the information required by the provisions of law of a country not being a member state; "CEE" refers to the group of countries that are within the region of Central and Eastern Europe (Czech Republic, Hungary, Poland and Slovakia); "SEE" refers to the group of countries that are within the region of South-eastern Europe (Bulgaria, Croatia, Romania and Serbia); "net rentable area", "NRA", or "net leasable area", "NLA" refer to the metric of the area of a given property as indicated by the real property appraisal experts for the purposes of the preparation of the relevant real property valuations. With respect to commercial properties, net leasable (rentable) area is all the leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to different methodologies and standards applicable in the various geographic markets on which the Group operates; "Commercial properties" refer to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties; "EUR", "€" or "euro" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; "PLN" or "zloty" refers to the lawful currency of Poland.

Presentation of financial information

Unless indicated otherwise, the financial information presented in this Report was prepared pursuant to International Financial Reporting Standards ("IFRS") as approved for use in the European Union.

All the financial data in this Report is presented in euro and expressed in thousands unless indicated otherwise.

Certain financial information in this Report was adjusted by rounding. As a result, certain numerical figures show as totals in this Report may not be exact arithmetic aggregations of the figures that precede them.

Forward-looking statements

This Report contains forward-looking statements relating to future expectations regarding the Group's business, financial condition and results of operations. You can find these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this Report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by forward-looking statements. The Group cautions you not to place undue reliance on such statements, which speak only as of the date of this Report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Group or persons acting on its behalf may issue. The Group does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Report.

The Group discloses important risk factors that could cause its actual results to differ materially from its expectations under Item 12. "Key risk factors", Item 5. "Operating and financial review", and elsewhere in this Report. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on behalf of the Group. When the Group indicates that an event, condition or circumstance could or would have an adverse effect on the Group, it means to include effects upon its business, financial situation and results of operations.

Item 2. Selected financial data

The following tables set forth the Group's selected historical financial data for the three and six-month periods ended 30 June 2014 and 2013. The historical financial data should be read in conjunction with Item 5. "Operating and Financial Review" and the unaudited interim condensed consolidated financial statements as of 30 June 2014 (including the notes thereto). The Group has derived the financial data presented in EUR and in accordance with IFRS from its unaudited interim condensed consolidated financial statements as of 30 June 2014.

Selected financial data presented in PLN is derived from the Group's unaudited interim condensed consolidated financial statements as of 30 June 2014 presented in accordance with IFRS and in PLN.

The reader is advised not to view such conversions as a representation that such zloty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.

	For the six-month period ended 30 June				For the three-month period ended 30 June			
	2014		2013		2014		2013	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN	EUR	PLN
Consolidated Income Statement								
Revenues from operations	63,741	266,157	61,266	256,007	32,780	136,602	30,268	127,176
Cost of operations	(22,822)	(95,296)	(22,135)	(92,494)	(11,715)	(48,819)	(10,760)	(45,218)
Gross margin from operations	40,919	170,861	39,131	163,513	21,065	87,783	19,508	81,958
Selling expenses	(1,380)	(5,762)	(1,586)	(6,627)	(768)	(3,201)	(794)	(3,335)
Administrative expenses	(5,092)	(21,262)	(4,090)	(17,091)	(3,235)	(13,491)	(3,753)	(15,690)
Profit/(loss) from revaluation/impairment of assets, and impairment of residential projects	(67,357)	(280,311)	(69,957)	(302,898)	(65,396)	(272,106)	(44,491)	(196,516)
Share of profit in associates	(10,988)	(45,881)	(1,787)	(7,467)	(11,411)	(47,651)	(2,198)	(9,175)
Financial income/(expense), net	(22,212)	(92,749)	(21,642)	(90,433)	(10,716)	(44,644)	(10,036)	(42,197)
Net profit /(loss)	(71,899)	(299,220)	(74,418)	(323,162)	(70,139)	(291,856)	(48,226)	(213,609)
Basic and diluted earnings per share (not in thousands)	(0.18)	(0.76)	(0.20)	(0.88)	(0.18)	(0.74)	(0.13)	(0.59)
Weighted average number of issued ordinary shares (not in thousands)	348,310,652	348,310,652	319,372,990	319,372,990	351,310,288	351,310,288	319,372,990	319,372,990
Consolidated Cash Flow Statement								
Cash flow from operating activities	36,541	152,570	30,780	128,544	-	-	-	-
Cash flow used in investing activities	(12,325)	(51,464)	(14,759)	(61,024)	-	-	-	-
Cash flow from financing activities	9,764	39,079	(156,372)	(654,995)	-	-	-	-
Cash and cash equivalents at the end of the period as per Interim Condensed Consolidated Statement of Financial Position	89,533	372,538	83,119	359,839	-	-	-	-

Consolidated balance sheet	As of 30 June 2014		As of 31 December 2013		As of 30 June 2013	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN
Investment property	1,326,433	5,519,155	1,375,738	5,705,461	1,451,416	6,238,470
Inventory	32,252	134,197	40,434	167,688	53,364	231,023
Cash and cash equivalents	89,533	372,538	56,439	234,064	83,119	359,839
Total assets	1,679,109	6,986,605	1,722,519	7,143,633	1,849,208	8,005,591
Non-current liabilities	988,546	4,113,241	918,116	3,807,610	905,913	3,921,879
Current liabilities	130,877	544,569	228,522	947,730	270,363	1,170,459
Equity	559,686	2,328,795	575,881	2,388,293	672,932	2,913,253
Share capital	7,849	35,131	7,082	31,937	7,082	31,937

Item 3. Presentation of the Group

Item 3.1. General information about the Group

The GTC Group, established in 1994, is a developer and commercial real estate manager in Central, Eastern and Southern Europe. The Group operates in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and Czech Republic. Additionally, it holds land in Ukraine and Russia.

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The Group's headquarters are located in Warsaw, at 5 Wołoska Street.

Item 3.2. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 30 June 2014 is presented in the unaudited interim condensed consolidated financial statements as of 30 June 2014 in Note 6 "Investment in subsidiaries, associates and joint ventures".

On 27 February 2014, GTC Group acquired remaining 30% stake in GTC Real Estate Developments Bratislava BV. The consideration involved 100% sale of Park Project (GTC Real Estate Park s.r.o.) and mutual settlement on debt instruments. As a result, the impact on the equity attributable to equity holders of the parent amounted to a decrease of €6,800. As at 30 June 2014, GTC Real Estate Investments Slovakia BV was the sole owner of all its current projects in Slovakia.

Item 3.3. Changes to the principal rules of the management of the Company and the Group

There were no changes to the principal rules of management of the Company and the Group.

On 12 May 2014, the Supervisory Board of the Company appointed Thomas Kurzmann as the President of the Management Board of the Company for a three-year term, effective as of 12 August 2014. Simultaneously, on the same day, the Supervisory Board released Alain Ickovics from his duties as the President of the Management Board, effective as of 12 August 2014.

Item 4. Main events

Following events took place during the six months ended 30 June 2014:

On 30 January 2014, the private placement of 31,937,298 series J ordinary bearer shares (the "Series J Shares") has been completed. The Series J Shares were subscribed for pursuant to Resolution No. 3 of the General Meeting of the Company dated 9 January 2014 regarding the increase of the Company's share capital through the issuance of ordinary series J bearer shares, the exclusion of all of the pre-emptive rights of the existing shareholders to all of the Series J Shares, the amendment of the Company's statute, the application for the admission and introduction of the Series J Shares and rights to Series J Shares to trading on the regulated market operated by the Warsaw Stock Exchange, and the dematerialization of the Series J Shares and rights to series J Shares. Subscription price was PLN 7.00 (not in thousands) per each Series J Share. On 14 March 2014 series J Share were registered by the KDPW and assigned the code PLGTC0000037.

On 10 March 2014, the Company issued 20,000 series GTCSA032019 bearer bonds in dematerialized form registered with Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository of Securities), with a total nominal value of PLN 200,000. The nominal value and the issue price of each Bond is PLN 10. The Bonds will be subject to partial redemption in 1/3 of their nominal value on 12 March 2018, 10 September 2018 and 11 March 2019 (date of full redemption). The interest on the Bonds will be payable semi-annually, and is based on the 6M WIBOR and margin of 4.5% p.a. The bonds are traded on Catalyst (GTC0319) and signed ISIN code PLGTC0000177.

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On 16 May 2014, LSREF III GTC Investments B.V. dismissed Olivier Brahin from the function of a member of the supervisory board of the Company and appointed Jan Düdden as a member of the supervisory board of the Company. The deposit certificate attached thereto changes the shareholding structure.

Item 5. Operating and financial review

Item 5.1. General factors affecting operating and financial results

The key factors affecting the Group's financial and operating results are discussed below. The Management believes that these factors had an impact on the business, operating and financial results and financial condition of the Group.

The Group believes that the following factors and noteworthy market trends have significantly affected the Group's results of operations for the periods under review, and the Group expects that such factors and trends will continue to have a significant impact on the Group's results of operations in the future.

Economic conditions in CEE and SEE

The Group conducts all of its activities in CEE and SEE. Cyclical economic developments in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and other jurisdictions in which the Group conducts business activities, which are beyond the Group's control, such as economic growth, unemployment rates, price trends and interest rate levels, have a material impact on rental income levels, the potential for property sales, opportunities for acquisitions, purchase prices and the valuation of real estate. In general, demand for real estate tends to increase when interest rates are low and debt financing is easily available, which can lead to higher valuations of the Group's existing portfolio investments. Adverse economic conditions or even a recession may, however, have a negative impact on the demand for real estate or certain parts thereof irrespective of a low interest rate environment. On the other hand, increasing interest rates can adversely affect the valuation of the Group's properties, which can result in the Group being required to recognize a valuation impairment charge, which would negatively affect its income. Increases in interest rates also increase the Group's refinancing costs.

The recent global financial crisis has had and continues to have an impact on the economies of CEE and SEE member countries and consequently impacts the Company's operations. More specifically, the global financial crisis has led to disruptions in the international and domestic capital markets, which has resulted in reduced liquidity and increased credit risk premiums for certain market participants causing a reduction of available financing or a "credit crunch" as well as the Eurozone sovereign debt crisis. Companies located in CEE and SEE countries have been particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs. This has resulted in many companies in these countries experiencing financial difficulty. Similarly, in many cases, the public finances of such countries have been impacted from the resulting economic slowdown and decrease in demand for sovereign debt. The impact of the global economic and financial crisis on the Group's business in 2013 and in previous years highlights the Group's exposure to general economic trends.

Similarly, in many cases, the public finances of the countries affected by the turmoil in the financial markets have been impacted from the resulting economic slowdown and decrease in demand for sovereign debt. This has made it difficult (as, for example, was the case in Ireland, Italy, Portugal and Spain) or impossible (as was the case in Greece) for certain governments to refinance their debt without third-party assistance and has been referred to as the Eurozone sovereign debt crisis. In effect, certain countries in which the Group conducts its operations, including Romania and Bulgaria, have been adversely affected by decreased trade exchange with their traditional partners, including Italy and Greece. The impact of the global economic and financial crisis as well as the Eurozone sovereign debt crisis on the Group's business in the years ended 31 December 2009, 2010, 2011 and 2012 as well as in 2013 highlights the Group's exposure to general economic trends. The Group recorded a material loss from the revaluation of investment properties and the impairment of residential projects in the years ended 31 December 2009, 2011, 2012 and 2013 amounting to €772,580 (not restated) and a loss from the revaluation of investment properties and the impairment of residential projects of €67,357 in the first six-month period ended 30 June of 2014. The downward revaluations of investment properties resulted from decreases in actual and expected rent levels in certain countries in which the Group conducts its operations, notably Romania and Bulgaria, as well as expansion of yields in Romania, Hungary, Croatia and Bulgaria. The impairment of the residential land bank was the result of certain projects being suspended or postponed.

Real estate market in CEE and SEE

The Group derives the majority of its revenue from operations from rental activities, including rental and service revenue. For the years ended 31 December 2012 and 2013, respectively, the Group derived 67% and 69% of its revenues from operations as rental revenue, which greatly depends on the rental rates per sq m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of the local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favourable rent levels. Moreover, for the years ended 31 December 2012 and 2013, respectively, the Group derived 20% and 21% of its revenues from operations as service revenue, which reflects certain costs the Group passes on to its tenants. The vast majority of the Group's lease agreements are concluded in Euro and include a clause that provides for full indexation of the rent, linked to the EICP (European Index of Consumer Prices) when a lease is concluded in Euro. When a lease is concluded in another currency, it is typically linked to the consumer price index of the relevant country of the currency.

Moreover, to a certain extent, the Group's operational results are influenced by its ability to sell residential units. The supply of new apartments in the different markets in which the Group operates and the demand on such markets affect apartment prices. The demand for apartments is further impacted by fluctuations in interest rates, the availability of credit and the mortgage market in general. For example, the Group's residential revenues decreased steadily over the last few years due to the slowdown in the sale of residential properties coupled with an increase in discounts which had to be granted to purchasers of the Group's apartments in order to facilitate sales.

Real estate valuation

The Group's results depend heavily on the fluctuation of asset values on the property markets. The Group revalues its investment properties at least twice per year. Any change in the fair value of an investment property is thereafter recognized as a gain or loss in the income statement.

Two significant factors influence the valuation of the Group's properties. The first is the cash flow arising from operational performance and the second is the discount rates and capitalization rates that result from the interest rates in the market and the risk premiums applied to the Group's business. The cash flow arising from operational performance is primarily determined by current gross rental income per square meter, vacancy rate trends, total portfolio size, maintenance and administrative expenses, and operating expenses. Capitalization and discount rates are influenced by prevailing interest rates and risk premiums. When discount rates and capitalization rates increase, market value decreases and vice versa. Even small changes in one or some of these factors can have a considerable effect on the fair value of the Group's investment properties and on the results of its operations. Moreover, the valuation of the Group's land bank additionally depends on the building rights and the expected timing of the projects.

The Group recognized revaluation profit of €43,167 (not restated) in the year ended 31 December 2010 while it incurred a revaluation loss of €295,969 (not restated) in the year ended 31 December 2011, a loss of €114,661 (not restated) in the year ended 31 December 2012, a loss of €184,585 in 2013 and a loss of €67,357 in the six-month period ended 30 June 2014. The main factors influencing the valuation of the Group's properties between 2011 and 30 June 2014 were a decrease in rental rates and expected rental values and the expansion of yields mainly in Bulgaria, Romania, Croatia and Hungary which were mostly related to the Group's retail investment properties, but also office properties.

Substantially all of the loans of the Group, as well as the bonds issued by the Company, have a variable interest rate, mainly linked to EURIBOR (although the bonds are denominated in PLN and bear interest connected to WIBOR, swap transactions were concluded which effectively converted this indebtedness into EUR at fixed rates). Approximately 44% of the Group's loans are hedged or partially hedged. Increases in interest rates generally increase the Group's financing costs. In addition, demand for investment properties generally tends to increase when interest rates are low, which can lead to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, which can result in recognition of a valuation impairment that negatively affects the Group's income. The derivative financial instruments used by the Group to hedge interest rate risk are separated from the debt instrument and are accounted separately.

Historically, EURIBOR rates have demonstrated significant volatility, changing from 2.859% as at 2 January 2009, through 0.7% as of 4 January 2010, 1.001% as of 3 January 2011, 1.343% as of 2 January 2012, as of 0.188% as of 3 January 2013 to 0.287% as of 2 January 2014.

Impact of foreign exchange rate movements

Though for the year ended 31 December 2012 and 31 December 2013 a vast majority of the Group's revenues and costs were incurred or derived in Euro and the Exchange rates against the euro of the local currencies of the countries in which the Group operates are an important factor as the credit facilities that are obtained may be denominated in either euros or local currencies. The Group reports its financial statements in euros, its operations are impacted by the movements in, however, are based locally in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and other geographic markets. The Group receives the majority of its revenue from rent denominated in euro, however, it receives a certain portion of its income (including the proceeds from the sales of residential real estate) and incurs most of its costs (including the vast majority of its selling expenses and administrative expenses) in local currencies, including the Polish zloty, Bulgarian leva, Czech korunas, Croatian cunas, Hungarian forints, Romanian lei and Serbian dinars. The exchange rates between local currencies and the euro have historically fluctuated. The income tax expense (both actual and deferred) in the jurisdictions in which the Group conducts its operations is incurred in such local currencies. Consequently, such income tax expense was and may continue to be materially affected by foreign exchange rate movements.

The Group attempts to hedge its risk exposure by, inter alia, obtaining debt financing denominated in the currency in which the rent is denominated for a given property.

Availability of financing

On the CEE and SEE markets, real estate development and investment companies, including the companies of the Group, usually finance their real estate projects with proceeds from bank loans, loans extended by their holding companies or the issuance of debt securities. The availability and cost of procuring financing are of material importance to the implementation of the Group's projects and for the Group's development prospects as well as its ability to repay existing debt. Finally, the availability and cost of financing may impact the Group's sales dynamics and the Group's net profit.

In the past, the principal sources of financing for the Group's core business included bank loans and proceeds from bonds issued by the Company. The limited availability of financing in the recent years, which resulted from the financial crisis, did not have a material impact on the development of the Group's real estate projects as it successfully raised the debt financing required for the needs of the development stages of its projects in such period.

Item 5.2. Specific factors affecting financial and operating results

On 27 February 2014, GTC Group acquired remaining 30% in GTC Real Estate Developments Bratislava BV. The consideration involved 100% sale of Park Project (GTC Real Estate Park s.r.o.) and mutual settlement on debt instruments. As a result, the impact of on the equity attributable to equity holders of the parent amounted to a decrease of €6,800. As of 30 June 2014, GTC Real Estate Investments Slovakia BV was the sole owner of all its current projects in Slovakia.

IFRS 11 has been applied starting from 1 January 2014. Under IFRS 11, investment in joint ventures, which was previously consolidated using the proportionate consolidation method, is now presented under the equity method. Presentation of comparable periods presented in the financial statements has been restated. The equity and the result for comparable periods not have been changed due to above restatements. The full disclosure on IFRS 11 implementation is included in note 16 to unaudited interim condensed consolidated financial statements as of 30 June 2014.

On 30 September 2013 GTC Nekretnine Istok d.o.o ("Osijek") signed a restructuring amendment to the loan agreement in relation to Avenue Mall in Osijek, that granted a grace period, during which the principal repayment is suspended. As part of the restructuring amendment, Osijek shall maintain a loan-to-value financial covenant (LTV) equal to 100% during the grace period. As at 30 June 2014 the external valuation of the asset was estimated below the threshold set by the LTV covenant. As stipulated in the restructuring amendment, Osijek has twelve months from a notice given by the lender, to remediate the breach. The loan is guaranteed by GTC. The notice has not been served by the Lender. Consequently, the loan was classified as non-current liability according to the remediation period. Furthermore, the Company currently explores means to remediate the LTV breach with the lender.

On 30 September 2013 Mercury Commercial Center S.R.L. ("Arad") signed a restructuring amendment to the loan agreement in relation to Galleria Arad, that granted a grace period, during which the principal repayment is suspended. As part of the restructuring amendment, Arad shall maintain a loan-to-value financial covenant (LTV) equal to 110% during the grace period. As at 30 June 2014 the external valuation of the asset was estimated below the threshold set by the LTV covenant. As stipulated on the restructuring amendment, Arad has six months from a notice given by the lender, to remediate the breach. The loan is guaranteed by GTC. The notice has not been served by the lender. Consequently, the loan was classified as current liability according to the remediation period which is less than 12 months. Furthermore, the Company currently explores means to remediate the LTV breach with the lender.

Item 5.3. Presentation of differences between achieved financial results and published forecasts

The Group did not present any financial forecasts for the six-month period ended 30 June 2014.

Item 5. 4. Statement of financial position

Item 5.4.1. Key items of the statement of financial position

Investment property

Investment properties that are owned by the Group comprise office and commercial space, including property under construction. Investment property can be split up into: (i) completed investment property; (ii) investment property under construction presented at fair value; and (iii) investment property under construction presented at cost.

Residential land bank

The Group classifies its residential inventory as current or non-current assets based on their development stage within the business operating cycle. The normal operating cycle in most cases falls within a period of one to five years. The Group classifies residential inventory the development of which is planned to be commenced at least one year after the balance sheet date as residential land bank, which is part of its non-current assets.

Investment in associates and joint ventures

Investment in associates and joint ventures is accounted for pursuant to the equity method. Such investment is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate and joint ventures.

Assets held for sale

Assets held for sale comprise office or retail space that is designated for sale.

Inventory

Inventory relates to residential projects under construction and is stated at the lower of cost and net realisable value. Expenditures relating to the construction of a project are included in inventory.

The Group classifies its residential inventory as current or non-current assets based on their development stage within the business operating cycle. The normal operating cycle in most cases falls within a period of one to five years. Residential projects which are active are classified as current inventory.

Short-term deposits

Short-term and long-term deposits are restricted and can be used only for certain operating activities as determined by underlying contractual commitments.

Derivatives

Derivatives include instruments held by the Group that hedge the risk involved in the fluctuations of interest and currency rates. In relation to the instruments qualified as cash flow hedges, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income and the ineffective portion is recognized in net profit or loss. The classification of hedges in the statement of financial position depends on their maturity. For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly in net profit and loss for the year. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Item 5.4.2. Comparison of financial position as of 30 June 2014 with the financial position as of 31 December 2013

Total assets decreased by €43,410 (3%) to €1,679,109 as of 30 June 2014. The decrease was mainly due to a decrease in investment property, residential landbank and inventory partially offset by an increase in short-term deposits and cash and cash equipments.

Assets

The value of investment property decreased by €49,305 (4%) to €1,326,433 as of 30 June 2014 from €1,375,738 as of 31 December 2013 mainly due to a devaluation of retail properties in Croatia and Romania following a decrease of expected rental values and expansion of yields, a devaluation of commercial land following further illiquidity of these assets in the CEE and SEE regions.

The value of assets held for sale increased to €5,816 as of 30 June 2014, following conclusion of preliminary sale agreement for the sale of land in Krakow which was designated for residential development.

The value of residential land bank and inventory decreased by €27,826 (23%) to €93,441 as of 30 June 2014 from €121,267 as of 31 December 2013, mainly due to sale of apartments and sale of Park residential project in Bratislava as well as reclassification of land plot designed for residential project in Krakow to asset held for sale.

The value of the cash and cash equivalents increased by €33,094 (59%) to €89,533 as of 30 June 2014 from €56,439 as of 31 December 2013, mainly due to share issue conducted in January 2014, bonds issue conducted in March 2014 and receiving cash from the sale of Galeria Kazimierz at the end of 2013.

Liabilities

The value of loans and bonds remained unchanged at €948,965 as of 30 June 2014 following bonds issue of €47,600, bonds repayment of €81,800 and recognition of loan of €48,000 from New Havern sp. z o.o. following sale of Galeria Kazmierz and implementation of IFRS 11.

The value of derivatives decreased by €22,176 (67%) to €10,714 as of 30 June 2014 from €32,890 as of 31 December 2013, mainly due to closure of hedging instruments following repayment of bonds in April 2014.

Equity

Equity decreased by €16,195 (3%) to €559,686 as of 30 June 2014 from €575,881 on 31 December 2013 due to a decrease in accumulated profit following recognition of net loss for the six-month period ended 30 June 2014 partially offset by issuances of J series shares of €52,840.

Item 5.5. Consolidated income statement

Item 5.5.1. Key items of the consolidated income statement

Revenues from operations

Revenues from operations consist of:

- rental income, which consists of monthly rental payments paid by tenants of the Group's investment properties for the office or retail space rented by such tenants. Rental income is recognized as income over the lease term;
- service income, which comprises fees paid by the tenants of the Group's investment properties to cover the costs of the services provided by the Group in relation to their leases; and
- residential revenue, which comprises proceeds from the sales of houses or apartments, which is recognized when such houses or apartments have been substantially constructed, accepted by the customer and a significant amount resulting from the sale agreement has been paid by the purchaser.

Cost of operations

Costs of operations consist of:

- service costs, which consist of all the costs that are related to the management services provided to the individual tenants within the Group's properties — service costs should be covered by service income; and
- residential costs, which comprise the costs that are related to the development of residential properties sold. The costs related to the development of residential properties incurred during the construction period are capitalized in inventory. Once income is recognized, the costs in respect of sold units are expensed.

Gross margin from operations

Gross margin from operations is equal to the revenues from operations less the cost of operations.

Selling expenses

Selling expenses include:

- brokerage and similar fees incurred to originate the lease or sale of space;
- marketing and advertising costs; and
- payroll and related expenses directly related to leasing or sales personnel.

Administrative expenses

Administration expenses include:

- payroll, management fees and other expenses that include the salaries of all employees that are not directly involved in sales or rental activities;
- provisions made to account for the share-based incentive program that was granted to key personnel;

- costs related to the sale of investment properties;
- costs of audit, legal and other advisors;
- office expenses;
- depreciation and amortization expenses include depreciation and amortization of the Group's property, plant and equipment;
- exchange gains or losses; and
- others.

Profit/(loss) from the revaluation/impairment of assets

Net valuation gains (loss) on investment property and investment properties under development reflect the change in the fair value of investment properties and investment property under development.

Financial income/(expense), net

Financial income includes interest on loans granted to associate companies and interest on bank deposits.

Financial expenses include interest on borrowings and deferred debt rising expenses. Borrowing costs are expensed in the period in which they are incurred, except for those that are directly attributable to construction. In such a case, borrowing costs are capitalized as part of the cost of the asset. Borrowing costs include interest and foreign exchange differences.

Additionally, financial income or expenses include settlement of financial assets and gain or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the balance sheet date and any adjustments to tax payable in respect of previous years. Generally, the Group disposes of property holding companies rather than the real estate itself, in part because in certain jurisdictions the sale and disposal of real estate is generally subject to real estate transfer tax and/or VAT.

Item 5.5.2. Comparison of financial results for the six-month period ended 30 June 2014 with the result for the corresponding period of 2013

Revenues from operations

Revenues from operations increased by €2,475 to €63,741 in the six-month period ended 30 June 2014. Residential revenues increased by €3,356 to €9,050 in the six-month period ended 30 June 2014, which resulted from an improved sale of residential units in Romania and Poland. Rental and service revenues increased by €881 to €54,691 in the six-month period ended 30 June 2014.

Cost of operations

Cost of operations increased by €687 to €22,822 in the six-month period ended 30 June 2014. Residential costs increased by €2,242 to €8,357 in the six-month period ended 30 June 2014 resulting from recognition of costs as a result of improved residential units sale in Romania and Poland. Cost of rental operations decreased by €1,555 to €14,465 in the six-month period ended 30 June 2014 as a result of cost cutting.

Gross margin from operations

Gross margin (profit) from operations increased by €1,788 to €40,919 in the six-month period ended 30 June 2014, mainly due to an improvement in margin from residential activities. The gross margin (profit) on rental activities increased by €674 to €40,226 in the six-month period ended 30 June 2014 from €39,552 in the six-month period ended 30 June 2013. Gross margin on rental activities in the six-month period ended 30 June 2014 was 74% compared to 71% in the six-month period ended 30 June 2013. The gross margin (profit) on residential activities increased to €693 in the six-month period ended 30 June 2014 from €421 loss in the six-month period ended 30 June 2013. Gross margin on residential activities was 8% in the six-month period ended 30 June 2014.

Selling expenses

Selling expenses decreased by €206 to €1,380 in the six-month period ended 30 June 2014 from €1,586 in the six-month period ended 30 June 2013.

Administrative expenses

Administrative expenses increased by €614 to €6,209 (before SBP) in the six-month period ended 30 June 2014. The increase is due to changes in provision for severance payment. In addition, mark-to-market of phantom shares program resulted in an income of €1,117 compared to €1,505 in the six-month period ended 30 June 2013.

Profit/(loss) from the revaluation/impairment of assets, net

Net loss from the revaluation of the Group's investment properties and impairment of residential projects amounted to €67,357 in the six-month period ended 30 June 2014, as compared to a net loss of €69,967 in the six-month period ended 30 June 2013 mainly due to a devaluation of retail properties in Croatia and Romania following a decrease of expected rental values and expansion of yields, a devaluation of commercial land following further illiquidity of these assets in the CEE and SEE regions.

Other income/(expense), net

Other expenses related to land bank properties decreased by €1,965 to €9 in the six-month period ended 30 June 2014 from €1,974 in the six-month period ended 30 June 2013.

Foreign exchange profit/(loss)

Foreign exchange loss amounted to €1,720 in the six-month period ended 30 June 2014, as compared to a foreign exchange loss amounting to €2,606 in the six-month period ended 30 June 2013.

Financial income/(cost), net

Net financial cost increased by €570 to €22,212 in the six-month period ended 30 June 2014 vs. €21,642 in the six-month period ended 30 June 2013.

Financial cost increased by €411 to €23,792 in the six-month period ended 30 June 2014 compared to €23,381 in the six-month period ended 30 June 2013.

The average effective interest rate (including the hedging arrangements related thereto) on the Group's loans amounted to 4.3% in the six-month period ended 30 June 2014 and 4.3% in the six-month period ended 30 June 2013.

Share of profit (loss) of associates

Share of loss of associates was €10,988 in the six-month period ended 30 June 2014 as compared to a share of loss of €1,787 in the six-month period ended 30 June 2013, mainly due to a devaluation of assets in the Czech Republic, Ukraine and Russia.

Taxation

Taxation expense amounted to €4,060 in the six-month period ended 30 June 2014. The Group's primary tax liability is recognized in connection with the value of its assets expressed in local currency of each jurisdictions in which such assets are located. The major cause for the above expenses is that in most cases deferred tax asset on losses from revaluation was not created.

Net loss

Net loss amounted to €71,899 in the six-month period ended 30 June 2014, as compared to a net loss of €74,418 in the six-month period ended 30 June 2013. In the six-month period ended 30 June 2014 the loss was attributable mostly to loss on revaluation of investment properties and impairment of residential projects.

Item 5.5.3. Comparison of financial results for the three-month period ended 30 June 2014 with the result for the corresponding period of 2013

Revenues from operations

Revenues from operations increased by €2,512 to €32,780 in the three-month period ended 30 June 2014. Residential revenues increased by €2,563 to €5,364 in the three-month period ended 30 June 2014, which resulted from an improved sale of residential units in Romania and Poland. Rental and service revenues remained unchanged at €27,416 in the three-month period ended 30 June 2014 compared to €27,467 in corresponding period of 2013.

Cost of operations

Cost of operations increased by €955 to €11,715 in the three-month period ended 30 June 2014. Residential costs increased by €1,733 to €4,893 in the three-month period ended 30 June 2014 resulting from recognition of costs as a result of improved residential units sale in Romania and Poland. Cost of rental operation decreased by €778 to €6,822 in the three-month period ended 30 June 2014 as a result of cost cutting.

Gross margin from operations

Gross margin (profit) from operations increased by €1,557 to €21,065 in the three-month period ended 30 June 2014. The gross margin (profit) on rental activities increased by €727 to €20,594 in the three-month period ended 30 June 2014 from €19,867 in the three-month period ended 30 June 2013. Gross margin on rental activities in the three-month period ended 30 June 2014 was 75% compared to 72% in the three-month period ended 30 June 2013. The gross margin (profit) on residential activities increased to €471 in the three-month period ended 30 June 2014 from €359 loss in the three-month period ended 30 June 2013. Gross margin on residential activities was 9% in the three-month period ended 30 June 2014.

Selling expenses

Selling expenses remained unchanged at €768 in the three-month period ended 30 June 2014 compared to at €794 in the three-month period ended 30 June 2013.

Administrative expenses

Administrative expenses increased by €274 to €3,194 (before SBP) in the three-month period ended 30 June 2014. The increase is due to changes in provision for severance payment. In addition, mark-to-market of phantom shares program resulted in an expense of €41 compared to €833 in the three-month period ended 30 June 2013.

Profit/(loss) from the revaluation/impairment of assets, net

Net loss from the revaluation of the Group's investment properties and impairment of residential projects amounted to €65,396 in the three-month period ended 30 June 2014, as compared to a net loss of €44,491 in the three-month period ended 30 June 2013. The loss from revaluation is mainly due to a devaluation of retail properties in Croatia and Romania following a decrease of expected rental values and expansion of yields, a devaluation of commercial land following further illiquidity of these assets in the CEE and SEE regions.

Other income/(expense), net

Other income related to land bank properties increased by €1,673 to €547 in the three-month period ended 30 June 2014 from €1,126 expense in the three-month period ended 30 June 2013.

Foreign exchange profit/(loss)

Foreign exchange loss amounted to €937 in the three-month period ended 30 June 2014, as compared to a foreign exchange loss amounting to €1,073 in the three-month period ended 30 June 2013.

Financial income/(cost), net

Net financial cost increased by €680 to €10,716 in the three-month period ended 30 June 2014 vs. €10,036 in the three-month period ended 30 June 2013.

Financial cost decreased by €634 to €11,402 in the three-month period ended 30 June 2014, mainly due to repayment of bonds and loans.

The average effective interest rate (including the hedging arrangements related thereto) on the Group's loans amounted to 4.3% in the three-month period ended 30 June 2014 and 4.3% in the three-month period ended 30 June 2013.

Share of profit (loss) of associates

Share of loss of associates was €11,411 in the three-month period ended 30 June 2014 as compared to a share of loss of €2,198 in the three-month period ended 30 June 2013, mainly due to a devaluation of assets in the Czech Republic, Ukraine and Russia.

Taxation

Tax benefit amounted to €712 in the three-month period ended 30 June 2014. The Group's primary tax liability is recognized in connection with the value of its assets expressed in local currency of each jurisdictions in which such assets are located. The major cause for the above expenses is that in most cases deferred tax asset on losses from revaluation was not created.

Net loss

Net loss amounted to €70,139 in the three-month period ended 30 June 2014, as compared to a net loss of €48,226 in the three-month period ended 30 June 2013. In the three-month period ended 30 June 2014 the loss was attributable mostly to loss on revaluation of investment properties and impairment of residential projects.

Item 5. 6. Consolidated cash flow statement

Item 5.6.1. Key items from consolidated cash flow statement

Net cash from (used in) operating activities

The operating cash flow is the cash that the Group generates through running its business and comprises cash inflows from rental activities and sale of residential projects.

Net cash used in investing activities

The investing cash flow is the aggregate change in the Group's cash position resulting from any gains (or losses) from investments in the financial markets, investment properties and operating subsidiaries, as well as changes resulting from amounts spent on investments in capital assets, such as property, plant and equipment.

Net cash from (used in) financing activities

The cash flow from (used in) financing activities accounts for, inter alia, the payment of cash dividends, receiving proceeds from loans or bond and issuing stock.

Cash and cash equivalents

Cash balance consists of cash in banks. Cash in banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. All cash is deposited in banks no matter the negligible amount. All cash and cash equivalents are available for use by the Group.

Item 5.6.2. Comparison of cash flow for the six-month period ended 30 June 2014 with the cash flow for the corresponding period of 2013

The table below presents an extract of the cash flow for the six-month periods ended on 30 June 2014 and 2013:

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	36,541	30,780
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in non-current assets	(14,670)	(14,602)
Purchase of minority	(279)	-
Sale of investment property	1 ,678	32,539
VAT on sale of investment property	-	(35 719)
Other, interest and similar costs	946	3,023
Net cash used in investing activities	(12,325)	(14,759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	53,680	-
Share issuance expenses	(841)	-
Proceeds from long-term borrowings	123,715	227
Repayment of long-term borrowings	(142,503)	(129,290)
Interest paid	(19,109)	(24,465)

Loans origination cost	(1,547)	-
Decrease (increase) in short term deposits	(3,631)	(2,844)
Net cash from (used in) financing activities	9,764	(156,372)
Effect of foreign currency translation	(886)	(1,596)
Net increase/(decrease) in cash and cash equivalents	33,094	(141,947)
Cash and cash equivalents, at the beginning of the year	56,439	224,779
Cash classified as part of assets held for sale	-	287
Cash and cash equivalents, at the end of the year	89,533	83,119

Cash flow from operating activities was €36,541 in the six-month period ended 30 June 2014 compared to €30,780 in the six-month period ended 30 June 2013 mainly due to working capital changes.

Investment in real-estate and real-estate related amounted to €14,670 in the six-month period ended 30 June 2014 and was related mainly to investment in Pascal office building and purchase of land for Galeria Północna.

Cash flow from financing activities amounted to €9,764 in the six-month period ended 30 June 2014, compared to €156,372 cash flow used in financing activities in the six-month period ended 30 June 2013, and is mostly composed of net proceeds from issuance of shares of €52,839, proceeds from long term borrowings of €123,715 (out of which an amount of €48,000 represents loan from New Havern sp. z o.o.), repayment of long term borrowings of €142,503 and payment of interest in the amount of €19,109.

Cash and cash equivalents as of 30 June 2014 amounted to €89,533 compared to €83,119 as of 30 June 2013. The Group keeps its cash in the form of bank deposits, mostly in Euro, with various international banks.

Item 5.7. Future liquidity and capital resources

The Group expects that its principal future cash needs will be used for: (i) purchase of yielding assets; (ii) the development of office investment properties; (iii) the development of retail investment properties; (iv) debt servicing; (v) operations and (vi) purchase of plots for office and retail development purposes.

The Management Board is of the opinion that the Group's working capital will be sufficient to cover the Group's current liabilities for at least twelve months following the balance sheet date, if its business plan will be successfully realized. In the first quarter of 2014, the Group successfully raised additional €100,000 to support its liquidity requirements.

As of 30 June 2014, the Group's non-current liabilities amounted to €988,546, compared to €918,116 as of 31 December 2013.

The Group's total debt from long and short-term loans and borrowings as of 30 June 2014 was €948,965, as compared to €948,592 as of 31 December 2013. The Group's loans and borrowings are denominated in Euro, except for the corporate bonds that are denominated in PLN, however, with respect to the notes that are due in 2014, relevant swap transactions were concluded, thus effectively converting the indebtedness into Euro. The loans extended to the Group are project loans, i.e. in each case granted to a specific subsidiary which holds the underlying investment properties and manages a given project.

The Group's loan-to-value ratio amounted to 54% as of 30 June 2014, as compared to 59% as of 31 December 2013. The Group's strategy is to keep its loan-to-value ratio at the level of between 40% and 60%.

Item 6. Information on loans granted with a particular emphasis on related entities

During the six-month period ended 30 June 2014, the Group did not grant any new loans to its associates or joint ventures.

Item 7. Information on granted and received guarantees with a particular emphasis on guarantees granted to the related entities

The Group gave guarantees to third parties in order to secure construction cost-overrun and loans of its subsidiaries. As of 30 June 2014 and 31 December 2013, the guarantees granted amounted to €168.000 and €168.000, respectively. Additionally, in connection with the sale of its assets, the Company gave typical warranties under the sale agreements, which are limited in time and amount. The risk involved in above warranties is very low.

In the normal course of our business activities the Group receive guarantees from the majority of its tenants to secure the rental payments on the leased space.

Item 8. Shareholders who, directly or indirectly, have substantial shareholding

The following table presents the Company's shareholders, who had no less than 5% of votes at the Ordinary Shareholders Meeting of GTC S.A. as of the date of publication of this Report. The table is prepared based on information received directly from the shareholders. It's takes into consideration the changes in the shareholding structure arising from the deposit certificate attached to written statement according to which the LSREF III GTC Investments B.V appointed Jan Düdden as a member of the supervisory board of the Company (see: Current report no 24/2014).

Shareholder	Number of shares held	% of share capital	Number of votes	% of votes
LSREF III GTC Investments B.V[1]	105,064,290	29,91%	105,064,290	29,91%
AVIVA OFE AVIVA BZ WBK	35,898,010	10,22%	35,898,010	10,22%
ING OFE	46,607,394	13,27%	46,607,394	13,27%
OFE PZU "ZŁOTA JESIEŃ"	31,445,571	8,95%	31,445,571	8,95%

[1]LSREF III GTC Investments B.V. is related to Lone Star Funds.

Item 9. Shares and rights to shares of GTC held by members of the Management Board and the Supervisory Board

Shares held by members of the Management Board

The following table presents shares owned directly or indirectly by members of the Company's Management Board of 21 August 2014, the date of publication of this interim report, and changes in their holdings since the date of publication of Group's last financial report (quarterly report for the three-month period ended 31 March 2014) on 14 May 2014. The information included in the table is based on information received from members of the Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

	Balance as of 21 August 2014	Change since 14 May 2014
Thomas Kurzmann[1]	0	No change
Alain Ickovics [2]	0	No change
Erez Boniel	128,000	No change
Yovav Carmi	0	No change
Mariusz Kozłowski	0	No change
Piotr Kroenke	298,811	No change
Jacek Wachowicz	0	No change
Witold Zatoński	0	No change
Total	426,811	

[1] Change since 12 August 2014

[2] Balance as of 12 August 2014

Phantom shares held by members of the Management Board

The following table presents phantom shares owned directly or indirectly by members of the Company's Management Board as of 30 June 2013 since 31 March 2014. The phantom shares granted to the members of the Management Board are subject to Supervisory Board decision on the equity settlement.

Management Board Member	Balance as of 30 June 2014	Change since 31 March 2014
Alain Ickovics [1]	1,404,152	Increase of 150,444
Erez Boniel	792,744	Increase of 32,196
Yovav Carmi	361,087	No change
Mariusz Kozłowski	594,744	Increase of 32,196
Piotr Kroenke	792,744	Increase of 32,196
Jacek Wachowicz	233,202	Increase of 3,762
Witold Zatoński	459,924	Increase of 22,566

[1]As of date of the Report, Alain Ickovics is not a member of the Management Board of Company

Shares of GTC held by members of the Supervisory Board

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 21 August 2014, the date of publication of this interim report, and changes in their holdings since the date of publication of Group's last financial report (quarterly report for the three-month period ended 31 March 2014) on 14 May 2014. The information included in the table is based on information received from members of the Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

	Balance as of 21 August 2014	Change since 14 May 2014
Alexander Hesse	0	No change
Olivier Brahin[1]	0	No change
Philippe Couturier	0	No change
Michael Damnitz	0	No change
Jan Düdden[2]	0	No change
Krzysztof Gerula	2,474	No change
Mariusz Grendowicz	7,000	No change
Jarosław Karasiński	0	No change
Tomasz Mazurczak	0	No change
Marcin Murawski	0	No change
Katharina Schade	0	No change
Dariusz Stolarczyk	0	No change
Total	9,474	

[1] Balance as of 16 May 2014

[2] Change since 16 May 2014

Phantom shares of GTC held by members of the Supervisory Board

The members of the Company's Supervisory Board did not own directly or indirectly phantom shares as at 30 June 2014. There have been no changes in their holdings since 31 March 2014.

Item 10. Material transactions with related parties concluded on terms other than market terms

The Group did not conduct any material transactions with the related parties that are not based on arms length basis.

Item 11. Proceedings before a court or public authority of Globe Trade Centre SA or its subsidiaries, with the total value of liabilities or claims of at least 10% of the Company's equity

There are no individual proceeding or group of proceedings before a court or public authority involving Globe Trade Centre SA or its subsidiaries, with the total value of liabilities or claims of 10% or more of the Company's equity

Item 12. Key risk factors

The Group's business has been affected by the global financial crisis and could be further affected if the downturn in general economic conditions in the countries in which the Group operates continues or worsens

The continued global crisis in the financial markets has impacted the condition of many financial institutions, and governments have often been forced to intervene on the capital markets on an unprecedented scale. Such turbulence has resulted in businesses having restricted access to bank financing, an increase in interest rates charged on bank loans and a decrease in consumer spending, with many tenants making requests for temporary or permanent rent reduction. In particular, several of the Group's financing banks, have ceased to grant new loans to real estate companies. All of these factors impact the real estate market as well as decreased the values of real estate.

The crisis experienced by the financial markets slowed down the general economy in many countries, including Croatia, Romania, Bulgaria and other countries in which the Group operates. The economic downturn has resulted in reduced demand for property and has adversely affected the Group's ability to sell or let its completed projects at their expected yields and rates of return.

Furthermore, the reduced demand for property resulting in a drop in sales dynamics on the one hand, and an increase of the vacancy rates and lower rent revenues from leased space on the other, impacted the results of operations of the Group. The deterioration of the general economic conditions and the real estate market in CEE and SEE has adversely affected the willingness and ability of customers to secure financing and purchase or lease property. If such demand continues to fall, the Group may have to sell or let its projects at a loss or may not be able to sell or let its projects at all. A downturn in the general economic conditions and the real estate market in CEE and SEE has also led to a drop in the market value of the Group's properties. The crisis on the financial markets may also adversely affect the Group's business in other ways, for example, if tenants of the Group or the financial institutions that provide the Group with financing are in default on their payments or go bankrupt. Any of these results may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The real estate development market is cyclical

The real estate development market is cyclical. Consequently, the number of projects completed by the Group has varied from year to year, depending on, among other things, general macro-economic factors, changes in the demographics of specific metropolitan areas, availability of financing and market prices of existing and new projects. Typically, growing demand results in greater expectations regarding the achieved profits and an increase in the number of new projects, as well as increased activity on the part of the Group's competitors. Because of the significant lag time between the moment a decision is taken to construct a project and its actual delivery, due in part to the protracted process of obtaining the required governmental consents and construction time, there is a risk that once a project is completed, the market will be saturated and the developer will not be able to lease or sell the project with the anticipated level of profits. An upturn in the market is typically followed by a downturn as new developers are deterred from commencing new projects due to reduced profit margins. There can be no assurance that during a downturn in the market the Company will be able to select projects which will fill actual demand during an upturn in the market. All such events may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The locations of the Group's properties are exposed to regional risks and could lose some of their appeal

The locations of each of the properties are influenced by macro-economic developments in the regions in which the Group operates, as well as being subject to specific local conditions in a given regional market. Insolvencies, close-downs or moves of large companies or companies from individual or several sectors as a consequence of adverse developments or for other reasons could have a negative effect on the economic development of the location in question and, consequently, on the Group's portfolio as a whole. The Group has no control over such factors. Negative economic developments at one or more of the locations could reduce the Group's rental income or result in a loss of rent, stemming from a number of tenants being unable to pay their rent in full or in part, as well as cause a decline in the market value of the Group's properties, which may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations

The Group's income generating properties and properties under development are independently revalued on a semi-annual basis in accordance with its accounting policy. Consequently, in accordance with IAS 40 "Investment Property" as adopted by the EU, any increase or decrease in the value of its properties is recorded as a revaluation gain or loss in the Company's consolidated income statement for the period during which the revaluation occurs. Moreover, projects under construction which cannot be accurately valued at fair value are valued at historical cost decreased by impairment, if any. Such properties are tested for impairment at least on a semi-annual basis. If the criteria for impairment are satisfied, a gain or loss is recorded in the Company's consolidated income statement.

As a result, the Group can have significant non-cash revenue gains and losses from period to period depending on the changes in the fair market value of its properties, whether or not such properties are sold. For instance, the Group incurred significant loss related to the revaluation of its investment properties throughout the financial year ended 31 December 2012 and throughout the financial year ended 31 December 2013.

If market conditions and the prices of comparable commercial real properties continue to be volatile, the Group may continue to have significant revaluation gains or losses from the Group's existing properties in the future. If a substantial decrease in the fair market value of its properties occurs, over the longer term, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The valuation of the Group's properties is inherently uncertain and may be inaccurate; moreover, such valuations are subject to fluctuation

The Group presents the vast majority of its real estate properties at fair value, which is estimated by external real property valuation experts.

The valuation of property is inherently subjective and uncertain since it is done on the basis of assumptions which may differ from actual future developments. For example, the Valuation Reports were prepared on the basis of certain forecasts and assumptions regarding the real estate market in geographic markets in which the Group operates.

The fair value of investment properties is established semi-annually (i.e. as of 30 June and 31 December of each year) by independent registered valuers based on discounted projected cash flows from the investment properties using discount rates applicable for the relevant local real estate market or, in case of some of the real properties, using the sales comparison approach. The independent registered valuators do not, however, prepare valuations for 31 March and 30 September of each year. Such valuations are reviewed internally and, if necessary, updated by the Company's management.

There can be no assurance that the valuations of the Group's properties (undeveloped, in progress and completed) will reflect the actual sale prices or that the estimated yield and annual rental revenue of any property will be attained, or that such valuations will not be subject to challenge by, among others, regulatory authorities. Forecasts may prove inaccurate as a result of the limited amount and quality of publicly available data and research regarding Poland and other markets in which the Group operates compared to mature markets. Additional factors that impact the valuation and, specifically, the planning of projects are the construction costs as estimated by the Group and established on the basis of current prices and future price forecasts, whereas the actual costs may be different.

If the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove inaccurate, the actual value of the projects in the Group's portfolio may differ materially from that stated in the Valuation Reports.

Inaccurate valuations of the Group's properties and fluctuations in valuations may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, a decrease in the value of the real estate properties of the Group may also negatively affect the Group's covenants to maintain certain levels of loan-to-value ratios established in connection with the Group's loans incurred to finance projects and the ability of the Group to raise and service its debt funding. Each such event may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's substantial leverage and debt service obligations are currently significant and could increase, material adversely affecting its business, financial condition or results of operations

The Group currently is highly leveraged and have significant debt service obligations. As of 31 December 2013, the Group had approximately €981,482 of total current and non-current financial consolidated indebtedness (including hedging instruments).The Group anticipates that its high leverage could continue for the foreseeable future.

The Group's high leverage could have material consequences for investors, including, but not limited to:

- increasing vulnerability to and simultaneously reducing flexibility to respond to downturns in the Group's business or general adverse economic and industry conditions, including adverse economic conditions in the jurisdictions in which the Group operates;

- limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;

- forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain covenants under loan agreements;

- requiring the dedication of a substantial portion of the Group's cash flows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cash flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;

- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the real estate market; and placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations.

In addition, the Group may incur additional indebtedness in the future. The incurrence of additional indebtedness would increase the leverage-related risks and may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

A number of factors may hinder the Group's ability to sell its properties on a timely basis

The sale of a real estate project is usually a complex and lengthy process. There may be situations, however, when it would be beneficial for the Group to be able to sell one or more of its projects quickly. For example, the Group may wish to sell on short notice if it believes that market conditions are optimal or if it is approached by a party interested in purchasing a particular property on commercially attractive terms. The Group's ability to sell its property quickly may, however, be hindered by a number of factors beyond its control. The Group's properties may constitute collateral established in favor of entities providing external financing, which may further restrict and/or delay their transferability if the lender's consent must first be obtained. Several of the Group's projects are also held through joint ventures with third parties and may, as a result, be subject to legal and/or contractual limitations on transferability, such as first refusal and co-sale rights, or a requirement to obtain joint approval for any such sale. Such limitations could adversely affect the Group's ability to complete a transaction and to generate cash as needed through the timely sale of its projects at favorable prices or to vary its portfolio in response to economic or other conditions impacting the property value. If the Group cannot sell a particular project within a reasonable time, it may not be able to generate the cash flow it may require to service ongoing operations or invest in new projects, or it may be unable to take advantage of favorable economic conditions or mitigate the impact of unfavorable economic conditions should they arise, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may fail to implement its development and business expansion strategy

The strategy of the Group, as more fully described under, focuses broadly on creating value from active management of a growing real estate portfolio in CEE and SEE supplemented by selected development activities. The Group may fail to achieve its major development objectives in the upcoming years due to difficult market conditions and lack of capital resources needed for expansion, which could lead to the Group losing its established position in the real estate sector in CEE and SEE. This could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Failure to obtain the required zoning or construction permits, or any other approvals in a timely manner or at all may delay or prevent the development of certain of the Group's projects

The Group cannot guarantee that any permits, consents or approvals required from various government entities in connection with existing or new development projects will be obtained by the Group in a timely manner, or that they will be obtained at all, or that any current or future permits, consents or approvals will not be withdrawn. For example, as part of its operations in Poland, the Group, as is the case with other real estate developers, occasionally purchases land that is not zoned as commercial. Any commercial development on such properties requires either a new local spatial development plan (miejscowy plan zagospodarowania przestrzennego) ("LSDP") or planning permission (decyzja o warunkach zabudowy). The adoption of a revised LSDP or the issuance of a favorable planning permission cannot be guaranteed, and the Group has encountered difficulties in the past in effecting changes to LSDPs and in obtaining such permissions. In addition, civic and environmental groups as well as owners of neighboring properties and local residents may try to frustrate the obtaining of the necessary permits, consents or approvals. For example, the Group was unable to proceed with the development of a shopping mall in Bucharest due to delays in the process of securing the required zoning permission. As a general rule, the Group purchases land which it designates for a specific purpose and for a specific project.

Nevertheless, there are instances when it is merely a possibility that property acquired thereby will be available for any specific development. In such circumstances, it may be necessary for a new LPZP to be adopted or to obtain a relevant planning permission. However, the Group may wish to alter certain of its projects in order to put them to a more profitable use but may be unable to do so as a result of not being able to obtain the required approvals and permits.

If the Group cannot obtain the required approvals and permits in a timely manner or at all, its projects will be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's business is dependent on its ability to actively manage its assets

A core part of the Group's operations is the active management of its assets, which includes the management of vacancy rates and rent levels and the terms of executed lease agreements in the case of all commercial properties, as well as achieving the desired tenant mix in the case of retail properties. This is particularly relevant with respect to the Group's large scale commercial properties, such as Galeria Jurajska, City Gate and Avenue

Mall Zagreb. In addition to legal constraints, the Group's ability to reduce vacancies, renegotiate rents and create a desired tenant mix is subject to market related factors. Some of these factors, such as the general economic environment, consumer confidence, inflation and interest rates, and others are beyond the Group's control. During periods of recession or downturns in the economy it is more challenging for developers to attract new tenants and to retain existing ones, and the competition between developers for each tenant is much stronger. If the Group is unable to create or capture demand for its properties by, for example, improving tenant services or motivating its external sales agents, it may not be able to reduce vacancy rates or renegotiate rents as desired.

A prolonged period of higher vacancy rates could lower the rents tenants generally pay and make it more difficult to increase the average rent that the Group expects to charge. Higher vacancy rates would also increase the Group's overall operating costs, as it would have to cover expenses generated by empty properties or units. Any such decrease in rental revenue or increase in operating costs could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be materially affected by the loss of anchor tenants

The presence of high calibre tenants, especially anchor tenants, in the Group's retail projects is important for its commercial success. Such tenants play an important part in generating customer traffic and making a building a desirable location for other tenants. It may be more difficult for the Group to attract tenants to enter into leases during periods when market rents are increasing or when general consumer activity is decreasing, or if there is competition for such tenants from competing developments. In addition, the termination of a lease agreement by any significant tenant may adversely affect the attractiveness of a project. The failure of such tenant to abide by these agreements, or its bankruptcy or economic decline, may cause delays or result in a decrease in rental income (temporary or long-term), the effect of which the Group may not be able to off-set due to difficulties in finding a suitable replacement tenant. If the Group fails to renew the leases of important tenants, or to replace such tenants in a timely manner, the Group may incur material additional costs or loss of revenues, which may, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group cannot guarantee that it will continue to generate rental income at current levels

Future developments at the property locations in question, their infrastructure conditions, the specific properties and the rental income over the coming years are subject to various factors, some of which are outside the Group's control.

Consequently, the amounts of rental income generated by the Group's office and retail properties in the past cannot be used to predict future rental income. Whereas rental income has generally developed positively in the past, there can be no guarantee that it will continue to do so in the future. The Group's rental income may also decrease as a result of asset disposals. A less positive or negative development of rental income and profits could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group cannot assure profitability of its projects

The Group currently has a number of projects that are not profitable primarily due to insufficient occupancy rates and rent levels, including Galleria Stara Zagora and Galleria Burgas in Bulgaria, Galleria Pietra Neamt, Galleria Buzau and Galleria Arad in Romania, as well as Avenue Mall Osijek in Croatia. The Group is currently unable to attract new tenants or increase rent levels due to factors beyond its control, in particular due to existing market conditions. There can be no assurance that the Group will be able to dispose of such projects in a timely manner or restructure such assets to limit its losses. It cannot be excluded that the Group will not consider the disposal or temporary suspension of such projects as more commercially justifiable; in such cases, there can be no assurance that following such actions the Group will limit its losses on a timely basis. The Group cannot exclude that it will be forced to discontinue the realisation of such projects. Moreover, the Group's other projects may also start generating losses in the future. Any such development may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The termination or expiration of lease agreements or the inability to rent out existing unoccupied space could have lasting negative effects on our profitability and on the value of the Group's portfolio

For the Group to be profitable over the long term, the properties it owns must be rented out without interruptions, to the greatest extent possible. The same applies to maintaining the valuation of the properties the Group owns and thus the valuation of the overall portfolio. To the extent that leases are terminated or expire, the Group can give no assurance that the properties in question can be rented out again immediately. An increased vacancy rate would result in lower rental income from the management of the existing portfolio and in a lower valuation of our properties and overall portfolio. Expected vacancies are reflected in the periodic valuation of the assets that is calculated every quarter . Both the vacant spaces that cannot be immediately rented out again and the fixed costs for maintaining these spaces would have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's properties could suffer damage due to undiscovered defects or external influences

The Group's properties could suffer damage due to undiscovered or underestimated defects or from external influences (e.g., earthquakes, floods, landslides or mining damages). In addition to the significant health risks and related costs, the Group could also be required to pay for the removal and disposal of hazardous substances, as well as the related maintenance and restoration work, without the ability to pass those costs onto third parties. The occurrence of any such risk could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

If a given property is currently under renovation or modernization, there can be no assurance that any space which has not been pre-leased, can be let or otherwise marketed during or following the renovation or modernization phase on the appropriate terms and conditions. Such developments could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group might not receive adequate information on risks relating to, or might make errors in judgment regarding, future acquisitions of real estate

The acquisition of real estate requires a precise analysis of the factors that create value. Such an analysis is subject to a wide variety of factors as well as subjective assessments and is based on various assumptions. It is possible that the Group or its service providers will misjudge individual aspects of a given project when making acquisition decisions or that assessments on which the Group bases its decision are inaccurate or based on assumptions that turn out to be incorrect.

Such judgment errors may lead to an inaccurate analysis and valuation of the properties by the Group in connection with investment decisions that may only become apparent at a later stage and force us to revise the Group's valuation amounts downwards or set up provisions for the amount of the anticipated losses. The Group can also not guarantee that the service provider it chooses to carry out its due diligence when purchasing property will identify all the risks related to the property in question. In addition, the Group cannot guarantee that it will be able to have recourse to the seller of the property for not disclosing such risks. If the Group does not find out about these risks, this could lead to economic and financial disadvantages for the Group. The Group cannot guarantee that it will be able to pursue remedies against the respective seller for the non-disclosure of such risks. The occurrence of one or several of such risks could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may not be able to complete the projects in its portfolio, a number of which are in the pre-construction stage

Development of certain of the Group's projects has not yet begun. The Group's ability to commence and complete the development of these projects is subject to a number of factors, some of which are beyond its control, including, but not limited to, the ability of the Group to obtain the requisite permits and external financing, engage quality contractors, as well as find suitable tenants or purchasers. Moreover, the completion of some projects may become unprofitable or unfeasible for reasons which are beyond the Group's control, including a change in market conditions – in particular, a downturn on the real estate market and increased competition, which could limit the ability of the Group to obtain financing for its projects the construction of which has yet to begin; sudden changes in currency exchange rates, which could materially increase the construction costs associated with such projects; as well as the limited capital resources of the Group. For example, the Group stopped construction of a shopping mall in Varna, Bulgaria due to insufficient demand for retail space, and the Group was unable to proceed with the development of a shopping mall in Bucharest, Romania due to the delays in process of granting the required zoning permits. If the Group is unable to complete its projects on time, it may be required to extend the terms of its financing, and there can be no assurance that the banks providing such financing will agree to extensions.

Moreover, the value of the land plot may decrease as a result of construction which has been suspended and the ability of the Group to dispose of such land plot may be limited. The inability of the Group to complete these projects on time, or at all, could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be subject to increased costs or project delays or cancellations if it is unable to hire general contractors to build its projects on commercially reasonable terms, or at all, or if the general contractors it hires fail to build the Group's projects to accepted standards, in a timely manner or within budget

The Group outsources the construction of its projects to general contractors. The successful construction of the Group's projects depends on its ability to hire general contractors to build its projects to accepted standards of quality and safety on commercially reasonable terms, within the limits of an agreed timeframe or an approved budget. The Group's failure to hire general contractors on commercially reasonable terms could result in increased costs. Failure to hire general contractors at all could result in project delays or cancellations. Failure of the general contractors to meet accepted standards of quality and safety or to complete the construction within the agreed timeframe or within an approved budget may result in increased costs, project delays or claims against the Group. In addition, it may damage the Group's reputation and affect the marketability of the completed property. If the Group is unable to enter into contracting arrangements with quality general contractors or subcontractors on commercially reasonable terms, or their performance is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The financial strength and liquidity of the Group's general contractors may be insufficient in the case of a severe downturn in the real estate market, which, in turn, could lead to their insolvency. Although most of the Subsidiaries' agreements with general contractors provide for the indemnification of the Subsidiaries against any claims raised by sub-contractors engaged by such general contractors, there can be no assurance that such indemnification provisions will be fully effective, in particular if such indemnification is challenged in court. The Group endeavours to require general contractors to secure the performance of their obligations under their respective agreements, in particular by presenting bank guarantees. However, there can be no assurance that such guarantees will cover the entire costs and damages incurred by the Group in connection with the non-performance of agreements entered into with general contractors.

The Group's reliance on general contractors and subcontractors exposes it to risks associated with the poor performance of such contractors and their subcontractors and employees and construction defects. The Group may incur losses as a result of being required to engage contractors to repair defective work or pay damages to persons who have suffered losses as a result of such defective work. Furthermore, these losses and costs may not be covered by the Group's professional liability insurance, by the contractor or by any relevant subcontractor – in particular in the case of the architects engaged by the general contractors as both the scope of their liability and their financial strength is limited in comparison to the value of the Group's projects. If the performance of the Group's general contractors or subcontractors is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may face claims for defective construction and risks associated with adverse publicity, which could have an adverse effect on its competitive position

The construction, lease and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. There can be no assurance that such claims will not be asserted against the Group in the future, or that such corrective or other works will not be necessary. Further, any claim brought against the Group, and the surrounding negative publicity concerning the quality of the Group's properties or projects, irrespective of whether the claim is successful, could also have a material adverse effect on how its business, properties and projects are perceived by target customers, tenants or investors. This could negatively affect the Group's ability to market, lease and sell its properties and projects successfully in the future, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The construction of the Group's projects may be delayed or otherwise negatively affected by factors over which the Group has limited or no control

The construction of the Group's projects may be delayed or otherwise negatively affected by, among others, the following factors over which the Group has limited or no control:

- increased material, labour or other costs, which may make completion of the project uneconomical;
- acts of nature, such as harsh climate conditions, earthquakes and floods, that may damage or delay the construction of properties;
- industrial accidents, deterioration of ground conditions (for example, the presence of underground water) and potential liability under environmental laws and other laws related to, for example, ground contamination, archaeological findings or unexploded ordnance;
- acts of terrorism, riots, strikes or social unrest;
- building code violations or as yet undetected existing contamination, soil pollution, or construction materials that are determined to be harmful to health;
- changes in applicable laws, regulations, rules or standards that take effect after the commencement by the Group of the planning or construction of a project that result in the incurrence of costs by the Group or delays in the development of a project; and
- defective building methods or materials.

The inability to complete the construction of a project on schedule, within budget or at all for any of the above or other reasons may result in increased costs or cause the project to be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is subject to general development risks that may increase costs and/or delay or prevent the development of its projects

Development of certain of the Group's projects has not yet begun and these projects do not currently generate any revenue.

The successful development of these projects is an important factor for the Group's future success, and involves a large number of highly variable factors which are complex and inherently subject to risk. Development risks to which the Group is sensitive include, among others:

- additional construction costs for a development project being incurred in excess of the amount originally agreed with the general contractor;

- changes in existing legislation or the interpretation or application thereof (e.g. an increase of the rate of the goods and services tax, which impacts the demand for housing);

- actions of governmental and local authorities resulting in unforeseen changes in urban planning, zoning and architectural requirements;

- potential defects or restrictions in the legal title to plots of land or buildings acquired by the Group, or defects, qualifications or conditions related to approvals or other authorizations relating to plots of land held by the Group;

- the Group's potential inability to obtain financing on favourable terms or at all for individual projects or in the context of multiple projects being developed at the same time;

- potential liabilities relating to acquired land, properties or entities owning properties with respect to which the Group may have limited or no recourse;

- tenants' unwillingness to vacate a development site;

- obligations regarding the development of adjacent properties;

- inability to receive required zoning permissions for intended use;

- discrepancies between the planned area and the post-construction area of developments; and

- obligations relating to the preservation and protection of the environment and the historic and cultural heritage of Poland and other jurisdictions in which the Group conducts its operations, as well as other social obligations.

These factors, including factors over which the Group has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development of the Group's projects. The inability to complete the construction of a property on schedule or at all for any of the above reasons may result in increased costs or cause the projects to be delayed or cancelled, which may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is subject to the risks relating to the development of its residential projects

The Group is active in the development and sale of residential properties, which entails certain risks, including project costs which may exceed original estimates, project delays which may require the Group to pay penalties to purchasers of apartments or result in the Group receiving a lower purchase price from such purchasers, as well as lower than expected sales of completed apartments. Before any of the Group's residential developments generates any revenue, material expenditures are required in order to acquire land, obtain the requisite approvals and construct significant portions of the project infrastructure, amenities and sales facilities. It generally takes several years for a planned development to start generating revenue, and the Group cannot assure that such investments will generate positive cash flows. Moreover, obtaining the required governmental consents and authorizations can be costly and time-consuming. Any of these factors could result in increased costs or delays of future projects, or prevent the completion of projects already begun, resulting in loss of revenue, loss of invested capital or loss of market share. The development and sale of residential properties may also give rise to actions being brought against the Group in connection with materials used or defects in the properties sold, including materials used or defects in properties constructed or sold by the Group or by third parties engaged thereby, such as architects, engineers and construction contractors or sub-contractors. Moreover, even if materials the Group uses in the construction of its developments comply and have complied with all applicable laws and regulations in force at the time of their use, such laws and regulations are subject to change. As a result, some of the materials that were used in the past may no longer be legally permitted for use, which may expose the Group to the risk of claims being raised by individuals who have handled or been exposed to such materials. Any claims brought against the Group relating to such matters could entail investigation and defense costs as well as liability for damages. Potential damages could include, among other things, the costs of remediation, loss of property and health-related bodily injury. The costs of insuring against construction defects and building material product claims and health-related bodily injury are high, and the amount of coverage offered by insurance companies is limited. As a consequence, some or all of the financial risks associated with building material products and construction defects may be the sole obligation of the Group, and the Group may be at risk for losses in amounts that exceed the available limits of their comprehensive general liability policies or that are excluded from coverage.

The occurrence of any of the above events may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The residential mortgage markets impacts the level of housing purchases in the countries in which the Group operates

Demand for residential real properties may be dependent on governmental policies related to subsidizing or facilitating mortgage loans extended to some groups of purchasers for the purposes of the acquisition of certain types of apartments.

For example, in 2011 a law amending the terms of a government-sponsored housing loans program called "Rodzina na swoim" was adopted in Poland which limited the maximum price per square metre of the apartments eligible to participate in the program, which is a step towards the gradual termination of the program. A similar effect occurred as the result of the regulatory changes which took place in 2009 in Romania according to which a reduced VAT rate was levied on apartments with a total area of not more than 120 sq m and with a price not higher than 380 thousand Romanian lei, thus curbing demand for larger and more expensive flats. Any changes in the governmental policies related to the facilitation of mortgage financing may have a material adverse effect on the Group's business, financial condition and results of operations.

The high demand and increase in prices of flats and houses in Poland, Slovakia and Romania between 2005 and 2010 was in large measure the effect of low interest rates and an increase in the availability of credit and loans earmarked for financing the purchase of flats and houses. An increase in interest rates, the deterioration in the economic situation of households, and governmental restrictions on the ability of banks to grant credit and loans has caused a decrease in the demand for apartments and houses, and this decrease may persist. As such, interest in the Group's residential projects has declined and may decline further. Moreover, banks have been restricting the granting of new mortgage loans and have been increasing interest rates. The considerable popularity of foreign currency loans, including loans denominated in EUR, means that a fall in the value of the local currencies in relation to foreign currencies may result in potential purchasers of new apartments not being in a position to obtain financing, and clients who have already purchased apartments or houses potentially experiencing difficulty with repayment. This may also reduce demand for new apartments and houses. Such reduced demand may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Without sufficient local infrastructure and utilities, the construction of the Group's projects may be delayed or cancelled, or it may be unable to realize the full expected value of its completed projects

The Group's projects can only be carried out if the sites on which they are located have access to the relevant technical infrastructure required by law (e.g. internal roads, utility connections, and fire prevention equipment and procedures). In cases where such sites do not have the required infrastructure, a use permit for the project may not be issued until such infrastructure is assured. It is also possible that the relevant authorities may require the Group to develop the relevant infrastructure as a part of the works related to the project, which may have a significant impact on the costs of the construction works. The authorities may also demand that the investor develop technical infrastructure that is not required from the project's perspective, but may be expected by the authorities as a contribution by the investor to the development of the local municipality.

In addition to the necessity of having adequate infrastructure during the construction process, the viability of the Group's projects, once completed, depends on the availability and sufficiency of the local infrastructure and utilities. In some cases, utilities, communications and logistics networks have not been adequately funded or maintained in recent decades and may be non-existent, obsolete or experience failures. To be sufficient, the existing local infrastructure and utilities may need to be improved, upgraded or replaced. As a consequence of this lack of maintenance, for example, the Group may from time to time experience shortages in the availability of energy and other utilities. There can be no assurance that improvements to the infrastructure in and around the Group's projects, or the infrastructure integrated into its projects, will be completed prior to the completion of the projects or that any such improvement will be sufficient to support the Group's completed projects.

This may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be subject to liability following the disposal of investments

When the Group disposes of its projects, it may be required to give certain representations, warranties and undertakings and to pay damages to the extent that it breaches any such representations, warranties or undertakings. As a consequence, the Group may become involved in disputes or litigation concerning such provisions and may be required to make payments to third parties, which may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Disposals of the Group's properties may change the pro forma composition of the Group's portfolio

As a result of the Group disposing of certain of its properties, certain properties and qualities of the Group's portfolio may change in terms of geographic split, the ratio of the value of completed properties and the value of properties under construction, as well as the portfolio's split by asset classes (i.e. retail, office, residential and other properties). As a result, various metrics of the Group's business and recurring cash flows derived from rental income may change. This may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be exposed to certain environmental liabilities and compliance costs

The environmental laws in CEE and SEE impose existing and potential requirements to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. In such circumstances, the owner's liability is generally not limited under such laws, and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on any of the Group's properties, or the liability for the failure to remedy contamination from such substances, could adversely affect the Group's ability to sell or let such property or to borrow funds using such property as collateral. In addition, the presence of hazardous or toxic substances on a property may prevent, delay or restrict the development or redevelopment of such property, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be subject to legal disputes and risks

The Group's business involves the acquisition, rental, sale and administration of properties, including under cooperation agreements that, as a matter of ordinary course of business, expose the Group to a certain amount of small-scale litigation and other legal proceedings. Legal disputes which, taken individually, are relatively immaterial, may be joined with disputes based on similar facts such that the aggregate exposure of the Group might become material to its business. Furthermore, the Group may face claims and may be held liable in connection with incidents occurring on its construction sites such as accidents, injuries or fatalities of its employees, employees of its contractors or other visitors on the sites. Other types of disputes in which the Group may be involved include, among others, disputes with individual tenants regarding the replacement or maintenance of residential unit fixtures or appliances, lease disputes and the settlement of utility charges.

Because of the repetitive nature of the disputes to which the Group is a party, certain situations giving grounds for legal claims may occur multiple times. In such event, if more than one adverse judgment is issued against the Group, the overall consequences of such judgments may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares, even if none of the judgments have such material effect.

It is standard practice in real estate transactions for the seller to make representations and warranties in the purchase agreement concerning certain features of the property. Typically, the assurances the seller gives regarding the property in the purchase agreement do not cover all of the risks or potential problems that can arise for the Group in connection with our purchase of the property. In addition, the Group may be unable, for a variety of reasons, including, in particular, the seller's insolvency, to enforce its claims under these assurances. If this were to occur, the Group may suffer a financial loss.

Moreover, the Group may be a party to court proceedings related to technical breaches of the terms and conditions of certain loan facilities, and potential breaches of the terms of other loan facilities or the terms and conditions of its bonds.

Moreover, if the Group's properties are subjected to legal claims by third parties and no resolution or agreement is reached, these claims can delay, for significant periods of time, planned actions of the Group. Such situations may include, for example, claims from third parties relating to plots of land where the Group has developed and completed a real estate asset which it then intends to sell, as well as claims from third parties relating to specific land plots the Group needs to acquire in order to complete a particular project (for example plots adjoining plots it currently owns), which could delay the acquisition by the Group of such plots.

The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

When leasing or selling real estate, the Group could be faced with claims for guarantees for which it does not have adequate recourse

The Group provides different types of guarantees when it leases real estate, especially with regard to the absence of defects in quality and title, as well as existing contamination and the portfolio of leases. The same applies to the sale of real estate.

Claims could be brought against the Group for breach of these guarantees. Defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction pose a particular risk. The Group's possible rights of recourse towards the sellers of properties could fail due to the inability of the persons in question to demonstrate that they knew or should have known about the defects, due to the expiration of the statute of limitations, due to the insolvency of the parties opposing the claim, or for other reasons. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's insurance may be inadequate

The Group's insurance policies may not cover it for all losses that may be incurred by the Group in the conduct of its business, and certain types of insurance are not available on commercially reasonable terms or at all. As a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate properties. In addition, there are certain types of risks, generally of a catastrophic nature, such as floods, hurricanes, terrorism or acts of war that may be uninsurable or that are not economically insurable. Other factors may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its properties or business for which it may not be compensated fully or at all. As a result, the Group may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group faces competition from other real estate developers and it might not be able to secure suitable locations for the development of its projects as well as to attract tenants to its commercial projects

The Group faces competition from other real estate investors and developers. Competition may lead to, among other things, an increase in land prices and/or developments costs. The successful growth and profitability of the Group is dependent on, inter alia, acquiring good development sites at competitive prices and their appropriate development. If the suitability of a location is adversely affected by a competing project within the same catchment area, the relevant development may be delayed or abandoned. In such circumstances, there is no guarantee that the Group will be able to use the site for an alternative development or be able sell the site. Furthermore, if there is competition for tenants from competing developments, it may be more difficult for the Group to attract tenants or enter into lease agreements on commercially attractive terms. All such factors may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is dependent on a limited number of key members of its management

The Group's success depends on the activities and expertise of the members of its management. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Shortages of qualified employees and other skilled professionals could delay the completion of the projects of the Group or increase its costs

The Group relies on a highly skilled team of professionals, including its key management and project managers, mid-level managers, accountants and other financial professionals, in the development of its projects. If the Group is unable to hire the necessary employees, staffing shortages may adversely affect its ability to adequately manage the completion of its projects and efficiently manage its assets or force it to pay increased salaries to attract skilled professionals or the necessary employees. Furthermore, the future success of the Group depends on its ability to hire senior personnel such as managers with extensive experience in the identification, acquisition, financing, construction, marketing and management of development projects and investment properties. The failure by the Group to recruit and retain appropriate personnel may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may not be able to realize its expected rates of return if the real estate markets in CEE and SEE countries in which the Group operates become saturated and competition increases

Real estate markets may reach saturation if the supply of properties exceeds demand. Saturation in these markets would result in an increase in vacancy rates and/or a decrease in market rental rates and sale prices. As the commercial real estate markets in CEE and SEE are characterized predominantly by short-term leases, the Group expects that rental rates will decrease promptly in response to a perceived oversupply of lettable commercial space in those markets. If vacancy rates rise and/or market rental rates decrease, the Group may not be able to realize its expected rates of return on its projects or may be unable to let or sell its properties at all, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Group

Tax law regulations are complex and unclear, and they are subject to frequent and unforeseeable amendments.

Consequently, controversies and disputes are frequently associated with the application of tax law regulations and are usually finally settled only by administrative (tax) courts. Additionally, tax law practice is not homogenous and there are rather significant discrepancies between the judicial decisions issued by administrative (tax) courts with respect to tax law matters.

Moreover, the tax law regulations do not directly regulate either the ability, the method or the time of recognizing revenues and costs in many events and legal or other actions and issues resulting from the multi-jurisdictional activity of a group of companies, and they do not provide for unambiguous rules of taxation applicable to other taxes, including goods and services tax (VAT).

In light of the above, no assurance may be given that there will be no potential disputes with the tax authorities and, consequently, that the tax authorities will not question the accuracy of the tax settlements of the entities in the Group as regards tax obligations which have not expired in accordance with the statute of limitations as well as the establishment of the tax liabilities of such entities. For instance, changes in tax rates had and may have an influence on the future demand for the Group's properties.

Furthermore, the companies in the Group have executed and continue to implement many transactions with related parties.

Although the companies in the Group take all the measures required to ensure that related-party transactions are executed on an arm's length basis, no assurance may be given that there will be no disputes with the tax authorities in this respect or that the tax authorities will arrive at different conclusions regarding the terms and legal consequences of related-party transactions, thus attempting to establish certain additional tax liabilities, which may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group could become liable for the taxes of the seller of a property which the Group purchased or of another legal predecessor

Where the conveyance of properties to the Group constitutes a transfer of a corporation or a business, the Group may become liable under certain conditions regarding taxes and amounts of withholding tax in connection with the operation of the transferred corporation, provided that the taxes have accrued since the beginning of the last calendar year before the conveyance and are set or registered by the Group by the end of the year following the registration of the business. This liability also extends to claims by the government for the reimbursement of tax refunds. Any liability is limited to the portfolio of the properties taken over. Such liability could nevertheless have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's business is capital intensive, and additional financing may not be available on favourable terms, on a timely basis or at all

The Group requires substantial up-front expenditures for land acquisition, development construction and design costs. As a result, the Group requires substantial amounts of cash and construction financing from banks for its operations. The Group's capital needs depend on many factors, in particular on market conditions, which are beyond the Group's control. Should its capital needs differ significantly from those currently planned, the Group might require additional financing. In the case of difficulties in obtaining additional financing, the scale of the Group's growth and the pace of achievement of certain strategic objectives can be slower than originally assumed. It is not certain whether the Group will be able to obtain the required financing if needed or if such funds will be provided on conditions favourable to the Group.

In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of predetermined construction and space leasing milestones or the sale of a specific number of flats. If the Group fails to achieve these milestones, the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule. Restrictions of or delays in the access to sources of external financing and conditions of such financing that are less favourable than assumed can have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

A breach of covenants under the Group's financing arrangements could entail a forced sale of properties or a suspension of dividend payments, and cross-default provisions may exacerbate existing risks

The Group's financing arrangements contain financial covenants that require the Company to maintain certain financial ratios, among other things. In the event that the Group breaches any such covenant, it may be required to immediately repay the respective borrowings in whole or in part, together with any attendant costs. In such situation, the Group may be forced to sell some or all of its properties unless it has sufficient cash resources or other credit facilities available to make such repayments. In addition, a lender may be able to sell such properties or procure their sale to the extent that the properties of the Group serve as collateral for such borrowings. The Group may also be required to suspend payment of its dividends in the case of breaches of covenants under its financing agreements. All of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

Certain of the Group's financing arrangements also contain cross-default provisions. In the case of default under one financing arrangement, the existence of cross-default provisions in other financing arrangements could automatically trigger defaults under those arrangements. If such cross-default provisions are triggered, this could result in substantial losses for the Group and could significantly reduce its access to capital, which could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The Group may incur substantial losses if it fails to meet the obligations and requirements of its debt financing and, furthermore, the restrictions imposed by its debt financing may prevent it from selling its projects

In order to secure its loans, the Group has in the past and/or may in the future mortgage its assets, pledge participation interests in its subsidiaries, enter into guarantees and agree to negative pledges. In addition, the Group’s loans contain restrictions on its ability to dispose of certain key assets, which in turn may be required in order to satisfy certain financial covenants. The Group could fail to make principal and/or interest payments due under the Group’s loans or breach any of the covenants included in the loan agreements to which the Group has entered. In some cases, the Group may breach these covenants due to circumstances which may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratio, debt service coverage and working capital requirements. A breach of such covenants by the Group could result in the forfeiture of its mortgaged assets, the acceleration of its payment obligations, the acceleration of payment guarantees, trigger cross-default clauses or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its loan obligations or the completion of its affected projects could be delayed or curtailed. In the past the Group breached certain covenants relating to the maintenance of certain financial ratios or loan-to-value ratios imposed by loan agreements. There can be no assurance that such breaches will not repeat in the future or that the Group will be able to cure them promptly or at all. Any of the events described above could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The Group might be unable to renew or refinance loans as they mature, or might be able to renew or refinance such loans only on less favourable terms

Many of the Group's real estate developments have been financed through loans, which have been provided for a limited term. The Group has a total of €107,539 (including hedging instruments) in current liabilities of a short-term nature in the period until 30 June 2015.. The Group might not be able to renew or refinance the remaining obligations in part or at all or might have to accept less favourable terms in respect of such refinancing. If the Group is unable to renew a loan or secure refinancing, the Group could be forced to sell one or more of its office properties in order to procure the necessary liquidity.

Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations. The inability to sell a property, if a sale became necessary, could jeopardize the Group's portfolio, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is exposed to changes in foreign currency exchange rates

The Group's financial statements are expressed in Euro and the Company's functional currency is the Euro. Moreover, the majority of the Group's revenues, specifically rent revenues, are expressed in Euro. However, certain of the Group's costs, such as certain construction costs, labour costs and remuneration for certain general contractors, are incurred in the currencies of the respective geographical markets, including Polish złoty, Bulgarian leva, Czech korunas, Croatian cunas, Hungarian forints, Romanian lei or Serbian dinars.

Whilst the companies of the Group may engage in currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from their currency exposure by, inter alia, entering into derivatives transactions, obtaining debt financing denominated in Euro, as well as concluding agreements with contractors specifying remuneration expressed in Euro, there can be no assurance that such hedging will be fully effective or beneficial. Moreover, given the fact that certain contractors of the Group engage in hedging arrangements with respect to their remuneration on the basis of, inter alia, construction contracts, their flexibility to postpone certain phases of construction may be limited and may result in their financial distress. In addition, given that payments under most of the Group's commercial leases are expressed as the local currency equivalent of a euro-denominated amount, some of the Group's tenants, specifically those leasing retail space, may face difficulties in meeting their payment obligations under such leases as they derive revenues in their respective local currencies. Consequently, any future material appreciation of the local currencies against the Euro could significantly decrease the Group's income in terms of the local currencies and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is subject to interest rate risk

The Group currently has and intends to incur certain indebtedness under existing debt facilities which is subject to variable interest rates. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond the Group's control. The Group's exposure to interest risk and the extent to which the Group attempts to hedge such exposure varies significantly between the geographical markets in which the Group operates, but any changes in the relevant interest rates may increase the Group's costs of borrowing in relation to existing loans, thus impacting its profitability. The need to hedge interest rate risk is reviewed by the Group on a case by case basis, except for those projects in which the lenders require it to hedge the relevant interest rate risk. Changes in interest rates may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Risks factors relating to the geographic markets in which the Group operates

Political, economic and legal risks associated with countries in emerging markets, including CEE and SEE countries, could adversely affect the Group's financial condition and results of operations

All of the Group's revenues are attributable to operations in CEE and SEE countries, particularly Poland, Romania and Hungary. These markets are subject to greater risk than more developed markets. CEE and SEE countries still present various risks to foreign investors, such as instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. In particular, the Group is affected by rules and regulations regarding foreign ownership of real estate and personal property. Such rules may change quickly and significantly and, as a result, impact the Group's ownership and may cause it to lose property or assets without legal recourse.

Furthermore, some countries may regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Some CEE and SEE countries, have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries.

In addition, adverse political or economic developments in neighbouring countries could have a significant negative impact on, among other things, gross domestic product, foreign trade or economies in general of individual countries. The countries in which the Group operates have experienced and may still be subject to potential political instability caused by changes in governments, political deadlock in the legislative process, tension and conflict between federal and regional authorities, corruption among government officials and social and ethnic unrest.

Changes in laws could adversely affect the Group

The Group's operations are subject to various regulations in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and other jurisdictions in which the Group conducts business activities, such as fire and safety requirements, environmental regulations, labor laws, and land use restrictions. If the Group's projects and properties do not comply with these requirements, the Group may incur regulatory fines or damages.

Moreover, there can be no assurance that if perpetual usufruct fees in Poland are increased, the Group will be able to pass such costs onto its tenants in the form of increased service charges as such increase might lead to a given property becoming less competitive as compared to properties not situated on land subject to perpetual usufruct fees.

Furthermore, the imposition of more strict environmental, health and safety laws or enforcement policies in CEE and SEE could result in substantial costs and liabilities for the Group and could subject the properties that the Group owns or operates (or those formerly owned or operated by the Group) to more rigorous scrutiny than is currently applied. Consequently, compliance with these laws could result in substantial costs resulting from any required removal, investigation or remediation, and the presence of such substances on the Group's properties may restrict its ability to sell the property or use the property as collateral.

New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the use of the subject locations and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Unlawful, selective or arbitrary government actions may impact the Group's ability to secure the agreements, contracts and permits required for it to develop its projects

Government authorities in Poland and other geographical markets in which the Group operates have a high degree of discretion and may not be subject to supervision by other authorities, requirements to provide a hearing or prior notice or public scrutiny. Therefore, government authorities may exercise their discretion arbitrarily or selectively or in an unlawful manner and may be influenced by political or commercial considerations.

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, and the Group's properties may be subject to restitution claims

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, which may, inter alia, result in delays in the land acquisition process and the registration of many plots into one consolidated plot, which is a requirement before certain projects can be developed. This inefficiency could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Group. Moreover, the Group is exposed to the inherent risk related to investing in real estate situated in CEE and SEE countries resulting from the unregulated legal status of some of such real properties.

The Group's claims to the titles to investment and development properties may be subject to challenge in certain cases, and permits in relation to such properties may have been obtained in breach of applicable laws

It may be difficult or, in certain cases, impossible for the Group to establish with certainty that the title to a property has been vested in a relevant Group company due to the fact that real estate laws in Poland and other jurisdictions in which the Group operates are complicated and often ambiguous and/or contradictory and the relevant registries may not be reliable. For example, under the laws of Poland, transactions involving real estate may be challenged on many grounds, including where the seller or assignor to a given property did not have the right to dispose of such property, for a breach of the corporate approval requirements by a counterparty or a failure to register the transfer of a title in an official register, when required. Also, even if a title to real property is registered, it may still be contested. Therefore, there can be no assurance that the Group's claim to a title would be upheld if challenged. Further, it is possible that permits, authorizations, re-zoning approvals or other similar decisions may have been obtained in breach of applicable laws or regulations. Such matters would be susceptible to subsequent challenge. Similar issues may arise in the context of compliance with privatization procedures and auctions related to the acquisition of land leases and development rights. It may be difficult, or impossible, to monitor, assess or verify these concerns. If any of these permits, authorisations, re-zoning approvals or other similar requirements were to be challenged, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Management Board's representations

Pursuant to the requirements of the Regulation of the Council of Ministers of 19 February 2009 on ongoing and periodical information reported by issuers of securities and conditions of recognizing as equivalent information required by the law of a country not being a member state the Management Board of Globe Trade Centre S.A. represented by:

Thomas Kurzmann, President of the Management Board

Erez Boniel, Member of the Management Board

Yovav Carmi, Member of the Management Board

Mariusz Kozłowski, Member of the Management Board

Piotr Kroenke, Member of the Management Board

Jacek Wachowicz, Member of the Management Board

Witold Zatoński, Member of the Management Board

hereby represents that:

- to the best of its knowledge the consolidated financial statements as of 30 June 2014 and the comparable data were prepared in accordance with the prevailing accounting principles, and they truly, reliably, and clearly reflect the asset and financial standing of the Group and its financial result, and the annual Management Board's activity report contains a true image of the Group's development and achievements and its standing, including the description of basic risks and threats;

- the entity authorized to audit the financial statements, which has audited the consolidated financial statements, was selected in accordance with the regulations of law. That entity as well as the auditor who has carried out the audit fulfilled the conditions for expressing an unbiased and independent opinion about the audit pursuant to relevant provisions of the national law and industry norms.

Warsaw, 20 August 2014

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2014 TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 June 2014
(in thousands of Euro)

	Note	30 June 2014 (unaudited)	30 June 2013 (unaudited and restated)	31 December 2013 (restated)
ASSETS				
Non current assets				
Investment property	11	1,326,433	1,451,416	1,375,738
Residential landbank	12	61,189	94,265	80,833
Investment in associates and joint ventures	10	110,213	115,434	119,624
Property, plant and equipment		1,736	1,722	1,586
Deferred tax asset		3,668	6,041	4,152
Long term deposits		800	2,800	2,800
Other non-current assets		631	337	338
		1,504,670	**1,672,015**	**1,585,071**
Assets held for sale	18	**5,816**	**806**	**-**
Current assets				
Inventory	12	32,252	53,364	40,434
Debtors		5,051	5,563	4,032
Accrued income		1,058	538	1,290
VAT and other tax recoverable		2,566	3,911	3,260
Income tax recoverable		495	1,243	697
Prepayments and deferred expenses		3,192	3,747	2,437
Short-term deposits		34,476	24,902	28,859
Cash and cash equivalents		89,533	83,119	56,439
		168,623	**176,387**	**137,448**
TOTAL ASSETS		**1,679,109**	**1,849,208**	**1,722,519**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 June 2014
(in thousands of Euro)

	Note	30 June 2014 (unaudited)	30 June 2013 (unaudited and restated)	31 December 2013 (restated)
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	14	7,849	7,082	7,082
Share premium		364,228	312,155	312,155
Capital reserve		8,392	16,222	15,154
Hedge reserve		(7,465)	(18,416)	(12,344)
Foreign currency translation		1,946	4,451	4,427
Accumulated profit		231,445	377,027	295,277
		606,395	**698,521**	**621,751**
Non-controlling interest		(46,709)	(25,589)	(45,870)
Total Equity		**559,686**	**672,932**	**575,881**
Non current liabilities				
Long-term portion of long-term loans and bonds	13	848,103	768,787	779,788
Deposits from tenants		5,608	4,690	5,363
Long term payable		5,962	6,404	6,004
Provision for share based payment		1,742	4,079	2,860
Derivatives		4,037	7,159	4,309
Provision for deferred tax liability		123,094	114,794	119,792
		988,546	**905,913**	**918,116**
Current liabilities				
Trade and other payables		19,406	24,452	26,626
Current portion of long-term loans and bonds	13	100,862	198,728	168,804
VAT and other taxes payable		2,062	1,219	1,153
Income tax payable		388	2,429	685
Derivatives		6,677	40,484	28,581
Advances received		1,482	3,051	2,673
		130,877	**270,363**	**228,522**
TOTAL EQUITY AND LIABILITIES		**1,679,109**	**1,849,208**	**1,722,519**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the six-month period ended 30 June 2014
(in thousands of Euro)

	Note	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited and restated)	Three-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2013 (unaudited and restated)	Year ended 31 December 2013 (restated)
Revenues from operations	7	63,741	61,266	32,780	30,268	122,861
Cost of operations	8	(22,822)	(22,135)	(11,715)	(10,760)	(44,908)
Gross margin from operations		**40,919**	**39,131**	**21,065**	**19,508**	**77,953**
Selling expenses		(1,380)	(1,586)	(768)	(794)	(3,244)
Administration expenses		(5,092)	(4,090)	(3,235)	(3,753)	(8,220)
Loss from revaluation/ impairment of assets	11	(56,125)	(68,051)	(54,539)	(42,695)	(162,526)
Impairment of residential projects		(11,232)	(1,906)	(10,857)	(1,796)	(22,059)
Other income		982	124	901	21	151
Other expenses		(991)	(2,098)	(354)	(1,147)	(3,627)
Profit (loss) from continuing operations before tax and finance income / (expense)		**(32,919)**	**(38,476)**	**(47,787)**	**(30,656)**	**(121,572)**
Foreign exchange differences loss, net		(1,720)	(2,606)	(937)	(1,073)	(1,070)
Finance income		1,580	1,739	686	732	2,903
Finance cost		(23,792)	(23,381)	(11,402)	(10,768)	(45,708)
Share of profit of associates and joint ventures		(10,988)	(1,787)	(11,411)	(2,198)	3,813
Profit (loss) before tax		**(67,839)**	**(64,511)**	**(70,851)**	**(43,963)**	**(161,634)**
Taxation		(4,060)	(9,907)	712	(4,263)	(15,163)
Loss for the period		**(71,899)**	**(74,418)**	**(70,139)**	**(48,226)**	**(176,797)**
Attributable to:						
Equity holders of the parent		(63,832)	(65,078)	(62,719)	(42,305)	(146,828)
Non-controlling interest		(8,067)	(9,340)	(7,420)	(5,921)	(29,969)
Basic earnings per share (in Euro)	15	(0.18)	(0.20)	(0.18)	(0.13)	(0.46)
Diluted earnings per share (in Euro)	15	(0.18)	(0.20)	(0.18)	(0.13)	(0.46)

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the six-month period ended 30 June 2014
(in thousands of Euro)

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2013 (unaudited)	Year ended 31 December 2013
Loss for the period	**(71,899)**	**(74,418)**	**(70,139)**	**(48,226)**	**(176,797)**
Gain on hedge transactions	5,879	8,742	2,394	4,475	16,494
Income tax	(1,128)	(1,621)	(460)	(821)	(3,077)
Net gain on hedge transactions	4,751	7,121	1,934	3,654	13,417
Foreign currency translation	(2,483)	(716)	1,179	(122)	(616)
Total comprehensive loss for the period, net of tax	**(69,631)**	**(68,013)**	**(67,026)**	**(44,694)**	**(163,996)**
Attributable to:					
Equity holders of the parent	(61,434)	(59,156)	(59,524)	(39,179)	(134,858)
Non-controlling interest	(8,197)	(8,857)	(7,502)	(5,515)	(29,138)

All items from other comprehensive income will be reclassified subsequently to profit and loss, when specific conditions are met.

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2014
(in thousands of Euro)

	Issued and paid in share capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation	Accumu-lated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2013	**7,082**	**312,155**	**16,008**	**(25,068)**	**5,181**	**442,105**	**757,463**	**(16,732)**	**740,731**
Other comprehensive income	-	-	-	6,652	(730)	-	5,922	483	6,405
Loss for the period ended 30 June 2013	-	-	-	-	-	(65,078)	(65,078)	(9,340)	(74,418)
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**6,652**	**(730)**	**(65,078)**	**(59,156)**	**(8,857)**	**(68,013)**
Other transactions	-	-	214	-	-	-	214	-	214
Balance as of 30 June 2013	**7,082**	**312,155**	**16,222**	**(18,416)**	**4,451**	**377,027**	**698,521**	**(25,589)**	**672,932**

	Issued and paid in share capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation	Accumu-lated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2013	**7,082**	**312,155**	**16,008**	**(25,068)**	**5,181**	**442,105**	**757,463**	**(16,732)**	**740,731**
Other comprehensive income	-	-	-	12,724	(754)	-	11,970	831	12,801
Loss for the period ended 31 December 2013	-	-	-	-	-	(146,828)	(146,828)	(29,969)	(176,797)
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**12,724**	**(754)**	**(146,828)**	**(134,858)**	**(29,138)**	**(163,996)**
Other transactions	-	-	(854)	-	-	-	(854)	-	(854)
Balance as of 31 December 2013/ as of 1 January 2014	**7,082**	**312,155**	**15,154**	**(12,344)**	**4,427**	**295,277**	**621,751**	**(45,870)**	**575,881**
Other comprehensive income	-	-	-	4,879	(2,481)	-	2,398	(130)	2,268
Loss for the period ended 30 June 2014	-	-	-	-	-	(63,832)	(63,832)	(8,067)	(71,899)
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**4,879**	**(2,481)**	**(63,832)**	**(61,434)**	**(8,197)**	**(69,631)**
Issuance of shares	767	52,073	-	-	-	-	52,840	-	52,840
Acquisition of non-controlling interest	**-**	**-**	(6,762)	-	-	-	(6,762)	7,358	596
Balance as of 30 June 2014	**7,849**	**364,228**	**8,392**	**(7,465)**	**1,946**	**231,445**	**606,395**	**(46,709)**	**559,686**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the six-month period ended 30 June 2014
(in thousands of Euro)

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013	Year ended 31 December 2013
	(unaudited)	(unaudited and restated)	(restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before tax	(67,839)	(64,511)	(161,634)
Adjustments for:			
Loss from revaluation/impairment of assets and residential projects	67,357	69,957	184,585
Share of profit of associates and joint ventures	10,988	1,787	(3,813)
Loss from sale of fixed assets	-	-	251
Foreign exchange differences loss, net	1,525	2,422	1,098
Finance income	(1,580)	(1,739)	(2,903)
Finance cost	23,792	23,381	45,708
Share based payment income	(1,117)	(1,505)	(2,724)
Depreciation and amortization	218	243	477
Operating cash before working capital changes	**33,344**	**30,035**	**61,045**
Decrease/(increase) in debtors and prepayments and other current assets	(1,215)	(336)	3,827
Decrease in inventory	7,417	5,595	11,729
Decrease in advances received	(1,295)	(941)	(1,316)
Decrease/(increase) in deposits from tenants	28	(57)	102
Decrease in trade and other payables	(393)	(2,798)	(4,247)
Cash generated from/ (used in) operations	**37,886**	**31,498**	**71,140**
Tax paid in the period	(1,345)	(718)	(1,763)
Net cash from (used) in operating activities	**36,541**	**30,780**	**69,377**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of non-current assets	(14,670)	(14,602)	(29,755)
Sale of investment property	1,678	32,539	32,554
Purchase of minority	(279)	-	-
Acquisition of shares in associates	-	-	2,025
VAT on sale of investment property	-	(35,719)	(35,719)
Interest received	1,148	1,148	1,459
Lease origination expenses	(112)	(7)	(762)
Loans granted	(379)	(492)	(932)
Loans repayments	289	2,374	2,061
Net cash used in investing activities	**(12,325)**	**(14,759)**	**(29,069)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of shares	53,680	-	-
Share issuance expenses	(841)	-	-
Proceeds from long-term borrowings	123,715	227	43,167
Repayment of long-term borrowings	(142,503)	(129,290)	(198,735)
Interest paid	(19,109)	(24,465)	(46,524)
Loans origination cost	(1,547)	-	(323)
Decrease (increase) in short term deposits	(3,631)	(2,844)	(6,804)
Net cash from (used in) financing activities	**9,764**	**(156,372)**	**(209,219)**
Effect of foreign currency translation	**(886)**	**(1,596)**	**284**
Net increase / (decrease) in cash and cash equivalents	**33,094**	**(141,947)**	**(168,627)**
Cash and cash equivalents at the beginning of the period	**56,439**	**224,779**	**224,779**
Cash classified as part of assets held for sale	**-**	**287**	**287**
Cash and cash equivalents at the end of the period	**89,533**	**83,119**	**56,439**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

1. Principal activities

Globe Trade Centre S.A. (the "Company" or "GTC") was registered in Warsaw on 19 December 1996 and is listed on the Warsaw Stock Exchange. The Company's registered office is in Warsaw at 5 Wołoska Street. The Company and its subsidiaries (the "Group" or "GTC Group") own commercial and residential real estate companies in Poland, Hungary, Romania, Serbia, Croatia, Ukraine, Slovakia, Bulgaria, Russia and the Czech Republic. The Company is developing, and leasing or selling space to commercial and individual tenants, through its directly and indirectly owned subsidiaries. There is no seasonality in the business of the Group companies.

The major shareholder of the Company as of 30 June 2014 is LSREF III GTC Investments B.V. ("LSREF III"), controlled by Lone Star, a global private equity firm, which holds 105,064,290 shares or 29.9% of total share. There is no ultimate controlling party.

Events in the period

In January 2014, the Company raised approximately Euro 53 million through private placement of shares. Numbers of securities issued were 31,937,298. After the above issuance, LSREF III, directly, and Lone Star, indirectly, held 105,064,290 ordinary shares in the Company, which constituted 29.9% of its share capital.

In February 2014, the Company raised PLN 200 million (approximately Euro 47.6 million) through issuance of Bonds to selected Polish institutional investors.

On 27 February 2014, GTC Group acquired remaining 30% in GTC Real Estate Developments Bratislava BV. The consideration involved 100% sale of Park Project (GTC Real Estate Park s.r.o.) and mutual settlement on debt instruments. As a result, the impact on the equity attributable to equity holders of the parent amounted to a decrease of EUR 6.8 million. As of 30 June 2014, GTC Real Estate Investments Slovakia BV was the sole owner of all its current projects in Slovakia.

In April 2014, the Company repaid Euro 81.6 million of bonds and its related hedge instrument Euro 22 million. Both were presented in the Interim Condensed Consolidated Statement of Cash Flows under repayment of long term borrowings.

2. Functional and reporting currencies

The Group's Interim Condensed Consolidated Financial Statements are presented in Euro, which is also GTC's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

The financial statements of those entities prepared in their functional currencies are included in the Interim Condensed Consolidated Financial Statements by translation into Euro using appropriate exchange rates outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as "Foreign currency translation" without affecting earnings for the period.

3. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. At this particular time, due to the endorsement process of the EU, and activities of the Group, there are no differences in the policies applied by the Group between IFRS and IFRS that have been endorsed by the Commission of the European Communities except for IFRIC 21.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2013 which were authorized for issue on 19 March 2014. The interim financial results are not necessarily indicative of the full year results.

4. Going concern

The interim condensed consolidated financial statements of the Group describe it's business activities as well as financial position, cash flow, liquidity position and borrowing facilities. The Group's objectives, policies and processes are aimed at managing its capital and financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through the generation of cash inflow from rental income and sale activity.

The Group's financial operations are based on centralized treasury process implemented in the whole capital group. GTC, the parent company manages the capital inflows (other than working capital) from the subsidiaries and makes capital available to the subsidiaries. The management after review of the group's policy and consultations with directors of the subsidiaries, believes that the centralized policy allows for the most effective and elastic management of group's cash flow and shall continue. Support to the subsidiaries, shall be made on the basis of the financing and capital requirements of the subsidiaries taking into account the subsidiaries particular working capital needs.

The current macroeconomic conditions create uncertainty about market conditions and in particular over the level of demand for Group's commercial space and residential units, that may influence the operating costs and the availability of bank finance in the foreseeable future.

The management has analyzed the timing, nature and scale of potential financing needs of particular subsidiaries.

The Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future, for at least 12 months.

To support the above assumption, the management runs a cash flow forecast, which is updated from time to time. As the forecast relates to future events, inherently it is subject to uncertainties and therefore, the management cannot guarantee that all such assumptions will materialize, however it believes that as of the date of the financial statements these assumptions are reasonably achievable.

5. Significant accounting policies, estimates and judgments

These interim condensed consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Company for the year ended 31 December 2013, except for the following amendments to existing standards and new regulations that are effective for financial years beginning on or after 1 January 2014:

- IFRS 10 *Consolidated Financial Statements* – effective for financial years beginning on or after 1 January 2013, – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IFRS for the periods beginning on 1 January 2014 - application of the standard had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- IFRS 11 *Joint Arrangements* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IFRS for the periods beginning on 1 January 2014, the Group applied this standard that required restatement of previous financial statements,
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IFRS for the periods beginning on 1 January 2014 - application of the standard had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* - effective for financial years beginning on or after 1 January 2013 in EU effective at the latest for financial years beginning on or after 1 January 2014 - application of the amendments had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- IAS 27 *Separate Financial Statements* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IAS for the periods beginning on 1 January 2014 - application of the standard had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- IAS 28 *Investments in Associates and Joint Ventures* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IAS for the periods beginning on 1 January 2014 - application of the standard had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- Amendments to IAS 32 *Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities*- effective for financial years beginning on or after 1 January 2014 - application of the amendments had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (issued on 31 October 2012) – effective for financial years beginning on or after 1 January 2014 - application of the amendments had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,
- Amendments to IAS 36 *Recoverable Amounts Disclosures for Non-Financial Assets* (issued on 29 May 2013) – effective for financial years beginning on or after 1 January 2014 - application of the amendments had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014,

5. Significant accounting policies, estimates and judgments (continued)

- Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (issued on 27 June 2013) – effective for financial years beginning on or after 1 January 2014 - application of the amendments had no impact on financial situation or the results of the Group for the six-month period ended 30 June 2014.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective.

- IFRS 9 *Financial Instruments* (issued on 24 July 2014) effective for financial years beginning on or after 1 July 2018 – not yet endorsed by EU till the date of approval of these financial statements, approval by EU project postponed as at the date of approval of these financial statements,
- IFRIC 21 *Levies* – effective for financial years beginning on or after 1 January 2014 – in EU effective at the latest for financial years beginning on or after 17 June 2014,
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued on 21 November 2013) – effective for financial years beginning on or after 1 July 2014 – not yet endorsed by EU till the date of approval of these financial statements,
- *Annual Improvements to IFRSs 2010-2012* (issued on 12 December 2013) – some amendments effective for financial years beginning on or after 1 July 2014 and some effective prospectively for transactions occurring on or after 1 July 2014 – not yet endorsed by EU till the date of approval of these financial statements,
- *Annual Improvements to IFRSs 2011-2013* (issued on 12 December 2013) – effective for financial years beginning on or after 1 July 2014 – not yet endorsed by EU till the date of approval of these financial statements,
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016 – decision about terms of performing particular steps resulting in endorsement of the Standard has not yet been made by EFRAG – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014) – effective for financial years beginning on or after 1 January 2016 - not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization* (issued on 12 May 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014) – effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (issued on 30 June 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval these financial statements.

(in thousands of Euro)

5. Significant accounting policies, estimates and judgments (continued)

The Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

The management is in process of analyzing the impact of the above new standards and amendments on the consolidated financial statements in the period of their initial application.

6. Investment in Subsidiaries, Associates and Joint Ventures

The interim condensed consolidated financial statements include the financial statements of the company and its subsidiaries listed below together with direct and indirect ownership of these entities as at the end of each period (the table presents the effective stake):

Subsidiaries

Name	Holding Company	Country of incorporation	30 June 2014	31 December 2013	30 June 2013
GTC Konstancja Sp. z o.o. ("GTC Konstancja")	GTC S.A.	Poland	100%	100%	100%
GTC Korona S.A. ("GTC Korona")	GTC S.A.	Poland	100%	100%	100%
Globis Poznań Sp. z o.o ("Globis Poznan")	GTC S.A.	Poland	100%	100%	100%
GTC Aeropark Sp. z o.o. ("GTC Aeropark")	GTC S.A.	Poland	100%	100%	100%
GTC Topaz Office Sp. z o.o. ("GTC Topaz Office ") (liquidated)	GTC S.A.	Poland	-	-	100%
Globis Wrocław Sp. z o.o ("Globis Wrocław")	GTC S.A.	Poland	100%	100%	100%
GTC Nefryt Sp. z o.o. ("GTC Nefryt ") (liquidated)	GTC S.A.	Poland	-	-	100%
GTC Satellite Sp. z o.o. ("GTC Satellite")	GTC S.A.	Poland	100%	100%	100%
GTC Ogrody Galileo Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC GK Office Sp. z o.o. ("GTC GK Office")	GTC S.A.	Poland	100%	100%	100%
GTC Com 1 Sp. z o.o. ("GTC Com 1")	GTC S.A.	Poland	100%	100%	100%
GTC Karkonoska Sp. z o.o. (previously GTC Wroclaw Office)	GTC S.A.	Poland	100%	100%	100%
GTC Ortal Sp. z o.o. (previously Byrant)	GTC S.A.	Poland	100%	100%	100%
Diego Sp. z o.o. ("Diego")	GTC S.A.	Poland	100%	100%	100%
GTC Francuska Sp. z o.o (previously GTC Cyril)	GTC S.A.	Poland	100%	100%	100%
GTC UBP Sp. z o.o. (previously GTC Com 3)	GTC S.A.	Poland	100%	100%	100%
GTC Wilson Park Sp. z o.o (previously GTC Com 4)	GTC S.A.	Poland	100%	100%	100%
GTC Moderna Sp. z o.o. (previously GTC Com 5)	GTC S.A.	Poland	100%	100%	100%
CH Wilanow Sp. z o.o. („CH Wilanow")	GTC S.A.	Poland	100%	100%	100%
Alfa Development Inwestycje sp. z o.o	GTC S.A.	Poland	100%	100%	100%
GTC Corius sp. z o.o (previously Sigma development)	GTC S.A.	Poland	100%	100%	100%
Centrum Światowida sp. z o.o. („Centrum Światowida")	GTC S.A.	Poland	100%	100%	100%
Mieszkania Światowida sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Omega Development Inwestycje Sp. z o.o	GTC S.A.	Poland	100%	100%	100%
Epsilon Development Inwestycje Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Delta Development Inwestycje Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Glorine investments sp. z o.o.	GTC S.A.	Poland	100%	100%	-
Trinity limited Partnerships Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%	-
Omikron Development Inwestycje Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Galeria CTWA Sp. z o.o. ("Galeria CTWA")	GTC S.A.	Poland	100%	100%	100%

(in thousands of Euro)

6. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Name	Holding Company	Country of incorporation	30 June 2014	31 December 2013	30 June 2013
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%	100%
Budapest Investments B.V.	GTC Hungary	Netherland	100%	100%	100%
Budapest Offices B.V.	GTC Hungary	Netherland	100%	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%	100%
Riverside Apartments Kft. ("Riverside")	GTC Hungary	Hungary	100%	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%	100%
Centre Point II. Kft. ("Centre Point II")	GTC Hungary	Hungary	100%	100%	100%
Spiral Holding Kft.	GTC Hungary	Hungary	100%	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%	100%
Spiral II. Kft.	GTC Hungary	Hungary	100%	100%	100%
River Loft Ltd.	GTC Hungary	Hungary	100%	100%	100%
SASAD Resort Kft.	GTC Hungary	Hungary	100%	100%	100%
Albertfalva Kft. ("Szeremi Gate")	GTC Hungary	Hungary	100%	100%	100%
GTC Metro Kft (formerly "Jazmin Ingatlan Kft.")	GTC Hungary	Hungary	100%	100%	100%
SASAD Resort Offices Kft	GTC Hungary	Hungary	100%	100%	100%
Toborzó Széplak Kft.	GTC Hungary	Hungary	100%	100%	100%
Mastix Champion Kft.	GTC Hungary	Hungary	100%	100%	100%
GTC Renaissance Plaza Kft.	GTC Hungary	Hungary	100%	100%	100%
SASAD II Kft.	GTC Hungary	Hungary	100%	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%	100%
Abritus Kft.	GTC Hungary	Hungary	100%	100%	100%
Immo Buda Kft.	GTC Hungary	Hungary	100%	100%	100%
Szemi Ingatlan Ltd.	GTC Hungary	Hungary	100%	100%	100%
Preston Park Kft.	GTC Hungary	Hungary	100%	100%	100%
GTC Real Estate Investments Ukraine B.V. ("GTC Ukraine")	GTC S.A.	Netherlands	90%	90%	90%
Emerging Investments III B.V.	GTC S.A.	Netherlands	100%	100%	100%
GTC Real Estate Management Services Ukraine LLC	GTC Ukraine	Ukraine	90%	90%	90%
GTC Real Estate Investments Russia B.V. ("GTC Russia", formerly GTC Moldova)	GTC S.A.	Netherlands	100%	100%	100%
GTC Real Estate Investments Slovakia B.V. ("GTC Slovakia")	GTC S.A.	Netherlands	100%	100%	100%
GTC Real Estate Developments Bratislava B.V. ("GTC Bratislava")	GTC Slovakia	Netherlands	100%	70%	70%
GTC Real Estate Management s.r.o.	GTC Slovakia	Slovakia	100%	100%	100%
GTC Real Estate Park s.r.o.	GTC Bratislava	Slovakia	-	70%	70%
GTC Vinohradis Piazza S.R.O	GTC Bratislava	Slovakia	100%	70%	70%
GTC Jarossova S.R.O	GTC Bratislava	Slovakia	100%	70%	70%
GTC Hill S.R.O	GTC Bratislava	Slovakia	100%	70%	70%
GTC Vinohradis Villas S.R.O	GTC Bratislava	Slovakia	100%	70%	70%
GTC Real Estate Vinohrady s.r.o. ("GTC Vinohrady")	GTC Bratislava	Slovakia	100%	70%	70%
GTC Real Estate Vinohrady 2 s.r.o. ("GTC Vinohrady 2")	GTC Bratislava	Slovakia	100%	70%	70%

(in thousands of Euro)

6. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Name	Holding Company	Country of incorporation	30 June 2014	31 December 2013	30 June 2013
GTC Real Estate Investments Croatia B.V. ("GTC Croatia")	GTC S.A.	Netherlands	100%	100%	100%
GTC Nekretnine Zagreb d.o.o.("GTC Zagreb")	GTC Croatia	Croatia	100%	100%	100%
Euro Structor d.o.o.	GTC Croatia	Croatia	70%	70%	70%
Marlera Golf LD d.o.o	GTC Croatia	Croatia	80%	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o	Croatia	80%	80%	80%
GTC Nekretnine Istok d.o.o	GTC Croatia	Croatia	80%	80%	80%
GTC Nekretnine Jug. d.o.o	GTC Croatia	Croatia	100%	100%	100%
GTC Sredisnja tocka d.o.o.	GTC Croatia	Croatia	100%	100%	100%
GTC Nekretnine Zapad d.o.o	GTC Croatia	Croatia	100%	100%	100%
GTC Real Estate Investments Romania B.V. ("GTC Romania")	GTC S.A.	Netherlands	100%	100%	100%
Towers International Property S.R.L	GTC Romania	Romania	100%	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L")	GTC Romania	Romania	100%	100%	100%
BCG Investment B.V	GTC Romania	Netherlands	100%	100%	100%
Bucharest Properties B.V	GTC Romania	Netherlands	100%	100%	100%
Green Dream S.R.L	GTC Romania	Romania	100%	100%	100%
Titulescu Investments B.V. ("Titulescu")	GTC Romania	Netherlands	100%	100%	100%
Aurora Business Complex S.R.L	GTC Romania	Romania	71.5%	71.5%	71.5%
Yasmine Residential Complex S.R.L	GTC Romania	Romania	100%	100%	100%
Bucharest City Gate B.V. ("BCG")	GTC Romania	Netherlands	58.9%	58.9%	58.9%
Bucharest City Gate S.R.L	BCG	Romania	58.9%	58.9%	58.9%
Mablethompe Investitii S.R.L.	GTC Romania	Romania	100%	100%	100%
National Commercial Centers B.V.	GTC Romania	Netherlands	100%	100%	100%
Mercury Commercial Center S.R.L.	GTC Romania	Romania	100%	100%	100%
Venus Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	100%	100%	100%
Mars Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	100%	100%	100%
Beaufort Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	100%	100%	100%
Fajos S.R.L.	National Commercial Centers B.V.	Romania	100%	100%	100%
City Gate S.R.L	Bucharest City Gate B.V.	Romania	58.9%	58.9%	58.9%
Brightpoint Investments Limited	GTC Romania	Romania	50.1%	50.1%	50.1%
Complexul Residential Colentina S.R.L .	GTC Romania	Romania	50.1%	50.1%	50.1%
Cefin Galati Real Estate S.R.L	GTC Romania	Romania	100%	100%	100%
Operetico Enterprises Ltd.	GTC Romania	Cyprus	66.7%	66.7%	66.7%
Bucharest Tower Investments B.V.	GTC Romania	Netherlands	100%	100%	100%
Deco Intermed S.R.L	Operetico Enterprises Ltd.	Romania	66.7%	66.7%	66.7%
GML American Regency Pipera S.R.L	GTC Romania	Romania	66.7%	66.7%	66.7%

(in thousands of Euro)

6. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Name	Holding Company	Country of incorporation	30 June 2014	31 December 2013	30 June 2013
GTC Real Estate Investments Bulgaria BV („GTC Bulgaria”)	GTC S.A.	Netherlands	100%	100%	100%
Galeria Stara Zagora AD	GTC Bulgaria	Bulgaria	75%	75%	75%
Galeria Burgas AD	GTC Bulgaria	Bulgaria	80%	80%	80%
Galeria Varna AD	Galeria Ikonomov GmbH	Bulgaria	65%	65%	65%
GTC Business Park EAD	GTC Bulgaria	Bulgaria	100%	100%	100%
NRL EAD	GTC Bulgaria	Bulgaria	100%	100%	100%
Galeria Ikonomov GmbH	GTC Bulgaria	Austria	65%	65%	65%
GTC Yuzhen Park EAD (“GTC Yuzhen”)	GTC Bulgaria	Bulgaria	100%	100%	100%
GTC Real Estate Investments Serbia B.V. (“GTC Serbia”)	GTC S.A.	Netherlands	100%	100%	100%
City Properties Serbia B.V.	GTC Serbia	Netherlands	100%	100%	100%
GTC Medj Razvoj Nekretnina d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Business Park d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Commercial and Residential Ventures d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Real Estate Developments d.o.o.	GTC Commercial Development d.o.o.	Serbia	95%	95%	95%
Demo Invest d.o.o	City Properties Serbia B.V.	Serbia	100%	100%	100%
Atlas Centar d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Commercial Development d.o.o.	GTC Serbia	Serbia	100%	100%	100%

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	30 June 2014	31 December 2013	30 June 2013
GTC Galeria Kazimierz Sp. z o.o (“GTC Galeria Kazimierz”)	Delta Development	Poland	50%	50%	50%
New Havern sp. z o.o.	GTC Galeria Kazimierz	Poland	50%	50%	-
Havern Investments sp. z o.o.	GTC Galeria Kazimierz	Poland	50%	50%	-
Yatelsis Viborgskaya Limited of Nicosia (“YVL”)	GTC Russia	Cyprus	50%	50%	50%
OOO Okkerville	YVL	Russia	50%	50%	50%
ZAO Krasny Mayak	YVL	Russia	50%	50%	50%
Ana Tower Offices S.R.L	Bucharest Tower Investments B.V.	Romania	50%	50%	50%
Lighthouse Holdings Limited S.A. (“Lighthouse”)	GTC S.A.	Luxembourg	35%	35%	35%
Vokovice BCP Holding S.A. (“Vokovice”)	GTC S.A.	Luxembourg	-	-	35%
Holesovice Residential Holdings S.A. (“Holesovice”)	GTC S.A.	Luxembourg	-	-	35%
CID Holding S.A. (“CID”)	GTC S.A.	Luxembourg	35%	35%	35%
Europort Investment (Cyprus) 1 Limited	GTC Ukraine	Cyprus	49.9%	49.9%	49.9%
Europort LTD	Emerging investment	Israel	9.9%	9.9%	9.9%

(in thousands of Euro)

7. Revenue from operations

	Six-month period ended 30 June 2014	**Six-month period ended 30 June 2013**	**Three-month period ended 30 June 2014**	**Three-month period ended 30 June 2013**	**Year ended 31 December 2013**
	(unaudited)	(unaudited and restated)	(unaudited)	(unaudited and restated)	(restated)
Rental revenue	42,024	42,710	21,049	21,080	84,042
Service revenue	12,667	12,862	6,367	6,387	25,589
Residential revenue	9,050	5,694	5,364	2,801	13,230
	63,741	**61,266**	**32,780**	**30,268**	**122,861**

The majority of revenue from operations is earned predominantly on the basis of amounts denominated in, directly linked to or indexed by reference to the euro.

8. Cost of operations

	Six-month period ended 30 June 2014	**Six-month period ended 30 June 2013**	**Three-month period ended 30 June 2014**	**Three-month period ended 30 June 2013**	**Year ended 31 December 2013**
	(unaudited)	(unaudited and restated)	(unaudited)	(unaudited and restated)	(restated)
Rental and service costs	14,465	16,020	6,822	7,600	31,269
Residential costs	8,357	6,115	4,893	3,160	13,639
	22,822	**22,135**	**11,715**	**10,760**	**44,908**

(in thousands of Euro)

9. Segmental analysis

The Group operating segments are carried out through subsidiaries that develop real estate projects.

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets and other factors. Reportable segments are divided into two main segments:

1. Development and rental of office space and shopping malls ("rental activity") and
2. Development and sale of houses and apartment units ("residential activity").

The activities carried out in the above mentioned operating segments are conducted in the following geographical zones, which have common characteristics:

a. Poland and Hungary
b. Romania and Bulgaria
c. Other CEE countries (Serbia, Croatia, Ukraine, Slovakia, and Russia).

Management monitors gross margin from operations of its business units for the purposes of making performance assessment and decision making. Operating segment performance is evaluated based on gross margin from operations.

The resource allocation decisions made by the management are based on analysis of the same segments as for financial reporting purposes.

Segment analysis for the six-month periods ended 30 June 2014 (unaudited) and 30 June 2013 (unaudited and restated) is presented below:

	Poland and Hungary		**Romania and Bulgaria**		**Other CEE countries**		**Consolidated**	
	30 June 2014	**30 June 2013**	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**
Rental and service income	30,181	30,859	11,814	12,192	12,696	12,521	54,691	55,572
Contract income	2,803	646	6,096	4,131	151	917	9,050	5,694
Total income	**32,984**	**31,505**	**17,910**	**16,323**	**12,847**	**13,438**	**63,741**	**61,266**
Rental and service costs	5,819	6,856	4,779	5,392	3,867	3,772	14,465	16,020
Contract costs	1,826	598	6,355	4,579	176	938	8,357	6,115
Total costs	**7,645**	**7,454**	**11,134**	**9,971**	**4,043**	**4,710**	**22,822**	**22,135**
Rental and service result	24,362	24,003	7,035	6,800	8,829	8,749	40,226	39,552
Contract result	977	48	(259)	(448)	(25)	(21)	693	(421)
Total result	**25,339**	**24,051**	**6,776**	**6,352**	**8,804**	**8,728**	**40,919**	**39,131**

(in thousands of Euro)

9. Segmental analysis (continued)

Segment analysis for the six-month period ended 30 June 2014 (unaudited) and year ended 31 December 2013 (restated) is presented below:

	Poland and Hungary		**Romania and Bulgaria**		**Other countries**		**Consolidated**	
	30 June 2014	**31 December 2013**	**30 June 2014**	**31 December 2013**	**30 June 2014**	**31 December 2013**	**30 June 2014**	**31 December 2013**
Rental and service income	30,181	60,706	11,814	23,596	12,696	25,329	54,691	109,631
Contract income	2,803	2,641	6,096	8,297	151	2,292	9,050	13,230
Total income	**32,984**	**63,347**	**17,910**	**31,893**	**12,847**	**27,621**	**63,741**	**122,861**
Rental and service costs	5,819	12,770	4,779	10,750	3,867	7,749	14,465	31,269
Contract costs	1,826	1,881	6,355	9,414	176	2,344	8,357	13,639
Total costs	**7,645**	**14,651**	**11,134**	**20,164**	**4,043**	**10,093**	**22,822**	**44,908**
Rental and service result	24,362	47,936	7,035	12,846	8,829	17,580	40,226	78,362
Contract result	977	760	(259)	(1,117)	(25)	(52)	693	(409)
Total result	**25,339**	**48,696**	**6,776**	**11,729**	**8,804**	**17,528**	**40,919**	**77,953**

Segment analysis for the three-month periods ended 30 June 2014 (unaudited) and 30 June 2013 (unaudited and restated) is presented below:

	Poland and Hungary		**Romania and Bulgaria**		**Other CEE countries**		**Consolidated**	
	30 June 2014	**30 June 2013**	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**
Rental and service income	15,057	15,750	6,098	5,984	6,261	5,733	27,416	27,467
Contract income	1,389	286	3,831	1,926	144	589	5,364	2,801
Total income	**16,446**	**16,036**	**9,929**	**7,910**	**6,405**	**6,322**	**32,780**	**30,268**
Rental and service costs	2,691	3,728	2,297	2,335	1,834	1,537	6,822	7,600
Contract costs	857	335	3,892	2,223	144	602	4,893	3,160
Total costs	**3,548**	**4,063**	**6,189**	**4,558**	**1,978**	**2,139**	**11,715**	**10,760**
Rental and service result	12,366	12,022	3,801	3,649	4,427	4,196	20,594	19,867
Contract result	532	(49)	(61)	(297)	-	(13)	471	(359)
Total result	**12,898**	**11,973**	**3,740**	**3,352**	**4,427**	**4,183**	**21,065**	**19,508**

(in thousands of Euro)

10. Investment in associates and joint ventures

The investment in associates and joint ventures comprises the following:

	30 June 2014	**30 June 2013**	**31 December 2013**
	(unaudited)	(unaudited and restated)	(restated)
Equity accounting – associates	-	-	-
Loans granted	43,681	42,680	42,555
Loss on investment – associates	(15,178)	(4,279)	(8,330)
Investment in associates	**28,503**	**38,401**	**34,225**
Equity accounting – joint ventures	48,941	45,366	53,187
Loans granted	32,769	31,667	32,212
Investment in joint ventures	**81,710**	**77,033**	**85,399**
Investment in associates and joint ventures	**110,213**	**115,434**	**119,624**

11. Investment Property

The investment properties that are owned by the Group are office and commercial space, including property under construction:

Investment property can be split up as follows:

	30 June 2014	**30 June 2013**	**31 December 2013**
	(unaudited)	(unaudited and restated)	(restated)
Completed investment property	1,101,994	1,193,828	1,127,056
Investment property under construction at fair value	-	-	5,492
Investment property under construction at cost	224,439	257,588	243,190
Total	**1,326,433**	**1,451,416**	**1,375,738**

(in thousands of Euro)

11. Investment Property (continued)

The movement in investment property for the periods ended 30 June 2014 (unaudited) and 31 December 2013 (restated) was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2013	**803,139**	**696,391**	**1,499,530**
Capitalised subsequent expenditure	7,924	32,664	40,588
Adjustment to fair value / impairment	(48,708)	(113,818)	(162,526)
Disposals	-	(1,577)	(1,577)
Translation differences	-	(277)	(277)
Carrying amount as of 31 December 2013	**762,355**	**613,383**	**1,375,738**
Reclassification (*)	9,468	(9,468)	-
Capitalised subsequent expenditure	825	11,332	12,157
Adjustment to fair value / impairment	(1,518)	(54,607)	(56,125)
Disposals	-	(1,678)	(1,678)
Translation differences and other non cash adjustments	(3,636)	(23)	(3,659)
Carrying amount as of 30 June 2014	**767,494**	**558,939**	**1,326,433**

(*) After the completion of construction of Pascal office building in Cracow, it is qualified as asset in level 2 (Inputs are based on observable transactions).

Fair value and impairment adjustment consists of the following:

	Six-month period ended 30 June 2014	**Six-month period ended 30 June 2013**	**Three-month period ended 30 June 2014**	**Three-month period ended 30 June 2013**	**Year ended 31 December 2013**
	(unaudited)	(unaudited and restated)	(unaudited)	(unaudited and restated)	(restated)
Adjustment to fair value of properties completed assets	(32,153)	(43,242)	(30,785)	(34,362)	(117,130)
Adjustment to fair value of property under construction	-	-	-	-	(220)
Impairment adjustment	(23,972)	(24,809)	(23,754)	(8,333)	(45,176)
Total	**(56,125)**	**(68,051)**	**(54,539)**	**(42,695)**	**(162,526)**

(in thousands of Euro)

11. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 30 June 2014 (unaudited) are presented below:

Country	Book value	NRA	Ocupancy	Yield	Actual rent	ERV	Average duration	Level 2	Level 3
		thousand sqm	%	%	Euro/sqm	Euro/sqm	Years		
Poland retail	150,000	49	89%	7.6%	20.8	19.7	3.8	1	
Poland office	303,626	150	95%	7.9%	14.8	13.7	3.5	12	
Serbia office	106,100	53	96%	8.9%	16.3	15.4	3.2		3
Croatia retail	122,100	65	86%	9.2%	14.0	17.1	5.5		2
Hungary office	158,368	91	93%	8.1%	12.0	12.3	4.4	3	
Slovakia office	13,600	13	63%	8.8%	9.8	9.6	1.9		1
Romania retail	29,000	59	87%	10.9%	3.8	8.1	4.7		3
Romania office	155,500	48	93%	8.0%	19.6	19.7	3.7	1	
Bulgaria retail	63,700	61	93%	9.1%	7.8	8.7	6.9		2
Total	**1,101,994**	**589**	**91%**	**8.6%**	**13.3**	**14.3**	**4.3**	**17**	**11**

Investment properties under construction - Information regarding investment properties under construction valued at cost and investment properties under construction valued at fair value as of 30 June 2014 (unaudited) is presented below:

	Book value	Estimated building lettable space rights	Average Book value/sqm
		thousand sqm	Euro
Poland	113,712	425	276
Serbia	40,532	96	421
Croatia	3,900	21	186
Hungary	34,900	315	111
Romania	16,335	66	248
Bulgaria	15,060	130	116
Total	**224,439**	**1,053**	**217**

(in thousands of Euro)

11. Investment Property (continued)

ERV – Estimated Rent Value assumed upon renewals.

Assumptions used in the valuations of completed assets as of 31 December 2013 (restated) are presented below:

Country	Book value	NRA thousand	Ocupancy	Yield	Actual rent	ERV	Average duration	Level 2	Level 3
		Sqm	%	%	Euro/sqm	Euro/sqm	Years		
Poland retail	150,000	49	89%	7.6%	22.0	19.5	4.3	1	
Poland office	293,056	144	92%	7.9%	14.9	13.8	3.6	11	
Serbia	106,100	53	95%	8.9%	16.6	15.4	3.6		3
Croatia	142,900	65	90%	9.2%	14.6	18.9	6.7		2
Hungary	161,800	91	96%	8.1%	12.2	12.3	3.5	3	
Slovakia	15,600	13	61%	8.8%	9.7	9.6	2.2		1
Romania (retail)	35,100	59	90%	9.9%	4.1	8.1	7.8		3
Romania (CG)	157,500	48	93%	8.0%	19.7	22.0	3.8	1	
Bulgaria	65,000	61	89%	9.1%	7.1	9.1	7.9		2
Total	**1,127,056**	**583**	**91%**	**8.5%**	**13.6**	**15.2**	**4.8**	**16**	**11**

Information regarding impairment of **investment properties under construction** valued at cost and investment properties under construction valued at fair value as of 31 December 2013 (restated) is presented below:

	Book value	Estimated building area rights	Book value/sqm
		Thousand sqm	Euro/sqm
Poland	119,134	436	273
Serbia	41,428	93	446
Croatia	7,800	21	371
Hungary	42,900	315	136
Romania	17,720	66	268
Bulgaria	19,700	130	152
Total	**248,682**	**1,061**	**234**

(in thousands of Euro)

12. Inventory

The movement inventory and land bank for the periods ended 30 June 2014 (unaudited), 30 June 2013 (unaudited and restated) and 31 December 2013 was as follows:

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013	Year ended 31 December 2013
Carrying amount at the beginning of the period	**121,267**	**155,141**	**155,141**
Construction and foreign exchange differences	80	509	1,824
Impairment to net realisable value	(11,232)	(1,906)	(22,059)
Cost of units sold	(8,357)	(6,115)	(13,639)
Disposal	(2,501)	-	-
Reclassified as held for sale	(5,816)	-	-
Carrying amount at the end of the period	**93,441**	**147,629**	**121,267**

Completed inventory as of 30 June 2014 (unaudited) consists of the following:

	Book value	Estimated building area rights	Book value/sqm
		Thousand sqm	Euro
Poland	4,263	3	1,465
Hungary	176	<1	801
Serbia	252	<1	741
Slovakia	541	<1	1,202
Romania	24,920	36	686
Total/Average	**30,152**	**40**	**749**

Residential Landbank and uncompleted inventory as of 30 June 2014 (unaudited) consists of the following:

	Book value	Estimated building area rights	Book value/sqm
		Thousand sqm	Euro
Poland	2,100	4	512
Croatia	15,257	48	318
Hungary	16,796	138	122
Slovakia	10,000	72	139
Romania	19,136	221	86
Total/Average	**63,289**	**483**	**131**

(in thousands of Euro)

12. Inventory (continued)

Completed inventory as of 31 December 2013 consists of the following:

	Book value	**Building area rights**	**Average book value**
		Thousand sqm	Euro/sqm
Poland	5,820	4	1,506
Hungary	262	<1	817
Serbia	252	<1	741
Slovakia	685	<1	1,521
Romania	31,126	44	709
Total/Average	**38,145**	**49**	**781**

Residential Landbank and uncompleted inventory as of 31 December 2013 consists of the following:

	Book value	**Estimated building area rights**	**Average book value**
		Thousand sqm	Euro/sqm
Poland	8,350	37	225
Croatia	15,243	48	318
Hungary	19,677	138	143
Slovakia	17,000	82	206
Romania	22,852	309	74
Total/Average	**83,122**	**614**	**135**

(in thousands of Euro)

13. Long-term loans and bonds

Long-term loans and bonds comprise the following:

	30 June 2014 (unaudited)	**30 June 2013** (unaudited and restated)	**31 December 2013** (restated)
Bonds series 0414	-	80,395	83,928
Bonds series 2017-2018	71,502	68,760	71,733
Bonds series 2018-2019	49,052	-	-
Loan from WBK (Globis Poznan)	15,167	15,674	15,420
Loan from WBK (Korona Business Park)	41,820	26,912	38,737
Loan from Pekao (Globis Wroclaw)	25,762	26,423	26,097
Loan from ING (Nothus)	15,948	16,380	16,164
Loan from ING (Zefirus)	15,948	16,380	16,164
Loan from Berlin Hyp (Corius)	12,501	12,900	12,698
Loan from WBK (Kazimierz office)	27,661	28,206	27,943
Loan from Pekao (Galeria Jurajska)	102,407	104,757	103,597
Loan from Berlin Hyp (UBP)	19,233	19,630	19,432
Loan from ING (Francuska)	16,547	17,086	16,817
Loan from MKB (Centre Point I)	20,776	22,301	21,551
Loan from MKB (Centre Point II)	24,638	26,264	25,451
Loan from CIB (Metro)	20,031	20,920	20,480
Loan from MKB (Spiral)	22,849	17,165	16,543
Loan from Erste (Reinesance)	4,359	5,359	4,859
Loan from MKB (Sasad Resort)	8,327	8,727	8,727
Loan from EBRD and Raiffeisen Bank (GTC House)	11,900	13,450	12,700
Loan from Erste (19 Avenue)	25,144	26,110	25,634
Loan from EBRD and Raiffeisen Bank (Block 41)	16,601	18,342	17,487
Loan from Unicredit (Felicity)	25,563	26,263	25,563
Loan from RZBR (Rose Garden)	6,227	12,342	10,342
Loan from Erste (Citygate)	92,728	95,572	94,262
Loan from EBRD and Raiffeisen Bank (NCC)	5,778	26,765	5,778
Loan from EBRD and Raiffeisen Bank (Arad)	27,836	28,307	27,836
Loan from MKB and Zagrabecka Banka (AMZ)	27,901	32,355	30,128
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	15,750	16,200	15,750
Loan from MKB and OTP (Galeria Varna)	18,341	24,097	23,763
Loan from EBRD and Unicredit (Stara Zagora)	22,799	27,971	22,799
Loan from EBRD (Burgas)	25,849	24,390	26,288
Loan from VUB Bank (Jarosova)	3,798	2,341	3,067
Loans from minorities in subsidiaries and joint ventures	116,018	66,401	67,861
Deferred issuance debt expenses	(7,796)	(7,630)	(7,007)
	948,965	**967,515**	**948,592**

(in thousands of Euro)

13. Long-term loans and bonds (continued)

Long-term loans and bonds have been separated into the current portion and the long-term portion as disclosed below:

	30 June 2014 (unaudited)	30 June 2013 (unaudited and restated)	31 December 2013 (restated)
Current portion of long term loans:			
Bonds series 0414	-	80,395	83,928
Bonds series 2017-2018	796	803	794
Bonds series 2018-2019	985	-	-
Loan from WBK (Globis Poznan)	507	507	507
Loan from WBK (Korona Business Park)	1,053	1,290	1,053
Loan from Berlin Hyp (UBP)	397	400	397
Loan from Pekao (Galeria Jurajska)	2,408	2,350	2,394
Loan from Pekao (Globis Wroclaw)	703	662	682
Loan from ING (Nothus)	432	432	432
Loan from ING (Zefirus)	432	432	432
Loan from Berlin Hyp (Corius)	421	400	408
Loan from WBK (Kazimierz office)	604	545	574
Loan from ING (Francuska)	540	540	540
Loan from MKB (Centre Point I)	1,575	1,525	1,550
Loan from MKB (Centre Point II)	1,626	1,626	1,626
Loan from Erste (Reinesance)	4,359	1,000	4,859
Loan from MKB (Sasad Resort)	8,327	-	8,727
Loan from CIB (Metro)	925	889	907
Loan from MKB (Spiral)	1,128	1,776	16,543
Loan from EBRD and Raiffeisen Bank (GTC House)	1,650	1,550	1,600
Loan from Erste (19 Avenue)	802	755	778
Loan from EBRD and Raiffeisen Bank (Block 41)	1,863	1,742	1,802
Loan from EBRD and Unicredit (Stara Zagora)	-	27,971	-
Loan from MKB and OTP (Galeria Varna)	888	756	859
Loan from EBRD (Burgas)	1,041	975	932
Loan from MKB and Zagrabecka Banka (AMZ)	4,454	4,454	4,454
Loan from EBRD and Raiffeisen Bank Austria (Osijek) (see p.27)	-	1,800	-
Loan from EBRD and Raiffeisen Bank (NCC)	-	20,699	-
Loan from EBRD and Raiffeisen Bank (Arad) (see p.27)	27,836	1,878	-
Loan from Erste (Citygate)	2,767	2,620	2,694
Loan from RZBR (Rose Garden)	6,227	12,342	3,342
Loan from Unicredit (Felicity)	25,563	26,263	25,563
Loan from VUB Bank (Jarosova)	553	369	427
Deferred issuance debt expenses	-	(1,018)	-
	100,862	**198,728**	**168,804**

(in thousands of Euro)

13. Long-term loans and bonds (continued)

	30 June 2014 (unaudited)	**30 June 2013** (unaudited and restated)	**31 December 2013** (restated)
Long term portion of long term loans:			
Bonds series 2017-2018	70,706	67,957	70,939
Bonds series 2018-2019	48,067	-	-
Loan from WBK (Globis Poznan)	14,660	15,167	14,913
Loan from WBK (Korona Business Park)	40,767	25,622	37,684
Loan from Pekao (Globis Wroclaw)	25,059	25,761	25,415
Loan from ING (Nothus)	15,516	15,948	15,732
Loan from ING (Zefirus)	15,516	15,948	15,732
Loan from Berlin Hyp (Corius)	12,080	12,500	12,290
Loan from WBK (Kazimierz office)	27,057	27,661	27,369
Loan from Pekao (Galeria Jurajska)	99,999	102,407	101,203
Loan from Berlin Hyp (UBP)	18,836	19,230	19,035
Loan from ING (Francuska)	16,007	16,546	16,277
Loan from MKB (Centre Point I)	19,201	20,776	20,001
Loan from MKB (Centre Point II)	23,012	24,638	23,825
Loan from CIB (Metro)	19,106	20,031	19,573
Loan from MKB (Sasad Resort)	-	8,727	-
Loan from MKB (Spiral)	21,721	15,389	-
Loan from Erste (Reinesance)	-	4,359	-
Loan from EBRD and Raiffeisen Bank (GTC House)	10,250	11,900	11,100
Loan from Erste (19 Avenue)	24,342	25,355	24,856
Loan from EBRD and Raiffeisen Bank (Block 41)	14,738	16,600	15,685
Loan from RZBR (Rose Garden)	-	-	7,000
Loan from Erste (Citygate)	89,961	92,952	91,568
Loan from EBRD and Raiffeisen Bank (NCC)	5,778	6,066	5,778
Loan from EBRD and Raiffeisen Bank (Arad) (see p.27)	-	26,429	27,836
Loan from MKB and Zagrabecka Banka (AMZ)	23,447	27,901	25,674
Loan from EBRD and Raiffeisen Bank Austria (Osijek) (see p.27)	15,750	14,400	15,750
Loan from MKB and OTP (Galeria Varna)	17,453	23,341	22,904
Loan from EBRD (Burgas)	24,808	23,415	25,356
Loan from EBRD and Unicredit (Stara Zagora)	22,799	-	22,799
Loan from VUB Bank (Jarosova)	3,245	1,972	2,640
Loans from minorities in subsidiaries and joint ventures	116,018	66,401	67,861
Deferred issuance debt expenses	(7,796)	(6,612)	(7,007)
	848,103	**768,787**	**779,788**

(in thousands of Euro)

13. Long-term loans and bonds (continued)

Repayments of long-term debt and interest are scheduled as follows (Euro million):

	30 June 2014 (unaudited)	31 December 2013 (restated)
First year	126	193
Second year	56	55
Third year	108	75
Fourth year	173	168
Fifth year	221	190
Thereafter	365	364
	1,049	**1,045**

On 30 September 2013 GTC Nekretnine Istok d.o.o ("Osijek") signed a restructuring amendment to the loan agreement in relation to Avenue Mall in Osijek, that granted a grace period, during which the principal repayment is suspended. As part of the restructuring amendment, Osijek shall maintain a loan-to-value financial covenant (LTV) equal to 100% during the grace period. As at 30 June 2014 the external valuation of the asset was estimated below the threshold set by the LTV covenant. As stipulated in the restructuring amendment, Osijek has twelve months from a notice given by the lender, to remediate the breach. The loan is guaranteed by GTC. The notice has not been served by the Lender. Consequently, the loan was classified as non-current liability according to the remediation period. Furthermore, the Company currently explores means to remediate the LTV breach with the lender.

On 30 September 2013 Mercury Commercial Center S.R.L. ("Arad") signed a restructuring amendment to the loan agreement in relation to Galleria Arad, that granted a grace period, during which the principal repayment is suspended. As part of the restructuring amendment, Arad shall maintain a loan-to-value financial covenant (LTV) equal to 110% during the grace period. As at 30 June 2014 the external valuation of the asset was estimated below the threshold set by the LTV covenant. As stipulated on the restructuring amendment, Arad has six months from a notice given by the lender, to remediate the breach. The loan is guaranteed by GTC. The notice has not been served by the lender. Consequently, the loan was classified as current liability according to the remediation period which is less than 12 months. Furthermore, the Company currently explores means to remediate the LTV breach with the lender.

(in thousands of Euro)

14. Capital and Reserves

As at 30 June 2014, the shares structure was as follows:

Number of Shares	Share series	Total value in PLN	Total value in euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
100,000,000	I	10,000,000	2,341,372
31,937,298	J	3,193,729	766,525
351,310,288		**35,131,028**	**7,848,947**

All shares are entitled to the same rights.

Shareholders who as at 30 June 2014 held above 5% of the Company shares were as follows:

- LSREF III
- ING OFE
- AVIVA OFE BZ WBK
- OFE PZU

The statutory financial statements of GTC S.A are prepared in accordance with Polish Accounting Standards. Dividends may be distributed based on the net profit reported in the standalone annual financial statements prepared for statutory purposes.

On 13 May 2014, the Company held an ordinary shareholders meeting. The ordinary shareholders meeting decided that the loss for the year 2013 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the Polish Accounting Standards shall be presented under Retained earnings.

Reserves are created based on provisions of the Polish Code of commercial companies.

<u>Phantom shares</u>

Certain key management personnel are entitled to the Company Phantom Shares.

The Phantom Shares grant the entitled persons a right for a settlement from the Company in the amount equal to the difference between the average closing price for the Company's shares on the Warsaw Stock Exchange during the 30–day period prior to the date of delivery to the Company of the exercise notice, and settlement price ("strike") amount per share (adjustable for dividend).

(in thousands of Euro)

14. Capital and Reserves (continued)

The income/(expenses) recognized during the period is shown below:

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013	Three-month period ended 30 June 2014	Three-month period ended 30 June 2013	Year ended 31 December 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Income arising from cash settled share based payments	1,117	1,505	(41)	(833)	2,724

As at 30 June 2014 (unaudited), phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Amount of phantom shares
31/12/2014	8.36	1,248,065
31/12/2015	8.36	4,123,538
31/12/2016	8.36	361,068
11/08/2015	8.36	1,805,355
31/05/2018	7.23	1,500,000
Total		**9,038,026**

In May 2014, the company granted 1,500,000 new phantom shares.

The Phantom shares (as presented in above mentioned table) have been provided for assuming cash payments will be effected, as the Company assesses that it is more likely to be settled in cash.

(in thousands of Euro)

15. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013	Three-month period ended 30 June 2014	Three-month period ended 30 June 2013	Year ended 31 December 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Profit for the period attributable to equity holders (euro)	(63,832,000)	(65,078,000)	(62,719,000)	(42,305,000)	(146,828,000)
Weighted average number of shares for calculating basic earnings per share	348,310,652	319,372,990	351,310,288	319,372,990	319,372,990
Basic earnings per share (euro)	(0.18)	(0.20)	(0.18)	(0.13)	(0.46)
Weighted average number of shares for calculating diluted earnings per share	348,310,652	319,372,990	351,310,288	319,372,990	319,372,990
Diluted earnings per share (euro)	(0.18)	(0.20)	(0.18)	(0.13)	(0.46)

	Six-month period ended 30 June 2014	Six-month period ended 30 June 2013	Three-month period ended 30 June 2014	Three-month period ended 30 June 2013	Year ended 31 December 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Weighted average number of shares for calculating basic earnings per share	348,310,652	319,372,990	351,310,288	319,372,990	319,372,990
Adjustment for phantom shares	-	-	-	-	-
Weighted average number of shares for calculating diluted earnings per share	348,310,652	319,372,990	351,310,288	319,372,990	319,372,990

(in thousands of Euro)

16. Restatement

IFRS 11 has been applied starting from 1 January 2014. Under IFRS 11, investment in joint ventures, which was previously consolidated using the proportionate consolidation method, is now presented under the equity method. Presentation of comparable periods presented in the financial statements has been restated. The equity and the result for comparable periods haven't been changed due to above restatements. In the consolidated cash flow statement for the six month period ended 30 June 2013, proceeds from long term borrowing and interest paid were inappropriately presented. The company reclassified an amount of Euro 3.4 million between proceeds from long term borrowing to interest paid. Net cash used in financing activities was not affected.

Selected lines from financial statements were restated as following:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 June 2013 (unaudited)			31 December 2013		
	Restated	Reported	Adjustment	Restated	Reported	Adjustment
ASSETS						
Investment properties	1,451,416	1,565,702	(114,286)	1,375,738	1,396,647	(20,909)
Investment in associates and joint ventures	115,434	38,401	77,033	119,624	34,225	85,399
Other	105,165	127,007	(21,842)	89,709	111,896	(22,187)
Non current assets	1,672,015	1,731,110	(59,095)	1,585,071	1,542,768	42,303
Assets HFS	806	806	-			-
Cash	83,119	85,981	(2,862)	56,439	130,336	(73,897)
Other	93,268	95,986	(2,718)	81,009	81,709	(700)
Current assets	176,387	181,967	(5,580)	137,448	212,045	(74,597)
Total Assets	**1,849,208**	**1,913,883**	**(64,675)**	**1,722,519**	**1,754,813**	**(32,294)**
EQUITY AND LIABILITIES						
Equity	672,932	672,932	-	575,881	575,881	-
Non current liabilities	905,913	969,056	(63,143)	918,116	928,178	(10,062)
Current liabilities	270,363	271,895	(1,532)	228,522	250,754	(22,232)
Total equity and liabilities	**1,849,208**	**1,913,883**	**(64,675)**	**1,722,519**	**1,754,813**	**(32,294)**

(in thousands of Euro)

16. Restatement (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Six months ended 30 June 2013 (unaudited) Restated	Reported	Adjustment	Year ended 31 December 2013 Restated	Reported	Adjustment
Revenues from operations	61,266	65,670	(4,404)	122,861	131,114	(8,253)
Cost of operations	(22,135)	(23,384)	1,249	(44,908)	(47,124)	2,216
Gross margin from operations	**39,131**	**42,286**	**(3,155)**	**77,953**	**83,990**	**(6,037)**
Loss from revaluation/ impairment of assets	(68,051)	(68,054)	3	(162,526)	(167,639)	5,113
Other	(9,556)	(9,989)	433	(36,999)	(37,786)	787
Profit (loss) from continuing operations before tax and finance income / (expense)	**(38,476)**	**(35,757)**	**(2,719)**	**(121,572)**	**(121,435)**	**(137)**
Finance expenses, net	(24,248)	(25,707)	1,459	(43,875)	(46,675)	2,800
Share of profit of associates and joint ventures	(1,787)	(2,806)	1,019	3,813	(4,474)	8,287
Profit (loss) before tax	**(64,511)**	**(64,270)**	**(241)**	**(161,634)**	**(172,584)**	**10,950**
Taxation	(9,907)	(10,148)	241	(15,163)	(4,213)	(10,950)
Loss for the period	**(74,418)**	**(74,418)**	**-**	**(176,797)**	**(176,797)**	**-**
CONSOLIDATED STATEMENT OF CASH FLOWS						
Net cash from (used) in operating activities	**30,780**	**33,048**	**(2,268)**	**69,377**	**73,776**	**(4,399)**
Sale of investment property	32,539	32,539	-	32,554	120,784	(88,230)
Tax/VAT on sale of investment property inflow	-		-	-	21,190	(21,190)
Other	(47,298)	(47,379)	81	(61,623)	(61,851)	228
Net cash used in investing activities	**(14,759)**	**(14,840)**	**81**	**(29,069)**	**80,123**	**(109,192)**
Repayment of long-term borrowings	(129,290)	(129,718)	428	(198,735)	(240,719)	41,984
Proceeds from long-term borrowings	227	3,627	(3,400)	43,167	43,167	-
Interest paid	(24,465)	(28,873)	4,408	(46,524)	(48,781)	2,257
Other	(2,844)	(3,847)	1,003	(7,127)	(6,035)	(1,092)
Net cash from (used in) financing activities	**(156,372)**	**(158,811)**	**2,439**	**(209,219)**	**(252,368)**	**43,149**
Effect of foreign currency translation	(1,596)	(1,600)	4	284	621	(337)
Net increase / (decrease) in cash and cash equivalents	**(141,947)**	**(142,203)**	**256**	**(168,627)**	**(97,848)**	**(70,779)**
Cash and cash equivalents, at the beginning of the period/year	224,779	227,897	(3,118)	224,779	227,897	(3,118)
Cash classified as part of assets held for sale	287	287	-	287	287	-
Cash and cash equivalents, at the	83,119	85,981	(2,862)	56,439	130,336	(73,897)

end of the year/period as per
Interim Condensed Consolidated
Statement of Financial Position

17. Contingent liabilities and commitments

Guarantees

GTC gave guarantees to third parties in order to secure construction cost-overruns and loans to its subsidiaries. As of 30 June 2014 and 31 December 2013, the guarantees granted amounted to Euro 168 million and Euro 168 million, respectively. Additionally, in connection with the sale of its assets, the Company gave typical warranties under the sale agreements, which are limited in time and amount. The risk involved in above warranties is very low.

Litigations

Following the completion of Avenue 19 and GTC Square in Serbia, two Serbian subsidiaries and the general contractor raised mutual claims. The general contractor initiated arbitration proceedings before the commercial court against the subsidiaries claiming additional payment of Euro 15.8 millions for both projects. The subsidiaries refused this payment and filled a counterclaim of Euro 18.6 millions in respect of amounts overpaid, contractual penalties and additional damages for delay of the construction. The independent supervisory engineer that has been appointed in accordance with the original agreement between the parties supports the position taken by the subsidiaries. As the independent supervisory engineer is supporting the subsidiaries claim and based on the assumption that the supervisory engineer is best placed to assess the positions of the parties, we and our legal advisers believe that the subsidiaries are more likely to prevail in arbitration proceedings. Consequently, the Group has not recorded a provision for the claims.

Croatia

In relation to Marlera Golf project in Croatia, the agreement with the Ministry of Tourism of Croatia to acquire the land provided as a condition for the sale, a deadline for the completion a golf course component in the project by 14 September 2014. The Company has taken steps to achieve extension of the period for completing the project. In February 2014, the Company received a draft agreement from the Ministry of Tourism of Croatia expressing its good faith and intentions to prolong the abovementioned timeline. Negotiations in this respect are on-going. Management believes that the probability that the agreement would not be prolonged is remote. However, in case there should be no prolongation of the agreement, the Group might lose control over the land.

17. Contingent liabilities and commitments (continued)

Ukraine

As of 30 June 2014, the Group holds 49.9% interest in Europort Investment 1 Limited, which indirectly owns undeveloped land in Odessa, Ukraine.

Subsequent to 31 December 2013, the economic and political uncertainty in Ukraine increased significantly resulting in civil unrest in parts of the country. Furthermore, between 1 January 2014 and 30 June 2014, the Ukrainian Hryvnia devalued to major foreign currencies by approximately 48% calculated based on the NBU exchange rate of US$ as of the respective date, and the National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies at the inter-bank market. International rating agencies have downgraded sovereign debt ratings for Ukraine. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available.

At 30 June 2014, the Group's balance sheet exposure to Ukrainian risk amounted to approximately Euro 4.3 million (the full amount of investment), consisting of the aggregate value of unimpaired investments in equity and loans, granted to the Ukrainian associates. In the six month period ended 30 June 2014 the impairment amounted to Euro 3.3 million. These and any further negative developments in Ukraine could adversely impact results and financial position of the Group and its Ukrainian investments in a manner not currently determinable.

Russia

As of 30 June 2014, the Group holds 50% interest in Yatelsis, which indirectly owns land and buildings in St. Petersburg Russia.

Subsequent to 31 December 2013, the economic and political uncertainty in Russia increased significantly. The Moscow Stock Market decreased, the Russian ruble devalued and there has been evidence of capital outflow caused by international sanctions against Russia. The above events have resulted in a deterioration of liquidity and much tighter credit conditions where credit is available. The market uncertainty created an unclear view as for potential future development of the St. Petersburg project.

At 30 June 2014, the Group's balance sheet exposure to St. Petersburg amounted to approximately Euro 15 million (the full amount of investment). In the six month period ended 30 June 2014 the impairment amounted to Euro 1.7 million. The above mentioned events could adversely impact the results and financial position of the Group and its St. Petersburg investments in a manner not currently determinable.

18. Subsequent events

In July 2014, the Company finalized the sale of Ogrody Galileo land in Cracow, Poland.
As of 30 June 2014, the land was presented within assets held for sale.

19. Release date

The Interim Condensed Consolidated Financial Statements were authorised for the issue by the Management Board on 20 August 2014.

Building a better
working world

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Report on review of interim condensed consolidated financial statements to the Supervisory Board of Globe Trade Centre S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Globe Trade Centre S.A. ('the Company') as at 30 June 2014 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes ('the interim condensed consolidated financial statements').

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

We also reported on 20 August 2014 separately on the interim condensed consolidated financial statements of Globe Trade Centre S.A. for the same period, prepared in accordance with IAS 34 using PLN as the presentation currency.

ERNST & YOUNG AUDYT POLSKA SPÓŁKA Z OGRANICZONĄ Z ODPOWIEDZIALNOŚCIĄ SP. K. (FORMERLY: ERNST & YOUNG AUDIT SP. Z O.O.)

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
(formerly: Ernst & Young Audit sp. z o.o.)

Warsaw, 20 August 2014