CONSOLIDATED INTERIM REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

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GLOBE TRADE CENTRE S.A.

MANAGEMENT BOARD'S REPORT ON ACTIVITIES OF CAPITAL GROUP
IN THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

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Item 1. Introduction

The GTC Group is a leading real estate company in CEE and SEE, operating in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, and Slovakia. Additionally, it co-owns land in Ukraine and Russia and operates in the Czech Republic through its associates and joint ventures. The Group was established in 1994 and has been present in the real estate market for approximately 20 years.

The Group's portfolio comprises: completed office buildings and office parks as well as retail and entertainment centres (commercial real estate), residential projects, and undeveloped plots of land and suspended projects (land bank).

Since its establishment the Group has developed approximately 950 thousand sq. m of commercial space and approximately 300 thousand sq. m of residential space and has sold approximately 420 thousand sq. m of commercial space in completed commercial properties and approximately 297 thousand sq. m of residential space.

As of 30 June 2015, the Group owns and manages a portfolio of:

- 25 completed commercial properties, including 19 office properties and 6 retail properties with a combined commercial space of approximately 527 thousand sq. m, of which the Group's proportional interest amounts to approximately 483 thousand sq. m of NRA;
- 1 office project under construction with total NRA of approximately 27 thousand sq. m, of which the Group's proportional interest amounts to 27 thousand of NRA; as at date of the Report only first phase is completed of 10 thousand sq. m of NRA;
- inventory of residential units totaling 3 thousand sq. m;
- land bank designated for future development, with approximately 909 thousand sq. m NRA designated for commercial use and approximately 381 thousand sq. m NRA designated for residential use; and
- 2 asset held for sale, including 1 retail property with a NRA of approximately 29 thousand sq m. and 1 suspended project designated for retail use.

As of 30 June 2015, the book value of the Group's portfolio amounts to €1,231,377 with: (i) the Group's completed commercial properties accounting for 80% thereof; (ii) completed residential units accounting for less than 1% , (iii) a land bank designated for future development accounting for 19% and (iv) assets held for sale accounting for less than 1%.

The Group's completed properties in its three most significant markets, i.e. Poland, Romania and Hungary, constitute 42%, 16% and 16% of the total value of the Group's completed real estate portfolio, respectively.

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 and 43 thousand sq. m land plot located in Russia, of which the Group's proportional interest is 28 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.

Additionally, the Group manages third party assets including two office buildings: one in Budapest and one in Warsaw.

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 or GTC are to Globe Trade Centre S.A. and all references to the Group or the GTC 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" refers to the bonds issued by Globe Trade Centre S.A. and introduced to alternative trading market and marked with the ISIN codes PLGTC0000144, PLGTC0000151 and PLGTC0000177; „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 2015 and 2014. The historical financial data should be read in conjunction with Item 5. “Operating and Financial Review” and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2015 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2015. Selected financial data presented in PLN is derived from the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2015 presented in accordance with IFRS and prepared in the Polish language and based on the Polish zloty.

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			
	2015		2014		2015		2014	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN	EUR	PLN
Interim Condensed Consolidated Income Statement								
Revenues from operations	60,031	248,648	63,741	266,157	30,435	124,783	32,780	136,602
Cost of operations	(19,877)	(82,331)	(22,822)	(95,296)	(10,291)	(42,212)	(11,715)	(48,819)
Gross margin from operations	40,154	166,317	40,919	170,861	20,144	82,571	21,065	87,783
Selling expenses	(1,230)	(5,095)	(1,380)	(5,762)	(706)	(2,902)	(768)	(3,201)
Administrative expenses	(4,939)	(20,457)	(5,092)	(21,262)	(2,529)	(10,371)	(3,235)	(13,491)
Profit/(loss) from revaluation/impairment of assets, and impairment of residential projects	(1,826)	(7,659)	(67,357)	(280,311)	(1,444)	(6,097)	(65,396)	(272,106)
Share of profit in associates	(3,581)	(14,833)	(10,988)	(45,881)	(1,975)	(8,112)	(11,411)	(47,651)
Financial income/(expense), net	(15,975)	(66,169)	(22,212)	(92,749)	(7,716)	(31,603)	(10,716)	(44,644)
Net profit /(loss)	6,064	25,065	(71,899)	(299,220)	(1,803)	(7,938)	(70,139)	(291,856)
Basic and diluted earnings per share (not in thousands)	0.02	0.08	(0,18)	(0.76)	(0,01)	(0.02)	(0,18)	(0.74)
Weighted average number of issued ordinary shares (not in thousands)	351,310,288	351,310,288	348,310,652	348,310,652	351,310,288	351,310,288	351,310,288	351,310,288

Interim Condensed Consolidated Statement of Cash Flow

	For the six-month period ended 30 June				For the three-month period ended 30 June			
	2015		2014		2015		2014	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN	EUR	PLN
Cash flow from operating activities	35,161	145,636	36,541	152,570	-	-	-	-
Cash flow used in investing activities	48,129	199,349	(12,325)	(51,464)	-	-	-	-
Cash flow from financing activities	(83,829)	(347,311)	9,764	39,079	-	-	-	-
Cash and cash equivalents at the end of the period as per Interim Condensed Consolidated Statement of Financial Position	80,812	338,958	89,533	372,538	-	-	-	-

Consolidated Statement of Financial Position

	As of 30 June 2015		As of 31 December 2014		As of 30 June 2014	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN
Investment property	1,189,823	4,990,594	1,221,319	5,205,628	1,326,433	5,519,155
Inventory	4,237	17,772	23,539	100,330	32,252	134,197
Cash and cash equivalents	80,812	338,958	81,063	345,515	89,533	372,538
Total assets	1,384,241	5,806,064	1,517,064	6,466,183	1,679,109	6,986,605
Non-current liabilities	840,319	3,524,635	944,680	4,026,509	988,546	4,113,241
Current liabilities	99,860	418,862	145,203	618,907	130,877	544,569
Equity	444,062	1,862,567	427,181	1,820,767	559,686	2,328,795
Share capital	7,849	35,131	7,849	35,131	7,849	35,131

Item 3. Presentation of the Group

Item 3.1. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 30 June 2015 is presented in the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2015 in Note 6 "Investment in subsidiaries, associates and joint ventures".

Item 3.2. 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.

Item 4. Main events

Following events took place during the six-month period ended 30 June 2015:

On 28 January 2015, the Company was notified that as a result of two subsequent transactions involving the purchase of shares in the Company executed by LSREF III on the regulated market operated by the Warsaw Stock Exchange, LSREF III, directly, and Lone Star, indirectly (through LSREF III), holds 114,179,790 ordinary shares in the Company, which constituted 32.5% of its share capital.

On 19 March 2015, the Supervisory Board of the Company appointed Erez Boniel as member of the management board of the Company for new three-year terms.

On 31 March 2015, a Company's subsidiary, GTC GK Office Sp. z o.o., signed with Kazimierz Office Center Sp. z o.o. a preliminary agreement for the sale of the right of perpetual usufruct of a plot of land, situated in Krakow and the ownership of the office building of Kazimierz Office Centre in Krakow erected on the said plot of land as well as the other rights and movable assets attached to the Property. The net price for the property and the other rights and movable assets under the agreement is €42,000.

On 30 March 2015, LSREF III GTC Investments B.V. announced the tender offer for GTC shares. Pursuant to the tender offer circular, Lone Star aims to increase its stake in GTC to up to 66% of the Company's shares with the intention to take control over GTC. The tender offer is conditional. The subscription period will commence on 18 May 2015 and end on 3 June 2015. For the first five days, i.e. from 18 May until 22 May, Lone Star offers PLN 6.10 per GTC share, whereas during the remainder of the offer period, i.e. for shares tendered on or after 23 May 2015, the tender offer provides for a price of PLN 5.50 per GTC share.

On 22 April 2015, ING Powszechne Towarzystwo Emerytalne S.A. acting on behalf of ING Otwarty Fundusz Emerytalny re-appointed Krzysztof Gerula to the Company's Supervisory Board.

On 23 April 2015, i.e. on the date of the annual shareholders meeting of the Company approving the financial statements for the last full financial year of their service as members of the management board of the Company, the mandates of management board members Piotr Kroenke and Mariusz Kozłowski expired pursuant to Article 369 § 4 of the Commercial Companies Code.

On 29 May 2015, a Company's subsidiary, GTC GK Office Sp. z o.o., signed with Kazimierz Office Center Sp. z o.o. (a subsidiary of a fund managed by GLL Real Estate Partners) final sale agreement selling real estate that includes office building of Kazimierz Office Centre in Krakow. The net price for the property and other rights and movable assets under the agreement was €41,600.

On 8 June 2015, a Company's subsidiary Centrum Światowida Sp. z o.o. received from the President of Capital City of Warsaw a confirmation that the decision approving the building design and containing a building permit for the construction of the Galeria Północna shopping mall in Warsaw has become final on 6 June 2015.

On 15 June 2015, a Company received a notifications from LSREF III GTC Investments B.V. and Lone Star Real Estate Partners III L.P on an increase to 55.24% of the total vote in the Company. The change was a result of the settlement of the tender offer for Company`s shares announced by LSREF III on 30 March 2015.

On 15 June 2015, Company received a notification from AVIVA OFE AVIVA BZ WBK on a decrease to 7.15% of the total vote in the Company. The change was a result of the settlement of the tender offer for Company`s shares announced by LSREF III on 30 March 2015. Following the decrease, according to Art. 7 paragraph. 7.1.5 Articles of Association, the mandate of Mr. Tomasz Mazurczak acting as a supervisory board member in GTC automatically expired on 10 June 2015.

On 16 June 2015, Company received from ING OFE a notification on a decrease to 0% of the total vote in the Company. The change was a result of the settlement of the tender offer for Company`s shares announced by LSREF III on 30 March 2015. Following the decrease, according to Art. 7 paragraph. 7.1.5 Articles of Association, the mandates of Mr. Dariusz Stolarczyk and Krzysztof Gerula acting as a supervisory board members in GTC automatically expired on 10 June 2015.

On 26 June 2015, Company and the European Bank for Reconstruction and Development ("EBRD") entered into an agreement for the restructuring of loans extended by the EBRD to Mars Commercial Center SRL, the owner of a shopping center in Piatra Neamt, and Mercury Commercial Center SRL, the owner of a shopping center in Arad, (together the "Borrowers"), each of which are indirect subsidiaries of the Company (the "Restructured Loans"). Until 26 June 2015, Restructured Loans extended by the EBRD to Borrowers have been guaranteed by the Company. Currently, the amounts of €5,778 and €27,836 are outstanding from Mars Commercial Center SRL and Mercury Commercial Center SRL, respectively. Under the terms of the Restructured Loans, the existing guarantee of GTC will be released and GTC will become a co-borrower, jointly and severally, alongside the existing Borrowers. The restructured loans will be repaid in quarterly tranches, until 31 December 2017.

On 30 June 2015, the Extraordinary Shareholders Meeting approved resolution regarding the increase of the Company's share capital by way of right issue of ordinary bearer shares, on conducting a public offering of newly-issued shares, on setting the record date for pre-emptive rights related to newly-issued shares as 10 September 2015, on the dematerialization and seeking the admission and introduction to trading on the regulated market operated by the Warsaw Stock Exchange of pre-emptive rights, rights to shares and newly-issued shares.

Subsequent events:

On 3 July 2015, the Company and the European Bank for Reconstruction and Development ("EBRD") entered into an agreement for the restructuring of a loan extended by the EBRD to Galleria Stara Zagora AD, the owner of a shopping center in Stara Zagora, Bulgaria (the "Borrower"), which is an indirect subsidiary of the Company (the "Restructured Loan"). Until 3 July 2015, the Restructured Loan extended by the EBRD to Borrowers have been guaranteed by the Company. Currently, the amount of €22,799 is outstanding from Galleria Stara Zagora AD. Under the terms of the Restructured Loan, the existing guarantee of GTC will be released and GTC will become a co-borrower, jointly and severally, alongside the existing Borrower. The restructured loan will be repaid in quarterly tranches, until 31 December 2017.

On 8 July 2015, Company's subsidiary Centrum Światowida Sp. z o.o. (the "Client"), concluded an agreement with Unibep S.A., concerning the construction work involved in the construction of Galeria Północna located at ul. Światowida in Warsaw, the district of Białołęka (the "Agreement"). Under the Agreement, Unibep S.A. will act as the general contractor for the construction of a retail shopping and entertainment centre consisting of three above-ground storeys, with a commercial area of approximately 64,000 square meters. In addition, visitors will be able to use approximately 2,200 parking spaces on a two-storey underground parking lot. The Agreement states that the investment is to be completed between the third quarter of 2015 and the second quarter of 2017. The sum assuming that all work associated with the indicative amount will have been performed, is €85,300 net, which is the equivalent of €359,900.

On 21 July 2015, Witold Zatoński resigned from his function of a Member of the Management Board of GTC SA.

In July 2015, the Group sold the shares of GTC Nekretnine Istok d.o.o (Avenu Mall Osijek) for the amount of €1,300.

In July 2015, the Group sold the shares of Galeria Varna AD (Galleria Varna) for the amount of €5,500.

In July 2015, the Group started the commenced of Galeria Północna shopping centre, Warsaw.

In August 2015, the Group signed conditional sale agreement for GTC Jarossova OC s.r.o.

In August 2015, GTC Group signed a credit facilities agreement with Bank Polska Kasa Opieki S.A, concerning financing and refinancing of total project costs of the construction of Galeria Północna. These facilities comprise a construction loan facility for the amount of up to €116,000 and investment loan facility for the amount of up to €150,000 or €175,000, subject to the satisfaction of a condition precedent indicated in the Agreement.

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 the following factors and important market trends have significantly affected the Group's results of operations since the end of period covered by the latest published audited financial statements, 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's business results have been affected by the global financial crisis, which started in 2008/2009. The global crisis on the financial markets impacted the condition of many financial institutions, and governments were often forced to intervene on the capital markets on an unprecedented scale. Such turbulence 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 or downsizing of rental space. All these factors impacted the real estate market as well as resulted in a decrease in the value of real estate.

The crisis experienced by the financial markets slowed down the general economy in many countries, including Poland, Hungary, and Romania, where the Group operates. The economic downturn in those countries resulted in reduced demand for property, growth of vacancy rates, and increased competition in the real estate market, which adversely affected the Group's ability to sell or let its completed projects at their expected yields and rates of return.

The reduced demand for property that, on the one hand, resulted in a drop in sales dynamics, and, on the other, an increase in vacancy rates and lower rent revenues from leased space, significantly impacted the results of operations of the Group. Specifically, the Group was forced to change some of its investment plans, for example numerous projects in Bulgaria, Romania and Croatia, as those projects did not meet the initially assumed returns targets. Additionally, the Group was not able to develop numerous plans in the countries where it operates.

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 six-month period ended 30 June 2014 and for the six-month period ended 30 June 2015, the Group derived 66% and 67% 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 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 favorable rent levels. Moreover, for the six-month period ended 30 June 2014 and for the six-month period ended 30 June 2015, 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 the full indexation of the rent linked to the European Index of Consumer Prices. When a lease is concluded in another currency, it is typically linked to the consumer price index of the relevant country of the currency.

To a certain extent, the Group's operational results are influenced by its ability to sell residential units, which for the six-month period ended 30 June 2014 and for the six-month period ended 30 June 2015, amounted for 14% and 12% of the Group's total revenues, respectively. 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 of operations depend heavily on the fluctuation of the value of assets on the property markets. The Group revalues its investment properties at least twice per year. Any change in fair value of investment property is thereafter recognized as a gain or loss in the income statement.

The following three significant factors influence the valuation of the Group's properties: (i) the cash flow arising from operational performance, (ii) the expected rental rates and (iii) the 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. Expected rental values are determined predominantly by expected development of the macroeconomic indicators as GDP growth, disposable income, etc. as well as micro conditions such as new developments in the immediate neighborhood, competition, etc. Capitalization rates are influenced by prevailing interest rates and risk premium. In the absence of other changes when capitalization rates increase, market value decreases and vice versa. 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 among others the building rights and the expected timing of the projects. The value of land bank which is assessed using a comparative method is determined by referring to the market prices applied in transactions relating to similar properties.

The Group recognized net revaluation losses and impairment of assets and residential projects of €67,357 and €1,826 in the six-month period ended 30 June 2014 and in the six-month period ended 30 June 2015, respectively.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to Euribor. The bonds issued by the Company are denominated in PLN and bear interest connected to WIBOR. Increases in interest rates generally increase the Group's financing costs. Currently approximately 39% of the Group's loans are hedged or partially hedged. As of 31 December approximately 31% of of the Group's loans are hedged or partially hedged. For example, an interest rate increase of 50 basis points for the year ended 31 December 2014 would have increased the Group's interest expense for the year ended 31 December 2014 by approximately €1,585. In addition, in an economic environment in which availability of financing is not scarce, 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 impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have demonstrated significant volatility, changing from 1.343% as of 2 January 2012, through 0.188% as of 2 January 2013, to 0.280% as of 3 January 2014 and 0,076% as of 2 January 2015 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the six-month period ended 30 June 2014 and for the six-month period ended 30 June 2015 a vast majority of the Group's revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against 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 euro or local currencies.

The Group reports its financial statements in euro, its operations, however, are based locally in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, Slovakia and other countries. 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. In particular, the significant portion of the financial costs incurred by the Group includes: (i) the interest on the bonds issued by the Group in Polish zloty and (ii) the interest on the loan taken by the Group in Hungarian forints. The exchange rates between local currencies and 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.

Accordingly, the foreign exchange rate movements have a material impact on the Group's operations and financial results.

Availability of financing

In the CEE and SEE markets, real estate development 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, apart from proceeds from asset disposals, bank loans and proceeds from bonds issued by the Company

Item 5.2. Specific factors affecting financial and operating results

As of 31 December 2014, the loan agreements with Unicredit related to the Felicity residential project with an outstanding loan amount of €25,600 exceeded the fair value of related asset. In March 2015, the Company transferred the Felicity project to a subsidiary of Unicredit. Unicredit released the Company from any payment obligations arising from the loan agreements.

On 30 May 2015, the Company's subsidiary, GTC GK Office (the "Seller"), signed with Kazimierz Office Center Sp. z o.o., a subsidiary of a fund managed by GLL Real Estate Partners (the "Purchaser"), an agreement for the sale of an office building Kazimierz Office Centre in Krakow. The net price for the property and the other rights and movable assets under the preliminary agreement is €41,600.

In June 2015, the loan from EBRD and Raiffeisen Bank Austria (Avenue Mall Osijek) in the amount of €15,800 was fully repaid.

In June 2015, the loan from OTP and MKB (Galleria Varna) in the amount of €17,000 was fully repaid. At the same time, MKB and OTP granted GTC S.A a new loan in the amount of €12,600.

On 26 June 2015, the Company and EBRD entered into an agreement for the restructuring of a loan to Mars Commercial Center SRL (Piatra Mall), and Mercury Commercial Center SRL (Arad Mall), in Romania. Furthermore, om 30 June 2015, the Company and EBRD agreed the restructuring of a loan granted to Galleria Stara Zagora AD, the owner of a shopping center in Stara Zagora, Bulgaria. This agreement was signed on 3 July, 2015. Both agreements were subject to fulfilment of formality conditions precedent, which were fully fulfilled on 31 July 2015 however given formality nature of the conditions precedent the Management considered these loans were in effect as of 30 June, 2015.

Currently, the amounts of €5,800, €27,900 and €22,000 are outstanding from Mars Commercial Center SRL, Mercury Commercial Center SRL, and Galleria Stara Zagora AD respectively. Under the terms of the restructured Loan, GTC SA became a co-borrower, alongside the existing borrowers. The restructured loan will be repaid in quarterly tranches, until 31 December 2017.

During three-month period ended 30 June 2015, the Group acquired remaining 35% in Galeria Ikonomov GmbH (owner of Galeria Varna) and remaining 20% in GTC Nekretnine Istok d.o.o. As a result, the impact of on the equity attributable to equity holders of the parent amounted to a decrease of €35,800. As of 30 June 2015, GTC Group held 100% share in the aforementioned companies.

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

The Group did not present forecasts for the six-month period or full year 2015.

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 and land plots that are 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. Financial position as at 30 June 2015 compared to 31 December 2014

Total assets decreased by €132,823 (9%) to €1,384,241 as of 30 June 2015. The decrease was mainly due to sale of Kazimierz Office Centre and sale of residential landbank and inventory in Felicity project. Additionally, the Group derecognized an asset (and a corresponding liability) in the amount of €68,517 related to liquidation of a JV company (Galeria Kazimierz) which was included in Investment in associates and JV in the balance sheet.

Assets

The value of investment property decreased by €31,496 (3%) to €1,189,823 as of 30 June 2015 from €1,221,319 as of 31 December 2014 mainly due to sale of Kazimierz Office Centre, partially offset by investment in FortyOne office building in Belgrade and capital expenditure in various projects.

The value of assets held for sale of €6,764 as of 30 June 2015 includes Avenue Mall Osijek and Galleria Varna, which were sold post balance sheet date.

The value of residential landbank and inventory decreased by €30,193 (46%) to €34,790 as of 30 June 2015 from €64,983 as of 31 December 2014, mainly due to disposal of residential landbank and inventory in Felicity project as part of the restructuring arrangement with the lender, as well as sale of completed apartments in other projects in the amount of €7,215.

The value of the investment in associates and joint ventures decreased by €68,517 to €27,529 as of 30 June 2015 from €96,046 as of 31 December 2014 mainly due to liquidation of a JV company (Galleria Kazimierz). The Galeria

Kazimierz asset was sold in prior year whilst the JV company was liquidated in the second quarter of 2015 following dividend distribution to the JV shareholders.

Liabilities

The value of loans and bonds decreased by €154,667 (17%) to €767,524 as of 30 June 2015 from €922,191 as of 31 December 2014, mainly due offset of the loan in the amount of €25,592 with the inventory and landbank in the Felicity project, repayment of the loan related to Kazimierz Office Centre in the amount of €27,369, repayment of loans in the aggregate amount of €33,654 related to Galleria Varna and Avenue Mall Osijek following the restructuring of the loans with European Bank for Reconstruction and Development, MKB and OTP banks and amortization of the project loans, partially offset by drawings under the bank facilities in the amount of €17,658. Additionally, a liability in the amount of €63,145 related to JV partner stake in Galeria Kazimierz was decreased as a result of liquidation of Galeria Kazimierz JV.

Equity

Equity increased by €16,881 (4%) to €444,062 as of 30 June 2015 from €427,181 on 31 December 2014 mainly due to profit in the period in the amount of €6,064 and a net decrease in non controlling interest of €8,877, following acquisition of the minority stake in Avenue Mall Osijek and Galleria Varna prior to disposal of those assets to third parties.

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 2015 with the result for the corresponding period of 2014

Revenues from operations

Revenues from operations decreased by €3,710 to €60,031 in the six-month period ended 30 June 2015. Residential revenues decreased by €1,835 to €7,215 in the six-month period ended 30 June 2015. The sale of the remaining residential inventory is scheduled to end by end of March 2016. Rental and service revenues decreased by €1,875 to €52,816 in the six-month period ended 30 June 2015 due to sale of Kazimierz Office Centre and Galleria Buzau combined with rent free periods and a decrease in rental rates in certain office properties.

Cost of operations

Cost of operations decreased by €2,945 to €19,877 in the six-month period ended 30 June 2015. Residential costs decreased by €1,558 to €6,799 in the six-month period ended 30 June 2015 resulting from recognition of costs related to sales of residential properties in Romania and Poland. The sale of the remaining residential inventory is scheduled to end by end of March 2016. Cost of rental operations decreased by €1,387 to €13,078 in the three-month period ended 30 June 2015 as a result of the sale of Kazimierz Office Centre and Galleria Buzau as well as cost cutting.

Gross margin from operations

Gross margin (profit) from operations decreased by €765 to €40,154 in the six-month period ended 30 June 2015. The gross margin (profit) on rental activities decreased by €488 to €39,738 in the six-month period ended 30 June 2015 from €40,226 in the six-month period ended 30 June 2014. Gross margin on rental activities in the six-month period ended 30 June 2015 was 75% compared to 74% in the six-month period ended 30 June 2014. The gross margin (profit) on residential activities decreased by €277 to €416 in the six-month period ended 30 June 2015 from €693 profit in the six-month period ended 30 June 2014. Gross margin on residential activities was 6% in the six-month period ended 30 June 2015 as compared to 8% in the six-month period ended 30 June 2014.

Selling expenses

Selling expenses decreased by €150 to €1,230 in the six-month period ended 30 June 2015 from €1,380 the six-month period ended 30 June 2014.

Administrative expenses

Administrative expenses (before provision for stock based program) decreased by €1,375 to €4,834 in the six-month period ended 30 June 2015. The decrease is due to further cost cutting initiatives. In addition, mark-to-market of phantom shares program resulted in de-recognition of income of €105 compared to € 1,117 expenses in the six-month period ended 30 June 2014.

Profit/(loss) from the revaluation/impairment of assets and impairment of residential projects

Net loss from the revaluation of the investment properties and impairment of residential projects amounted to €1,826 in the six-month period ended 30 June 2015, as compared to a net loss of €67,357 in the six-month period ended 30 June 2014. The net loss resulted mainly from readjustment of the value of the Sasad residential project (Budapest) following restructuring negotiations with the lender.

Other income/(expense), net

Other income (net of other expenses) related to land bank properties increased to €272 in the six-month period ended 30 June 2015 from €9 expenses in the six-month period ended 30 June 2014 mainly due to income related to disposal of Felicity project.

Foreign exchange profit/(loss)

Foreign exchange loss amounted to €1,634 in the six-month period ended 30 June 2015, as compared to a foreign exchange loss amounting to €1,720 in the six-month period ended 30 June 2014.

Financial income/(cost), net

Net financial cost decreased by €6,237 to €15,975 in the six-month period ended 30 June 2015 as compared to €22,212 in in the six-month period ended 30 June 2014 due to deleveraging activity.

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 2015 and 4.3% in the six-month period ended 30 June 2014.

Share of profit (loss) of associates

Share of loss of associates was €3,581 in the six-month period ended 30 June 2015 as compared to a share of loss of €10,988 in the six-month period ended 30 June 2014. The share of loss in 2015 is mainly due to impairment of land in Ukraine, and recognition of interest on shareholders loans in favor of The Group in Ukraine, Czech Republic and Ana Tower projects.

Taxation

Taxation amounted to €5,177 the six-month period ended 30 June 2015, due to operating activity and unrecognized deferred tax assets.

Net profit/ (loss)

Net profit amounted to €6,064 in the six-month period ended 30 June 2015, as compared to a net loss of €71,899 in the six-month period ended 30 June 2014, mostly due to improved operating results combined with no significant movement in the valuation of investment property and impairment of residential projects.

Item 5.5.3. Comparison of financial results for the three-month period ended 30 June 2015 with the result for the corresponding period of 2014

Revenues from operations

Revenues from operations decreased by €2,345 to €30,435 in the three-month period ended 30 June 2015. Residential revenues decreased by €1,138 to €4,226 in the three-month period ended 30 June 2015. The sale of the remaining residential inventory is scheduled to end by end of March 2016. Rental and service revenues decreased by €1,207 to €26,209 in the three-month period ended 30 June 2015 due to sale of Kazimierz Office Centre and Galleria Buzau and rent free periods and a decrease in rental rates in certain office properties.

Cost of operations

Cost of operations decreased by €1,424 to €10,291 in the three-month period ended 30 June 2015. Residential costs decreased by €688 to €4,205 in the three-month period ended 30 June 2015 resulting from recognition of costs related to sales of residential properties in Romania and Poland. The sale of the remaining residential inventory is scheduled to end by end of March 2016. Cost of rental operations decreased by €736 to €6,086 in the three-month period ended 30 June 2015 as a result of the sale of Kazimierz Office Centre and Galleria Buzau as well as cost cutting.

Gross margin from operations

Gross margin (profit) from operations decreased by €921 to €20,144 in the three-month period ended 30 June 2015. The gross margin (profit) on rental activities decreased by €471 to €20,123 in the three-month period ended 30 June 2015 from €20,594 in the three-month period ended 30 June 2014. Gross margin on rental activities in the three-month period ended 30 June 2015 was 77% compared to 75% in the three-month period ended 30 June 2014. The gross margin (profit) on residential activities decreased by €450 to €21 in the three-month period ended 30 June 2015 from €471 profit in the three-month period ended 30 June 2014. Gross margin on residential activities was 0% in the three-month period ended 30 June 2015 as compared to 9% in the three-month period ended 30 June 2014.

Selling expenses

Selling expenses decreased by €62 to €706 in the three-month period ended 30 June 2015 from €768 the three-month period ended 30 June 2014.

Administrative expenses

Administrative expenses (before provision for stock based program) decreased by €695 to €2,499 in the three-month period ended 30 June 2015. The decrease is due to further cost cutting initiatives. In addition, mark-to-market of phantom shares program resulted in de-recognition of income of €30 compared to €41 income in the three-month period ended 30 June 2014.

Profit/(loss) from the revaluation/impairment of assets and impairment of residential projects

Net loss from the revaluation of the investment properties and impairment of residential projects amounted to €1,444 in the three-month period ended 30 June 2015, as compared to a net loss of € 65,396 in the three-month period ended 30 June 2014 mainly due to readjustment of the value of the Sasad residential project (Budapest) following restructuring negotiations with the lender.

Other income/(expense), net
Other expenses (net of other income) related to land bank properties decreased to €150 in the three-month period ended 30 June 2015 from €547 income in the three-month period ended 30 June 2014.

Foreign exchange profit/(loss)

Foreign exchange profit amounted to €1,819 in the three-month period ended 30 June 2015, as compared to a foreign exchange loss amounting to €937 in the three-month period ended 30 June 2014.

Financial income/(cost), net
Net financial cost decreased by €3,000 to €7,716 in the three-month period ended 30 June 2015 as compared to €10,716 in the three-month period ended 30 June 2014 due to deleveraging activity.

Share of profit (loss) of associates

Share of loss of associates was €1,975 in the three-month period ended 30 June 2015 as compared to a share of profit of €11,411 in the three-month period ended 30 June 2014. The share of loss in 2015 is mainly due to impairment of land in Ukraine and recognition of interest on shareholders loans in favor of the Group in Ukraine, Czech Republic and Ana Tower projects.

Taxation

Taxation amounted to €9,246 the three-month period ended 30 June 2015, mostly due to the PLN weakening versus Euro. Euro denominated loans granted to GTC's subsidiaries appreciated (in PLN) which created a profit in PLN. Such profit is recognized within the deferred tax liability.

Net profit/ (loss)

Net loss amounted to €1,803 in the three-month period ended 30 June 2015, as compared to a net loss of €70,139 in the three-month period ended 30 June 2014, mostly due to improved operating results combined with no movement in the valuation of investment property and impairment of residential projects and taxation charge.

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 2015 with the cash flow for the corresponding period of 2014

The table below presents an extract of the cash flow for the period of six-months ended on 30 June 2015 and 2014:

	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**35,161**	**36,541**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(11,683)	(14,670)
Sale of investment	51,279	1,678
Purchase of minority	(800)	(279)
Liquidation of Joint Ventures	3,890	-
VAT/CIT on sale of investment property	5,001	-
Other, interest and similar costs	442	946
Net cash used in investing activities	**48,129**	**(12,325)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	53,680
Share issuance expenses	-	(841)
Proceeds from long-term borrowings	17,658	123,715
Repayment of long-term borrowings	(88,599)	(142,503)
Repayment of hedge	(1,489)	-
Interest paid	(14,335)	(19,109)
Loans origination cost	-	(1,547)
Decrease (increase) in short term deposits	2,936	(3,631)
Net cash from (used in) financing activities	**(83,829)**	**9,764**
Effect of foreign currency translation	665	(886)
Net increase/(decrease) in cash and cash equivalents	126	33,094
Cash and cash equivalents, at the beginning of the period	**81,063**	**56,439**
Cash and cash equivalents, at the end of the period	**80,812**	**89,533**

Cash flow from operating activities was €35,161 in the six-month period ended 30 June 2015 compared to €36,541 in the six-month period ended 30 June 2014 mainly due to working capital changes.

Expenditure on investment property under construction amounted to €11,683 in the six-month period ended 30 June 2015 and was related mainly to investment in FortyOne (Belgrade, Serbia) and Galeria Północna (Warsaw, Poland).

Cash flow used in financing activities amounted to €83,829 in the six-month period ended 30 June 2015, compared to cash flow from financing activities €9,764 cash flow from financing activities in the six-month period ended 30 June 2014. Cash flow used in financing activities mostly composed of proceeds from long term borrowings of €17,658 (including mostly loan granted to GTC SA from OTP bank in the amount of €12,580 as part restructuring of Galleria Varna loan), repayment of long term borrowings of €88,599 (including mostly repayment of loans in the aggregate amount of €33,654 related to Galleria Varna and Avenue Mall Osijek following the restructuring of the loans with European Bank for Reconstruction and Development, repayment of the loan related to Kazimierz Office Centre in the amount of €27,369) and payment of interest in the amount of €14,335.

Cash and cash equivalents as of 30 June 2015 amounted to €80,812 compared to €89,533 as of 30 June 2014. 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

As of 30 June 2015, the Group holds cash and cash equivalent in the amount of approximately €80,812. The Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) debt servicing of its existing assets portfolio; (ii) capex; and (iii) development and acquisition of commercial properties. Such funding will be sourced through available cash, operating income, sales of assets and refinancing.

As of 30 June 2015, the Group's non-current liabilities amounted to €840,319, compared to €944,680 as of 31 December 2014.

The Group's total debt from long and short-term loans and borrowings as of 30 June 2015 amounted to €767,524, as compared to €922,191 as of 31 December 2014. The Group's loans and borrowings are mainly denominated in Euro. The corporate bonds are denominated in PLN. 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 was 50% as of 30 June 2015, as compared to 54% as of 31 December 2014. The Group's strategy is to keep its loan-to-value ratio at the level of between 40% and 60%.

As of 30 June 2015, 39% of the Group's loans (by value) were based on fixed rate or hedged against interest fluctuations, mostly through interest rate swaps and currency swap as mentioned above.

Item 6. Information on granted and received guarantees with a particular emphasis on guarantees granted to related entities

During the six-month period ended 30 June 2015 the Group did not grant guarantees of the value that exceeds 10% of its capital.

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 2015 and 31 December 2014, the guarantees granted amounted to €66,000 and €149,000, 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 receives 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 takes into consideration the changes in the shareholding structure arising from:

- notification dated 12 June 2015 on increase above 50% in the total number of votes in the Company received from LSREF III GTC Investments B.V and Lone Star Real Estate Partners III L.P. (see: Current report no 19/2015),

- notification on decrease in the total number of votes in the Company received on 15 June 2015 from Aviva OFE Aviva BZ WBK (see: Current report no 20/2015) and

- notification on decrease in the total number of votes in the Company received on 16 June 2015 from ING OFE regarding a decrease (see: Current report no 21/2015).

Shareholder	Number of shares and rights to the shares held	% of share capital	Number of votes	% of votes
LSREF III GTC Investments B.V.[1]	194,078,187	55.24%	194,078,187	55.24%
OFE PZU	31,445,571	8.95%	31,445,571	8.95%
AVIVA OFE	25,131,986	7.15%	25,131,986	7.15%
Other shareholders	100,654,544	28.66%	100,654,544	28.66%
Total	**351,310,288**	**100.00%**	**351,310,288**	**100.00%**

[1]LSREF III GTC Investments B.V. is related to Lone Star Real Estate Partners III L.P.

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 20 August 2015, the date of publication of this interim report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three-month period ended 31 March 2015) on 14 May 2015.

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.

Management Board Member	Balance as of 20 August 2015 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 14 May 2015 (not in thousand)
Thomas Kurzmann	0	0	No change
Erez Boniel	128,000	12,800	No change
Yovav Carmi	0	0	No change
Jacek Wachowicz	0	0	No change
Witold Zatoński [1]	0	0	No change
Total	128,000	12,800	

[1] Balance as of 21 July 2015

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 2015 since 31 March 2015.

Management Board Member	Balance as of 30 June 2015 (not in thousand)	Change since 31 March 2015 (not in thousand)
Thomas Kurzmann	0	No change
Erez Boniel	0	No change
Yovav Carmi	361,087	No change
Mariusz Kozłowski[1]	707.117	No change
Piotr Kroenke [1]	905.117	No change
Jacek Wachowicz	0	Decrease of 300,885
Witold Zatoński	553,056	No change

[1] Balance as of 23 April 2015

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 of 20 August 2015, the date of publication of this interim report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three-month period ended 31 March 2015) on 14 May 2015.

The information included in the table is based on information received from members of the Supervisory Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Members of Supervisory Board	Balance as of 20 August 2015 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 14 May 2015
Alexander Hesse	0	0	No change
Philippe Couturier	0	0	No change
Michael Damnitz	0	0	No change
Jan Düdden	0	0	No change
Krzysztof Gerula[1]	2,474	247	No change
Mariusz Grendowicz	7,000	700	No change
Jarosław Karasiński	0	0	No change
Tomasz Mazurczak[1]	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade	0	0	No change
Dariusz Stolarczyk[1]	0	0	No change
Total	9,474	947	

[1]Balance as at 10 June 2015

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 2015. There have been no changes in their holdings since 31 March 2015.

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

<u>Risk Factors Relating to the Group's Business</u>

The Group's business could be affected if the general economic conditions in the countries in which the Group operates continue or worsen

The deterioration of the general economic conditions and the real estate market in the countries where the Group operates may adversely affect the willingness and ability of customers to secure financing and purchase or lease property. If such demand falls, 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 potential downturn in the general economic conditions and the real estate market in Poland or other countries in which the Group operates may also lead 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 go bankrupt.

For example, due to the worsening macroeconomic situation and strong competition (which has led to a reduction in rents which were dependent, to a large degree, on the tenants' turnover), the Group had to lease out the Avenue Mall Osijek shopping centre at a loss for the period running from its completion date (i.e. from 2011) to its sale in 2015; this resulted in a substantial loss of value regarding that asset. Similarly, the Group was forced to lease out the Galleria Arad shopping centre at a loss for the period running from its completion date (i.e. from 2011), due to the worsening macroeconomic situation and the reduction in disposable income; this has also led to a reduction in rents.

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

The Group may fail to implement its strategy

The Group is in the process of implementing its growth strategy pursuant to which it plans to: (i) expand its portfolio by acquiring and improving yielding properties in Poland and in capital cities of selected CEE and SEE counties where the Group operates, supplemented by selected, most attractive development projects in the Group's Property Portfolio; (ii) improve the efficiency of its asset management activities and maximise operating performance and efficiency; and (iii) sell its non-core assets which may allow the Group to reduce its financial leverage or obtain funds to be used for new investments.

As a result, certain properties and qualities of the 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. Moreover, no assurance can be given that the Group's property portfolio or future investment strategies effected pursuant to the Group's strategy will enhance the value of its property portfolio and increase the Group's profitability. In particular, the success of the Group's business strategy relies on assumptions and contingencies that may prove to be partially or wholly incorrect and/or inaccurate. This includes assumptions with respect to the level of profitability of the acquisition targets to be completed in the future and investment criteria which have been developed by the Group for the purpose of achieving the expected level of returns on the acquired properties.

The Group may fail to achieve its major goals due to internal and external factors of a regulatory, legal, financial, social or operational nature, some of which may be beyond the Group's control. In particular, volatile market conditions, a lack of capital resources needed for expansion and the changing price of available properties for sale in the relevant markets may hinder or make it impossible for the Group to implement the core elements of its strategy. Moreover, expanding its presence in the asset management sector may be hindered or even impossible due to increasing competition from other real estate managers and investors in the real estate market.

Should the Group experience these or other challenges, the Group may be unable to implement its strategy fully or at all; it may decide to change, suspend or withdraw from its strategy or development program, and it may be unable to achieve, or it could encounter delays in achieving, the planned synergies and desired benefits from its strategy and development program. This could have a material adverse effect on the Group's business, financial condition, results of operations.

The valuation of the Group's properties is inherently uncertain, may be inaccurate and is subject to fluctuation

The Group presents the vast majority of its real estate properties at a fair value, which has been estimated by external real estate 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 and the undeveloped landbank is established semi-annually (i.e. as of 30 June and 31 December of each year) by independent certified appraisers 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. In most instances the independent certified appraisers do not, however, prepare valuations for 31 March and 30 September of each year. Such valuations are reviewed internally and, if necessary, verified 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 be challenged by, among others, the 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. Moreover, some of the valuations are based on certain assumptions regarding future zoning decisions. Such assumptions may turn out not to be fulfilled which may result in the Group not being able to develop certain property in line with the plan. This may adversely impact the valuation of such properties in the future.

If the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove to be 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.

For instance, the value of some investment properties (those generating an operational loss, e.g. Galleria Arad and Avenue Mall Osijek) and some building plots (mostly in Hungary) were adjusted to their transaction price as at 31 December 2014, which resulted in the recognition of €160,300 of net revaluation losses and the impairment of assets in terms of investment properties and €34,100 in terms of residential projects in the twelve-month period ended 31 December 2014.

The decrease in the value of the above-mentioned real properties negatively affected the Group's covenants to maintain certain levels of loan-to-value ratios established in connection with the Group's loan agreements, and led to breach of its obligations under the loan agreements.

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.

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 at least 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 accounted for in accordance with fair value models 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 reliably valued at fair value are valued at historical cost decreased by impairment, if any. Such properties are tested for impairment on, at least, a semi-annual basis. If the criteria for impairment are satisfied, a loss is recognised in the Group's consolidated income statement.

As a result, the Group can have significant non-cash revenue gains or losses from period to period depending on the changes in the fair value of its investment properties, whether or not such properties are sold. For instance, the Group recognized net revaluation losses and impairment of assets and residential projects of €184,600 and €194,400 in the year ended 31 December 2013 and 31 December 2014, respectively and €67,357 and €1,826 in the six-month period ended 31 June 2014 and in the six-month period ended 30 June 2015, respectively.

If market conditions and the prices of comparable commercial real properties continue to be volatile, the Group may continue to experience 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.

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 partly 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.

The Group's growth and profitability will depend on the Group's ability to identify and acquire attractive income-generating properties, efficiently manage its portfolio and develop selected projects

In accordance with its strategy, the Group intends to expand its business through: (i) the acquisition of yielding properties; (ii) asset management focused on unlocking value from the Group's portfolio; and (iii) the development of selected projects. Accordingly, the growth and profitability of the Group and the success of its proposed business strategy depend, to a significant extent, on its continued ability to locate and acquire yielding properties at attractive prices and on favourable terms and conditions.

The ability to identify and secure accretive value-added acquisition opportunities involves uncertainties and risks, including the risk that the acquisition is not an income-generating one after the Group has carried out business, technical, environmental, accounting and legal examinations of the property or project. In addition, the Group also faces the risk that competitors may anticipate certain investment opportunities and compete for their acquisition. Additionally, any potential acquisition of properties may give rise to pre-acquisition costs which have to be paid by the Group even if the purchase of a property is not concluded. There can be no assurance that the Group will be able to: (i) identify and secure investments that satisfy its rate of return objective and realise their values; and (ii) acquire properties suitable for management in the future at attractive prices or on favourable terms and conditions.

As a part of its strategy, the Group intends to focus on maximising the operating performance and efficiency of the active management of its income-generating commercial property portfolio. In pursuing this objective, the Group may expend considerable resources (including funds and management time) on managing properties that do not generate the expected returns and maintain certain ratios at the required level due to, for example, a decrease in demand for rental units or in rental levels which are not possible to anticipate.

The failure of the Group to identify and acquire suitable properties, effectively manage its properties portfolio and develop its projects could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

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, in particular the levels of future rental values and the potential for the improvement of the NOI. 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. 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 the Group to economic and financial disadvantages. 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.

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

Rental levels of the Group's properties are generally affected by overall conditions in the economy as well as the conditions of the portfolio itself (including future acquisitions of properties and the performance of the existing portfolio), the development of the selected existing projects, their infrastructure condition, the specific properties, and the vacancy rates. All these elements are subject to various factors, some of which are outside the Group's control. In particular, due to increased competition and pressure on rents and the worsening of the financial condition of tenants, the Group may not be able to renew the expiring leases of its current properties on favourable terms and conditions (if at all) or find and retain tenants willing to enter into leases on terms that are at least as favourable as those on which the Group has rented its properties thus far. Moreover, the Group's portfolio has included and will continue to include numerous properties with non-fixed rents tied to the turnover of the tenants. Accordingly, if the turnover of such tenants declines, the rent payable by them will also decrease. In addition, the Group has no impact on the operations of its tenants and may not be able to monitor on an ongoing basis the tenants' turnover in order to ensure that the level of turnover reflects the best and actual performance efforts of its tenants. 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 and there can be no assurance that rental income will develop positively in the future.

Additionally, the Group's rental income may also decrease as a result of asset disposals (for instance, the Group estimates that the sale of Kazimierz Office Centre will reduce the Group's annual rental income by approximately EUR 3.7 million) or acquisitions of properties with no or unsatisfactory income-generating capabilities. As part of its strategy, the Group is reorienting its portfolio and intends to acquire accretive and value-added properties and sell its non-core assets. In accordance with such strategy, that newly acquired properties are intended to be integrated with the existing portfolio and rented out in order to generate rental income for the Group. If these properties are not fully rented and/or the rental rates are agreed below the estimated rental values, the Group may not be able to realise its expected rates of return on the new acquisitions.

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.

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

For the Group to be profitable over the long term, the income-generating properties it owns and intends to acquire in the future 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 the Group's properties and overall portfolio. Expected vacancies are already reflected in the valuation reports as of 31 December 2014. The fixed costs for maintaining vacant spaces and the lack of rental income generated by such spaces could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may be unable to fully recover the costs of operating the properties from the tenants

The majority of the Group's lease contracts are structured in a way that allow to pass on certain of the costs related to the leased property to the tenant, including marketing cost, electricity cost on common space, real estate taxes, building insurance, and maintenance. However, the Group is not able to pass on all such costs to the tenants, especially in a very competitive environment, where the Company has to offer the attractive conditions to be able to compete with the other office buildings or has to improve the conditions offered to its tenants to be able to attract a new tenant to its retail project. Deteriorating market conditions, increased competition and tenants' requirements may further limit the Group's ability to transfer such costs, in full or in part, to the tenants. The service charges of the properties may increase due to a number of factors, including an increase in the electricity costs or an increase in the maintenance cost. Moreover, if vacancy rates increase, the Company has to cover the portion of the service charge that is related to the vacant space. Some lease agreements provide for the maximum value combined rental rate and service charged paid by the tenant. In such cases, if the maintenance charges increase, the Group is unable to pass on such costs to the tenants. For example, in the case of Galleria Arad and Avenue Mall Osijek, due to the worsening macroeconomic conditions and strong competition, the Group was unable to pass on all the maintenance costs to the tenants in the period running from their completion to their sale, and had to lease out those commercial properties at a loss.

Any significant increase in the property costs that cannot be compensated by increasing the level of costs incurred by the tenants may have an adverse effect on the Group's business, financial condition and results of operations.

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

The presence of reputable 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.

The Group faces competition from other owners, real estate managers and developers of commercial real estate

The Group has faced and continues to face increased competition from other owners, local and international real estate managers and developers of commercial real estate. Such competition may affect the Group's ability to attract and retain tenants and may reduce the rents that the Group is able to charge. Such competing properties may have vacancy rates that are higher than the vacancy rates of the Group's properties, which could result in their owners being willing to make space available at lower rental rates than the Group would normally be prepared to offer but which the Group may have to match. Competition in the real estate market may also lead to increased marketing and development costs.

Given that the successful growth and profitability of the Group depend on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on best achievable market terms; (iii) the level of lease rent and rent collection; (iv) optimisation of property maintenance costs; and (v) the acquisition of real estate at lowest available prices, the increased competition from other owners, real estate managers and developers of commercial real estate and surrounding factors could adversely affect the Group's business, financial condition and results of operations.

The Group may be subject to significant competition in seeking investments and may increase the purchase price of properties to be acquired

The Company competes with a number of real estate companies and developers for properties, developments, contractors and customers. Some of the Group's competitors may be larger or have greater financial, technical and marketing resources than the Group and therefore the Group may not be able to compete successfully for investments or developments.

In addition, new acquisitions of existing properties at yields that the Company considers attractive may become difficult to complete. Accordingly, the implementation of the Company's strategy to make suitable investments in prime locations may be delayed or, even, become impossible.

Competition in the real estate market may also lead to a significant increase in prices for real estate available for sale, which could be potential targets for the Group. Each of these risks could have a material adverse effect on the Group's business, financial condition, results of operations.

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 Pietra Neamt 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 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.

The Group may not be able to sell its properties on a timely basis

As part of its strategy, the Group intends to sell its non-core assets. 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 favour 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 favourable 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 favourable economic conditions or mitigate the impact of unfavourable economic conditions should they arise, which could have a material adverse effect on the Group's business, financial condition, results of operations.

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 damage). 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.

If a given property is currently under renovation or modernisation, 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 modernisation 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.

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, may occasionally purchase 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 favourable 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 neighbouring properties and local residents may try to frustrate the obtainment of the necessary permits, consents or approvals.

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 the relevant planning permission. However, the Group may wish to alter certain 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.

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.

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.

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.

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.

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 as of the date of delivery of this Report generate any revenues. 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;
- liability to subcontractors related with bankruptcy of 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 authorisations 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.

Without sufficient local infrastructure and utilities, the construction of the Group's projects may be delayed or cancelled, or it may be unable to realise 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.

The Group is reliant on partners and co-investment agreements for a portion of its developments and faces counterparty risks

The Group sometimes acquires and/or develops properties in partnership with other investors, in particular, with local and international developers, banks, landowners and other partners. In these investments, the Group may not have exclusive control over the identification or acquisition of property or the development, financing, leasing, management and other aspects of these investments, nor can it control the conduct of its joint venture partners nor guarantee that they will be able to secure the optimum realisation of such projects. In addition, the partner may have interests or aims that are inconsistent with, and which may impede, the Group's interests or aims. In these investments, the Group may rely on the resources of its partners and any disagreement with a partner could lead to a significant disruption of a project or result in litigation, even if the Group is able to assume control of the project. These circumstances may have an adverse effect on the Group's business, financial condition, results of operations.

Furthermore, a Subsidiary may be a party to a shareholders agreement imposing some restrictions on it, including, inter alia, in relation to the disposal of its interest, and its income and capital distribution entitlements. Such a shareholders agreement, other than a joint arrangement in the meaning of IFRS 11, may entitle the other shareholders to preferential income or capital returns on, or other rights in relation to, the investment in certain circumstances and/or pre-emption rights on the sale of the Subsidiary's interest. Any such shareholders agreement may also impose obligations on the Subsidiary that is party thereto. Any of these matters may affect the value of the Group company's investment in such properties. In addition, the Group company may be jointly and severally liable for costs, taxes or liabilities with its co-investors and, in the event of their default, the Group company may be exposed to more than its proportionate share of the cost, tax or liability in question. This could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is also exposed to the credit risk of its counterparties in such partnership or co-investment agreements and their ability to satisfy the terms of contracts Group Companies have with them. The relevant Group company could experience delays in liquidating its position and suffer significant losses, including declines in the value of its investment during the period in which it seeks to enforce its rights or an inability to realise any gains on its investment during such period and may incur fees and expenses in enforcing its rights. There is a risk that control cannot be exercised efficiently and quickly, especially in the event of the bankruptcy or insolvency of the partner. The relevant Group company may have to continue financing the project even if the partner is in breach of its agreement with the relevant Group company. This may have an adverse effect on the Group's business, financial condition, results of operations.

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 which, if breached, could result in liability to pay damages. 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.

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.

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. 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 the purchase of property by the Group. 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, 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 owned as of the date of the delivery of this Report), 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.

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 legal title and the absence of defects in quality, 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.

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.

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.

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 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.

Risk Factors Relating to the Group's financial condition

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

As of the date of the delivery of this Report the Group is highly leveraged and have significant debt service obligations. The Group had approximately €1,089,883 and €940,179 of total non-current and current consolidated liabilities (including hedging instruments) as of 31 December 2014 and 30 June 2015, respectively.

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, could lead to the following:

- 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 cashflows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cashflows 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 described in this Report and may have a material adverse effect on the Group's business, financial condition, results of operations.

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 covenant to its creditors that it would not establish any further mortgages or pledges on its present and/or future assets without their consent (negative pledges provisions). 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 the LTV ratios imposed by loan agreements. Consequently, the Company was forced, inter alia, to: (i) reclassify its obligations under the loan agreements from long-term liabilities to current liabilities because their recovery period was shorter than 12 months (in the case of the Galleria Arad and Galleria Stara Zagora projects); (ii) renegotiate loan agreements and sign restructuring agreements (in the case of the Galleria Piatra Neamt, Galleria Arad and Galleria Stara Zagora projects); or (iii) dispose of real properties or projects (in the case of the Galleria Varna project). 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.

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

All of the Group's real estate developments have been financed through loans, which have been provided for a limited term. 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. Additionally, if the Group is not able to renew certain loans, those properties which are financed through loans will become low leveraged and, as a consequence, will not be able to generate the expected returns on equity. Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations.

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 kunas, Hungarian forints, Romanian lei or Serbian dinars.

In making the assumptions regarding the level of equity required to implement its strategic objectives, the Group used Euro as the reference currency. Additionally the majority of the investments that the Group plans to make as part of its business strategy will be expressed in Euro. Therefore, no assurance can be given that the proceeds derived and expressed in Polish zloty will suffice to meet the investment requirements of the Group's contemplated acquisition pipeline. 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.

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 vary 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.

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.

Risk Factors Relating to the Macroeconomic, Political and Legal Environment in the Markets where the Group Operates

Political, economic and legal risks associated with countries in emerging markets, including CEE and SEE countries

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 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 and the region 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. In particular, the armed conflict in the territory of Ukraine and uncertainties regarding the relationship with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in the countries neighbouring with Ukraine and Russia, where the Group operates.

The Group may not be able to realise 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 characterised 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 realise 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.

The materialisation of any of the foregoing risks would have a material adverse effect on the Group's business, financial condition, results of operations.

The real estate market is cyclical

The real estate 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 Group will be able to select projects which will fill actual demand during an upturn in the market. Additionally, the corporate bodies of the respective Group Companies that are expected to make certain investment decisions may not be able to properly asses the cycle of the real estate market and, consequently, accurately define the most favourable stage for completing the given investments.

All such events may have a material adverse effect on the Group's business, financial condition, results of operations.

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. The Group's real estate portfolio focuses on commercial premises, which significantly exposes the Group to negative developments in those segments of the real estate market in the countries where the Group operates, including intensified competition or increased saturation.

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, which stem 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.

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

Tax regulations in number of countries the Group operates in, including Poland, are complex and they are subject to frequent changes. The tax law practice of the tax authorities is not homogenous and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. No assurance may be given by the Company that the tax authorities will not employ a different interpretation of the tax laws which apply to the Group Companies, which may prove unfavourable to the Group. One may not exclude the risk that the specific individual tax interpretations already obtained and applied by the Group Companies will not be changed or questioned. There is also a risk that once new tax law regulations are introduced, the Group Companies will need to take actions to adjust thereto, which may result in greater costs forced by circumstances related with complying with the changed or new regulations.

In light of the foregoing, there can be no assurance given that the tax authorities will not question the accuracy of tax reporting and tax payments made by the Group Companies, in the scope of tax liabilities not barred by the statute of limitations, and that they will not determine the tax arrears of the Group Companies, which may have a material adverse effect on the Group Companies' business, financial standing, growth prospects or results of the Group.

Moreover, in relation to the cross-border nature of the Group's business, the international agreements, including the double tax treaties, to which the Republic of Poland is a party, also have an effect on the Group Companies' business. Different interpretations of the double tax treaties by the tax authorities as well as any changes to these treaties may have a material adverse effect on the business, financial standing or results of the Group Companies.

The related-party transactions carried out by the Group Companies could be questioned by the tax authorities

The Group Companies have carried out transactions with related parties. When concluding and performing related-party transactions, the Group Companies endeavour to take special care to ensure that such transactions comply with the applicable transfer pricing regulations. However, due to the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of examining the prices applied, as well as the difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific Group Companies will not be subject to inspections or other investigative activities undertaken by tax authorities or fiscal control authorities. Should the methods of determining arm's-length terms for the purpose of the above transactions be challenged, this may have a material adverse effect on the business, financial standing, growth prospects, results of the Group Companies.

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, labour 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 properties and could have a material adverse effect on the Group's business, financial condition, results of operations.

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 the 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 Group has faced administrative decisions in the past which forced it to unexpectedly change its investment plans (including limiting the scale of a project). Such discretion may have a material adverse effect on the Group's business, financial condition, results of operations.

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 of the Group.

Moreover, the Group may be 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. Following the introduction of nationalization in certain CEE and SEE jurisdictions, including Poland, Hungary and Czech Republic, during the post-war years, many privately-owned properties and businesses were taken over by such states. In many cases, the requisition of the property took place in contravention of prevailing laws. After the CEE and SEE countries moved to a market economy system in 1989-1990, many former property owners or their legal successors took steps to recover the properties or businesses lost after the war or to obtain compensation. For many years efforts have been made to regulate the issue of restitution claims in Poland. Despite several attempts, no act regulating the restitution process has been passed in Poland. Under the current law, former owners of properties or their legal successors may file applications with the authorities for the administrative decisions under which the properties were taken away from them to be revoked. As at the date of the delivery of this Report, there are no proceedings underway seeking the invalidation of administrative decisions issued by the authorities concerning properties held by the Group. There is no guarantee, however, that restitution claims may not be brought against the Group in the future, and this could have a material adverse effect on the Group's business, financial condition, results of operations.

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, authorisations, 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 privatisation 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.

<u>Risk Factors Relating to the Shareholding Structure of the Company and Corporate Governance</u>

There may be potential conflicts of interest between the Group and the Group's controlling shareholder

LSREF III GTC Investments B.V. ("LSREF"), which is fully controlled by Lone Star Real Estate Fund III LP (with its registered office in the United States of America) and Lone Star Real Estate Fund III LP (with its registered office in Bermuda) (jointly, "Lone Star Real Estate Fund III"), is the Group's controlling shareholder as of the date of the delivery of this Report. Lone Star Real Estate Fund III, a fund specialising in real property investments, is managed by Lone Star Funds. Lone Star Funds ("Lone Star"), is a leading private equity firm that invests globally in real estate, equity, credit and other financial assets.

Lone Star's representatives constitute the majority of the Supervisory Board and may thus control the appointment of the Management Board. Consequently, Lone Star may influence the decision making process in the Company. Accordingly, in considering any investment, business and operational matters of the Company and the most appropriate uses for the Company's available cash, the interests of Lone Star and of Lone Star Real Estate Fund III may not be aligned with the interests of the Company or of its other stakeholders.

Moreover, Lone Star and Lone Star Real Estate Fund III operate in the same market as the Group and they may compete over investments that the Group may be interested in.

Any such conflicts of interest may have an adverse effect on the Group's business, financial condition, results of operations.

Because the Company is a holding company, its ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds

The Company does not intend to pay out any dividends for at least the next four years; instead, its strategy focuses on significantly improving its level of funds for operations. The dividend policy is strictly connected with the general business strategy of the Group. Nonetheless, upon reaching the targeted level of funds necessary for the Group's operations, the Company may consider paying dividend. Moreover, the amount which may be distributed by the Company in accordance with the Polish law depends on the net profit and certain other figures reflected in the Company's stand-alone financial statements. Such figures may differ from the figures included in the Group's consolidated financial statements which are prepared in accordance with the IFRS.

As a holding company, the Company's ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds to the Company. Therefore, there can be no assurance that the Company will declare or pay any dividends to its shareholders in the future. The payment and amount of any future dividends will depend on the Management Board's assessment of factors such as long-term growth and earnings trends, the need for sufficient liquidity, the need for investment in the Company's existing project portfolio, the existence of alternative investment opportunities and the Company's financial position in general. This may have a material adverse effect on the Group's business, financial condition, results of operations.

Future offerings of debt or equity securities offered by the Company may adversely affect the market price of the Shares and dilute the shareholders' interests

To finance future acquisitions, the Company may raise additional capital by offering debt or additional equity securities, including convertible notes, medium-term notes, senior or subordinated notes and ordinary shares. The issuance of equity or debt securities with conversion rights may dilute the economic and voting rights of existing shareholders, if made without granting pre-emptive or other subscription rights, or reduce the price of the Company's shares, or both. The exercise of conversion rights or options by the holders of convertible or warrant-linked bonds that the Company may issue in the future may also dilute the shareholders' interests. Holders of the Company's ordinary shares have statutory pre-emptive rights entitling them to purchase a percentage of every issuance of the Company's ordinary shares. As a result, holders of the Company's ordinary shares may, in certain circumstances, have the right to purchase ordinary shares that the Company may issue in the future in order to preserve their percentage ownership interest in the Company, thereby reducing the percentage ownership interest of other investors. Because any decision by the Company to issue additional securities depends on market conditions and other factors beyond the Company's control, the Company cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, prospective investors bear the risk of the Company's future offerings reducing the market price of the Shares and diluting their interest in the Company.

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 June 2015
(in thousands of Euro)

	Note	30 June 2015 (unaudited)	30 June 2014 (unaudited)	31 December 2014
ASSETS				
Non-current assets				
Investment property	12	1,189,823	1,326,433	1,221,319
Residential landbank	13	30,553	61,189	41,444
Investment in associates and joint ventures	11	27,529	110,213	96,046
Property, plant and equipment		1,217	1,736	1,480
Deferred tax asset		2,041	3,668	2,245
Long term deposits		-	800	-
Other non-current assets		272	631	639
		1,251,435	**1,504,670**	**1,363,173**
Assets held for sale	18	**6,764**	**5,816**	**6,654**
Current assets				
Inventory	13	4,237	32,252	23,539
Debtors		5,708	5,051	5,035
Accrued income		871	1,058	1,358
VAT and other tax recoverable		1,978	2,566	1,840
Income tax recoverable		663	495	429
Prepayments and deferred expenses		2,822	3,192	2,268
Short-term deposits		28,951	34,476	31,705
Cash and cash equivalents		80,812	89,533	81,063
		126,042	**168,623**	**147,237**
TOTAL ASSETS		**1,384,241**	**1,679,109**	**1,517,064**

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 June 2015
(in thousands of Euro)

	Note	30 June 2015 (unaudited)	30 June 2014 (unaudited)	31 December 2014
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	15	7,849	7,849	7,849
Share premium		364,228	364,228	364,228
Capital reserve	1	(27,376)	8,392	8,392
Hedge reserve		(2,501)	(7,465)	(3,839)
Foreign currency translation		1,443	1,946	1,128
Accumulated profit		117,840	231,445	111,455
		461,483	**606,395**	**489,213**
Non-controlling interest	1	(17,421)	(46,709)	(62,032)
Total Equity		**444,062**	**559,686**	**427,181**
Non-current liabilities				
Long-term portion of long-term loans and bonds	14	699,521	848,103	802,631
Deposits from tenants		5,476	5,608	5,415
Long term payable		3,371	5,962	3,391
Provision for share based payment		394	1,742	289
Derivatives		1,763	4,037	2,892
Provision for deferred tax liability		129,794	123,094	130,062
		840,319	**988,546**	**944,680**
Current liabilities				
Trade and other payables		18,671	19,406	19,650
Current portion of long-term loans and bonds	14	68,003	100,862	119,560
VAT and other taxes payable		10,843	2,062	1,736
Income tax payable		481	388	521
Derivatives		1,493	6,677	3,152
Advances received		369	1,482	584
		99,860	**130,877**	**145,203**
TOTAL EQUITY AND LIABILITIES		**1,384,241**	**1,679,109**	**1,517,064**

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 2015
(in thousands of Euro)

	Note	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2015 (unaudited)	Three-month period ended 30 June 2014 (unaudited)	Year ended 31 December 2014
Revenues from operations	7	60,031	63,741	30,435	32,780	124,284
Cost of operations	8	(19,877)	(22,822)	(10,291)	(11,715)	(43,155)
Gross margin from operations		**40,154**	**40,919**	**20,144**	**21,065**	**81,129**
Selling expenses		(1,230)	(1,380)	(706)	(768)	(2,884)
Administration expenses	10	(4,939)	(5,092)	(2,529)	(3,235)	(8,781)
Loss from revaluation/ impairment of assets	12	(446)	(56,125)	(64)	(54,539)	(160,325)
Impairment of residential projects		(1,380)	(11,232)	(1,380)	(10,857)	(34,079)
Other income		1,400	982	138	901	3,145
Other expenses		(1,128)	(991)	(288)	(354)	(2,529)
Profit (loss) from continuing operations before tax and finance income / (expense)		**32,431**	**(32,919)**	**15,315**	**(47,787)**	**(124,324)**
Foreign exchange differences loss, net		(1,634)	(1,720)	1,819	(937)	(93)
Finance income		1,917	1,580	940	686	3,904
Finance cost		(17,892)	(23,792)	(8,656)	(11,402)	(46,441)
Share of loss of associates and joint ventures		(3,581)	(10,988)	(1,975)	(11,411)	(27,568)
Profit (loss) before tax		**11,241**	**(67,839)**	**7,443**	**(70,851)**	**(194,522)**
Taxation		(5,177)	(4,060)	(9,246)	712	(12,868)
Profit (loss) for the period		**6,064**	**(71,899)**	**(1,803)**	**(70,139)**	**(207,390)**
Attributable to:						
Equity holders of the parent		6,385	(63,832)	(1,868)	(62,719)	(183,822)
Non-controlling interest		(321)	(8,067)	65	(7,420)	(23,568)
Basic earnings per share (in Euro)	16	0.02	(0.18)	(0.01)	(0.18)	(0.53)

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 2015
(in thousands of Euro)

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2015 (unaudited)	Three-month period ended 30 June 2014 (unaudited)	Year ended 31 December 2014
Profit (loss) for the period	**6,064**	**(71,899)**	**(1,803)**	**(70,139)**	**(207,390)**
Gain on hedge transactions	2,071	5,879	1,789	2,394	10,549
Income tax	(446)	(1,128)	(339)	(460)	(2001)
Net gain on hedge transactions	1,625	4,751	1,450	1,934	8,548
Foreign currency translation	315	(2,483)	(2,329)	1,179	(3,294)
Total comprehensive income (loss) for the period, net of tax, to be reclassified to profit or loss in subsequent periods	**8,004**	**(69,631)**	**(2,682)**	**(67,026)**	**(202,136)**
Attributable to:					
Equity holders of the parent	8,038	(61,434)	(2,919)	(59,524)	(178,616)
Non-controlling interest	(34)	(8,197)	237	(7,502)	(23,520)

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2015
(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 2014	**7,082**	**312,155**	**15,154**	**(12,344)**	**4,427**	**295,277**	**621,751**	**(45,870)**	**575,881**
Other comprehensive income / (loss)	-	-	-	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 (unaudited)	**7,849**	**364,228**	**8,392**	**(7,465)**	**1,946**	**231,445**	**606,395**	**(46,709)**	**559,686**

	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 2014	**7,082**	**312,155**	**15,154**	**(12,344)**	**4,427**	**295,277**	**621,751**	**(45,870)**	**575,881**
Other comprehensive income / (loss)	-	-	-	8,505	(3,299)	-	5,206	48	5,254
Loss for the period ended 31 December 2014	-	-	-	-	-	(183,822)	(183,822)	(23,568)	(207,390)
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**8,505**	**(3,299)**	**(183,822)**	**(178,616)**	**(23,520)**	**(202,136)**
Issuance of shares	767	52,073	-	-	-	-	52,840	-	52,840
Other transactions	-	-	(6,762)	-	-	-	(6,762)	7,358	596
Balance as of 31 December 2014	**7,849**	**364,228**	**8,392**	**(3,839)**	**1,128**	**111,455**	**489,213**	**(62,032)**	**427,181**
Balance as of 1 January 2015	**7,849**	**364,228**	**8,392**	**(3,839)**	**1,128**	**111,455**	**489,213**	**(62,032)**	**427,181**
Other comprehensive income	-	-	-	1,338	315	-	1,653	287	1,940
Profit / (loss) for the period ended 30 June 2015	-	-	-	-	-	6,385	6,385	(321)	6,064
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**1,338**	**315**	**6,385**	**8,038**	**(34)**	**8,004**
Purchase of NCI shares	-	-	(35,768)	-	-	-	(35,768)	44,645	8,877
Balance as of 30 June 2015 (unaudited)	**7,849**	**364,228**	**(27,376)**	**(2,501)**	**1,443**	**117,840**	**461,483**	**(17,421)**	**444,062**

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 2015
(in thousands of Euro)

	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014	Year ended 31 December 2014
	(unaudited)	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before tax	11,241	(67,839)	(194,522)
Adjustments for:			
Loss from revaluation/impairment of assets and residential projects	1,826	67,357	194,404
Share of profit of associates and joint ventures	3,581	10,988	27,568
Profit/(Loss) on disposal of assets	(1,039)	-	(4)
Foreign exchange differences loss, net	1,634	1,525	(445)
Finance income	(1,917)	(1,580)	(3,904)
Finance cost	17,892	23,792	46,441
Share based payment loss (income)	105	(1,117)	(2,538)
Depreciation and amortization	252	218	499
Operating cash before working capital changes	**33,575**	**33,344**	**67,499**
Increase in debtors and prepayments and other current assets	(2,595)	(1,215)	(1,680)
Decrease in inventory	6,135	7,417	12,895
Decrease in advances received	(208)	(1,295)	(2,082)
Decrease in deposits from tenants	-	28	17
Decrease in trade and other payables	(304)	(393)	(945)
Cash generated from/ (used in) operations	**36,603**	**37,886**	**75,704**
Tax paid in the period	(1,442)	(1,345)	(2,452)
Net cash from operating activities	**35,161**	**36,541**	**73,252**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property under construction	(11,683)	(14,670)	(25,821)
Sale of investment	51,279	1,678	10,614
Purchase of minority	(800)	(279)	(279)
Liquidation of Joint ventures	3,890	-	-
VAT/CIT on sale of investment property	5,001	-	-
Interest received	419	1,148	2,019
Lease origination expenses	-	(112)	(208)
Loans granted	23	(379)	(566)
Loans repayments	-	289	330
Net cash from (used in) investing activities	**48,129**	**(12,325)**	**(13,911)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of shares	-	53,680	53,680
Share issuance expenses	-	(841)	(841)
Proceeds from long-term borrowings	17,658	123,715	124,494
Repayment of long-term borrowings	(88,599)	(142,503)	(149,409)
Repayment of hedge	(1,489)	-	(20,762)
Interest paid	(14,335)	(19,109)	(38,456)
Loans origination cost	-	(1,547)	(1,561)
Decrease (increase) in short term deposits	2,936	(3,631)	(89)
Net cash from (used in) financing activities	**(83,829)**	**9,764**	**(32,944)**
Effect of foreign currency translation	**665**	**(886)**	**(1,773)**
Net increase in cash and cash equivalents	**126**	**33,094**	**24,624**
Cash and cash equivalents at the beginning of the period	**81,063**	**56,439**	**56,439**
Cash classified as part of assets held for sale	**(377)**	**-**	**-**
Cash and cash equivalents at the end of the period	**80,812**	**89,533**	**81,063**

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, Bulgaria and Slovakia. The Company also holds a minority stake in land in Ukraine and a retail project in the Czech Republic and is partner to joint venture holding land in Russia. 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 majority shareholder of the Company is LSREF III GTC Investments B.V. ("LSREF III"), controlled by Lone Star, a global private equity firm, which held 194,078,187 shares or 55.24% of total share as of 30 June 2015. The ultimate controlling party is Lone Star Real Estate Fund III LP.

Events in the period

As of 31 December 2014, the loan agreements with Unicredit related to the Felicity residential project with an outstanding loan amount of EUR 25.6 million exceeded the fair value of related asset. In March 2015, the Company transferred the Felicity project to a subsidiary of Unicredit. Unicredit released the Company from any payment obligations arising from the loan agreements.

On 29 May 2015, the Company's subsidiary, GTC GK Office (the "Seller"), signed with Kazimierz Office Center Sp. z o.o., a subsidiary of a fund managed by GLL Real Estate Partners (the "Purchaser"), an agreement for the sale of an office building Centrum Biurowe Kazimierz in Krakow. The net price for the property and the other rights and movable assets under the preliminary agreement is EUR 41.6 million.
In June 2015, the loan from EBRD and Raiffeisen Bank Austria (Osijek) in the amount of Euro 15.8 million was fully repaid. (See also note 18 "Subsequent events" – sale of Osijek Mall)

In June 2015, the loan from OTP and MKB (Varna) in the amount of Euro 17.7 million was fully repaid. At the same time, MKB and OTP granted to GTC S.A a new loan in the amount of Euro 12.6 million. (See also note 18 "Subsequent events" – sale of Varna mall).

On 26 June 2015, the Company and EBRD entered into an agreement for the restructuring of a loan to Mars Commercial Center SRL (Piatra Mall), and Mercury Commercial Center SRL (Arad Mall), in Romania. Furthermore, on 30 June 2015 the Company and EBRD agreed the restructuring of a loan granted to Galleria Stara Zagora AD, the owner of a shopping center in Stara Zagora, Bulgaria. This agreement was signed on 3 July, 2015. Both agreements were subject to fulfilment of formality conditions precedent, which were fully fulfilled on 31 July 2015, however given formality nature of the conditions precedent the Management Management considered these loans were in effect as of 30 June 2015.

Currently, the amounts of EUR 5.8 million, EUR 27.9 million and EUR 22 million are outstanding from Mars Commercial Center SRL, Mercury Commercial Center SRL, and Galleria Stara Zagora AD, respectively.

Under the terms of the restructured Loan, GTC SA became a co-borrower, alongside the existing borrowers. The restructured loan will be repaid in quarterly tranches, until 31 December 2017.

1. Principal activities – Events in the Period (continued)

On 30 June 2015, the shareholders of the Company approved a resolution regarding the issuance of up to 140,000,000 new shares at a price of not less than PLN 5 per share to existing shareholders.

During Q2 2015, GTC Group acquired remaining 35% in Galeria Ikonomov GmbH (owner of Galeria Varna) and remaining 20% in GTC Nekretnine Istok d.o.o. As a result, the impact of on the equity attributable to equity holders of the parent amounted to a decrease of EUR 35.8 million. As of 30 June 2015, GTC Group held 100% share in the aforementioned companies.

During Q2 2015 as a result of liquidation of one of the joint venture companies investment in joint ventures (Equity accounting – joint ventures) decreased by EUR 67 million and long term liabilities decreased by EUR 63 million.

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-month period ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

At the date of authorisation of these Interim Condensed Consolidated Financial Statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union. The Group applied the possibility existing for the companies applying International Financial Reporting Standards endorsed by the EU, to apply IFRIC 21 for reporting periods beginning on or after 1 January 2015 and to apply amendments to IFRS 2 and amendments to IFRS 3, being part of Improvements to IFRSs resulting from the review of IFRS 2010-2012, for reporting periods beginning on or after 1 January 2016.

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 2014, published on 23 March 2015. The interim financial results are not necessarily indicative of the full year results.

4. Going concern

The Group's policies and processes are aimed at managing the Group's capital, financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through generation of operating cash-flows from rental income and sale of residential properties.

As of 30 June 2015, the Group's net working capital (defined as current assets less current liabilities) was positive and amounted to Euro 26 million.

The management has analysed the timing, nature and scale of potential financing needs of particular subsidiaries and believes that cash on hand, as well as, expected operating cash-flows will be sufficient to fund the Group's anticipated cash requirements for working capital purposes, for at least the next twelve months from the balance sheet date. Consequently, the 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 from the balance sheet date.

5. Significant accounting policies, estimates and judgments

New and amended standards and interpretations

These interim condensed consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2014, except for the following amendments to existing standards and new regulations that are effective for financial years beginning on or after 1 January 2015:

- 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 2015,
- 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 impact on disclosures,
- 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 2015,
- 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 2015,
- 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 2015,
- 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 2015,
- 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 2015,
- 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 2015,

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 2015.

Standards issued but not yet effective

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,
- 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, in EU effective at the latest for financial years beginning on or after 1 February 2015,
- *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, in EU effective at latest for financial years beginning on or after 1 February 2015,
- 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,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – effective for financial years beginning on or after 1 January 2016, wherein the effective date was tentatively postponed by IASB – decision about terms of performing particular steps resulting in endorsement of the Amendments has not yet been made by EFRAG – not yet endorsed by EU till the date of approval of these financial statements,

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

- *Annual Improvements to IFRSs 2012–2014* (issued on 25 September 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 IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 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 1 *Disclosure Initiative* (issued on 18 December 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.

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.

(in thousands of Euro)

6. Investment in Subsidiaries, Associates and Joint Ventures

The interim condensed consolidated financial statements include the financial statements of the company, its subsidiaries and jointly controlled entities 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 2015	30 June 2014	31 December 2014
GTC Konstancja Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%	100%
Globis Poznań Sp. z o.o	GTC S.A.	Poland	100%	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Globis Wrocław Sp. z o.o	GTC S.A.	Poland	100%	100%	100%
GTC Satellite Sp. z o.o.	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 S.A.	Poland	100%	100%	100%
GTC Com 1 Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Karkonoska Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Francuska Sp. z o.o	GTC S.A.	Poland	100%	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Wilson Park Sp. z o.o	GTC S.A.	Poland	100%	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
CH Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Management sp. z o.o. (*)	GTC S.A.	Poland	100%	100%	100%
GTC Corius sp. z o.o	GTC S.A.	Poland	100%	100%	100%
Centrum Światowida sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Mieszkania Światowida sp. z o.o. (**)	GTC S.A.	Poland	-	100%	-
Omega Development Inwestycje Sp. z o.o	GTC S.A.	Poland	-	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%	-
Glorine investments sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
Glorine investments Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%	100%
Omikron Development Inwestycje Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%	100%

(*) Previously Alfa Development Inwestycje Sp. z o.o.
(**) Merged with Centrum Światowida

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 June 2015	30 June 2014	31 December 2014
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%	100%
Commercial Properties B.V. (formerly 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. ("Sasad")	GTC Hungary	Hungary	100%	100%	100%
Albertfalva Kft. ("Szeremi Gate")	GTC Hungary	Hungary	100%	100%	100%
GTC Metro Kft	GTC Hungary	Hungary	100%	100%	100%
SASAD Resort Offices 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%	-
GTC Real Estate Investments Russia B.V. (*)	GTC RH B.V.	Netherlands	-	100%	-
GTC Real Estate Investments Slovakia B.V. ("GTC Slovakia") (*)	GTC RH B.V.	Netherlands	-	100%	-
GTC Real Estate Developments Bratislava B.V. ("GTC Bratislava") (*)	GTC RH B.V.	Netherlands	-	100%	-
GTC Real Estate Management s.r.o.	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Vinohradis Piazza S.R.O	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Jarosova S.R.O	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Hill S.R.O	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Vinohradis Villas S.R.O	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Real Estate Vinohrady s.r.o. ("GTC Vinohrady")	GTC RH B.V.	Slovakia	100%	100%	100%
GTC Real Estate Vinohrady 2 s.r.o. ("GTC Vinohrady 2")	GTC RH B.V.	Slovakia	100%	100%	100%

(*) In December 2014, the Company merged into GTC RH B.V.

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 June 2015	30 June 2014	31 December 2014
GTC Real Estate Investments Croatia B.V. ("GTC Croatia") (*)	GTC S.A.	Netherlands	-	100%	-
GTC Nekretnine Zagreb d.o.o.("GTC Zagreb")	GTC RH B.V.	Croatia	100%	100%	100%
Eurostructor d.o.o.	GTC RH B.V.	Croatia	70%	70%	70%
Marlera Golf LD d.o.o	GTC RH B.V.	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 ("Osijek")	GTC RH B.V.	Croatia	100%	80%	80%
GTC Nekretnine Jug. d.o.o	GTC RH B.V.	Croatia	100%	100%	100%
GTC Sredisnja tocka d.o.o.	GTC RH B.V.	Croatia	100%	100%	100%
GTC Nekretnine Zapad d.o.o (under liquidation)	GTC RH B.V.	Croatia	100%	100%	100%
GTC Real Estate Investments Romania B.V. ("GTC Romania") (*)	GTC S.A.	Netherlands	-	100%	-
Towers International Property S.R.L	GTC RH B.V.	Romania	100%	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L")	GTC RH B.V.	Romania	100%	100%	100%
BCG Investment B.V.	GTC RH B.V.	Netherlands	100%	100%	100%
Bucharest Properties B.V. (*)	GTC RH B.V.	Netherlands	-	100%	-
Green Dream S.R.L	GTC RH B.V.	Romania	100%	100%	100%
Titulescu Investments B.V. ("Titulescu") (*)	GTC RH B.V.	Netherlands	-	100%	-
Aurora Business Complex S.R.L ("Felicity")	GTC RH B.V.	Romania	71.5%	71.5%	71.5%
Yasmine Residential Complex S.R.L	GTC RH B.V.	Romania	-	100%	100%
Bucharest City Gate B.V. ("BCG")	GTC RH B.V.	Netherlands	58.9%	58.9%	58.9%
Bucharest City Gate S.R.L	BCG	Romania	58.9%	58.9%	58.9%
City Gate Bucharest S.R.L	BCG	Romania	58.9%	58.9%	58.9%
Mablethompe Investitii S.R.L.	GTC RH B.V.	Romania	100%	100%	100%
National Commercial Centers B.V. ("NCC") (*)	GTC RH B.V.	Netherlands	-	100%	-
Mercury Commercial Center S.R.L. ("Galeria Arad")	GTC RH B.V.	Romania	100%	100%	100%
Venus Commercial Center S.R.L.	GTC RH B.V.	Romania	100%	100%	100%
Mars Commercial Center S.R.L. ("Galeria Piatra Neamt")	GTC RH B.V.	Romania	100%	100%	100%
Beaufort Invest S.R.L.	GTC RH B.V.	Romania	100%	100%	100%
Fajos S.R.L.	GTC RH B.V.	Romania	100%	100%	100%
City Gate S.R.L	GTC RH B.V.	Romania	58.9%	58.9%	58.9%
Brightpoint Investments Limited	GTC RH B.V.	Cyprus	50.1%	50.1%	50.1%
Complexul Residential Colentina S.R.L .	GTC RH B.V.	Romania	50.1%	50.1%	50.1%
Operetico Enterprises Ltd.	GTC RH B.V.	Cyprus	66.7%	66.7%	66.7%
Bucharest Tower Investments B.V. (*)	GTC RH B.V.	Netherlands	-	100%	-
Deco Intermed S.R.L	Operetico Enterprises Ltd.	Romania	66.7%	66.7%	66.7%
GML American Regency Pipera S.R.L	GTC RH B.V.	Romania	66.7%	66.7%	66.7%

(*) In December 2014, the Company merged into GTC RH B.V.

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 June 2015	30 June 2014	31 December 2014
GTC RH B.V. (formerly GTC Bulgaria B.V.)	GTC S.A.	Netherlands	100%	100%	100%
Galeria Stara Zagora AD (“Stara Zagora”)	GTC RH B.V.	Bulgaria	75%	75%	75%
Galeria Burgas AD	GTC RH B.V.	Bulgaria	80%	80%	80%
Galeria Varna AD (“Varna”)	Galeria Ikonomov GmbH	Bulgaria	100%	65%	65%
GTC Business Park EAD	GTC RH B.V.	Bulgaria	100%	100%	100%
NRL EAD	GTC RH B.V.	Bulgaria	100%	100%	100%
Galeria Ikonomov GmbH	GTC RH B.V.	Austria	100%	65%	65%
GTC Yuzhen Park EAD (“GTC Yuzhen”)	GTC RH B.V.	Bulgaria	100%	100%	100%
GTC Real Estate Investments Serbia B.V. (“GTC Serbia”) (*)	GTC S.A.	Netherlands	-	100%	-
City Properties Serbia B.V. (*)	GTC RH B.V.	Netherlands	-	100%	-
GTC Medj Razvoj Nekretnina d.o.o.	GTC RH B.V.	Serbia	100%	100%	100%
GTC Business Park d.o.o.	GTC RH B.V.	Serbia	100%	100%	100%
GTC Commercial and Residential Ventures d.o.o.	GTC RH B.V.	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	GTC RH B.V.	Serbia	100%	100%	100%
Atlas Centar d.o.o.	GTC RH B.V.	Serbia	100%	100%	100%
GTC Commercial Development d.o.o.	GTC RH B.V.	Serbia	100%	100%	100%

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	30 June 2015	30 June 2014	31 December 2014
Havern Investments sp. z o.o.	GTC S.A	Poland	50%	50%	50%
Delta Development Inwestycje sp. z o.o	GTC S.A	Poland	-	-	50%
Yatelsis Viborgskaya Limited of Nicosia (“YVL”)	GTC RH B.V.	Cyprus	50%	50%	50%
Ana Tower Offices S.R.L	GTC RH B.V.	Romania	50%	50%	50%
Lighthouse Holdings Limited S.A. (“Lighthouse”)	GTC S.A.	Luxembourg	35%	35%	35%
CID Holding S.A. (“CID”)	GTC S.A.	Luxembourg	35%	35%	35%
Europort Investment (Cyprus) 1 Limited	GTC RH B.V.	Cyprus	49.9%	49.9%	49.9%
Europort LTD	GTC RH B.V.	Israel	9.9%	9.9%	9.9%

(*) In December 2014, the Company merged into GTC RH B.V.

(in thousands of Euro)

7. Revenue from operations

	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014	Three-month period ended 30 June 2015	Three-month period ended 30 June 2014	Year ended 31 December 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Rental revenue	40,198	42,024	20,192	21,049	84,124
Service revenue	12,618	12,667	6,017	6,367	25,511
Residential revenue	7,215	9,050	4,226	5,364	14,649
	60,031	**63,741**	**30,435**	**32,780**	**124,284**

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 2015	Six-month period ended 30 June 2014	Three-month period ended 30 June 2015	Three-month period ended 30 June 2014	Year ended 31 December 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Rental and service costs	13,078	14,465	6,086	6,822	28,703
Residential costs	6,799	8,357	4,205	4,893	14,452
	19,877	**22,822**	**10,291**	**11,715**	**43,155**

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").

Operating segments are divided into geographical zones, which have common characteristics and reflect the nature of management reporting structure:

a. Poland and Hungary
b. Capital cities in SEE countries (Romania, Serbia, Croatia, Slovakia)
c. Secondary cities in Bulgaria
d. Secondary cities in Croatia
e. Secondary cities in Romania

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, amongst others, on segmental analysis.

(in thousands of Euro)

9. Segmental analysis (continued)

Segment analysis for the six-month periods ended 30 June 2015 (unaudited) and 30 June 2014 (unaudited) is presented below:

	Poland and Hungary		Capital cities in SEE countries		Bulgaria-secondary cities		Croatia-secondary cities		Romania-secondary cities		Consolidated	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Rental and service income	29,547	30,182	17,310	18,434	3,655	3,389	705	834	1,599	1,852	52,816	54,691
Contract income	2,175	2,806	5,040	6,244	-	-	-	-	-	-	7,215	9,050
Total income	**31,722**	**32,988**	**22,350**	**24,678**	**3,655**	**3,389**	**705**	**834**	**1,599**	**1,852**	**60,031**	**63,741**
Rental and service costs	6,093	5,819	4,133	4,640	879	1,265	695	903	1,278	1,838	13,078	14,465
Contract costs	1,825	1,826	4,974	6,531	-	-	-	-	-	-	6,799	8,357
Total costs	**7,918**	**7,645**	**9,107**	**11,171**	**879**	**1,265**	**695**	**903**	**1,278**	**1,838**	**19,877**	**22,822**
Rental result	23,454	24,363	13,177	13,794	2,776	2,124	10	(69)	321	14	39,738	40,226
Contract result	350	980	66	(287)	-	-	-	-	-	-	416	693
Segment result	**23,804**	**25,343**	**13,243**	**13,507**	**2,776**	**2,124**	**10**	**(69)**	**321**	**14**	**40,154**	**40,919**

Segment analysis for the three-month periods ended 30 June 2015 (unaudited) and 30 June 2014 (unaudited) is presented below:

	Poland and Hungary		Capital cities in SEE countries		Bulgaria-secondary cities		Croatia-secondary cities		Romania-secondary cities		Consolidated	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Rental and service income	14,380	15,058	8,905	9,260	1,904	1,742	267	352	753	1,004	26,209	27,416
Contract income	1,398	1,392	2,828	3,972	-	-	-	-	-	-	4,226	5,364
Total income	**15,778**	**16,450**	**11,733**	**13,232**	**1,904**	**1,742**	**267**	**352**	**753**	**1,004**	**30,435**	**32,780**
Rental and service costs	2,931	2,691	2,042	2,331	394	528	309	395	410	877	6,086	6,822
Contract costs	1,255	857	2,950	4,036	-	-	-	-	-	-	4,205	4,893
Total costs	**4,186**	**3,548**	**4,992**	**6,367**	**394**	**528**	**309**	**395**	**410**	**877**	**10,291**	**11,715**
Rental result	11,449	12,367	6,863	6,929	1,510	1,214	(42)	(43)	343	127	20,123	20,594
Contract result	143	535	(122)	(64)	-	-	-	-	-	-	21	471
Segment result	**11,592**	**12,902**	**6,741**	**6,865**	**1,510**	**1,214**	**(42)**	**(43)**	**343**	**127**	**20,144**	**21,065**

(in thousands of Euro)

10. Administration expenses

	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014	Three-month period ended 30 June 2015	Three-month period ended 30 June 2014	Year ended 31 December 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Administration expenses	4,834	6,209	2,499	3,194	11,351
Expenses (income) arising from shares base payments	105	(1,117)	30	41	(2,570)
	4,939	**5,092**	**2,529**	**3,235**	**8,781**

11. Investment in associates and joint ventures

The investment in associates and joint ventures comprises the following:

	30 June 2015	30 June 2014	31 December 2014
	(unaudited)	(unaudited)	
Equity accounting – associates	-	-	-
Loans granted	49,705	43,681	47,018
Loss on investment – associates	(30,300)	(15,178)	(24,165)
Investment in associates	**19,405**	**28,503**	**22,853**
Equity accounting – joint ventures	(25,723)	48,941	39,896
Loans granted	33,847	32,769	33,297
Investment in joint ventures	**8,124**	**81,710**	**73,193**
Investment in associates and joint ventures	**27,529**	**110,213**	**96,046**

12. 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 2015	30 June 2014	31 December 2014
	(unaudited)	(unaudited)	
Completed investment property	988,197	1,101,994	1,029,276
Investment property under construction at fair value (level 3)	18,580	-	-
Investment property under construction at cost	183,046	224,439	192,043
Total	**1,189,823**	**1,326,433**	**1,221,319**

(in thousands of Euro)

12. Investment Property (continued)

The movement in investment property for the periods ended 30 June 2015 (unaudited) and 31 December 2014 was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2014	**762,355**	**613,383**	**1,375,738**
Reclassification (*)	9,468	(9,468)	-
Capitalised subsequent expenditure	4,345	16,956	21,301
Adjustment to fair value / impairment	(18,090)	(141,710)	(159,800)
Disposals	-	(4,654)	(4,654)
Reclassified as assets held for sale	-	(6,654)	(6,654)
Translation differences and other non-cash adjustments	(4,502)	(110)	(4,612)
Carrying amount as of 31 December 2014	**753,576**	**467,743**	**1,221,319**
Capitalised subsequent expenditure	2,562	8,855	11,417
Adjustment to fair value / impairment (**)	57	(1,407)	(1,350)
Disposals	(41,575)	-	(41,575)
Translation differences	(49)	61	12
Carrying amount as of 30 June 2015	**714,571**	**475,252**	**1,189,823**

(*) 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).

(**) Revaluation impact presented in income statement contains also an amount of EUR 904 thousand related to assets held for sale.

Fair value and impairment adjustment consists of the following:

	Six-month period ended 30 June 2015	**Six-month period ended 30 June 2014**	**Three-month period ended 30 June 2015**	**Three-month period ended 30 June 2014**	**Year ended 31 December 2014**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Adjustment to fair value of properties completed assets	(495)	(32,153)	(117)	(30,785)	(104,780)
Assets held for sale	904	-	904	-	(525)
Impairment adjustment	(855)	(23,972)	(851)	(23,754)	(55,020)
Total	**(446)**	**(56,125)**	**(64)**	**(54,539)**	**(160,325)**

(in thousands of Euro)

12. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 30 June 2015 (unaudited) are presented below:

Potfolio	Book value	NRA thousand	Ocupancy	Actual rent	ERV	Fair Value Hierarchy Level	Impact on PBT (*) of EUR 1 change in ERV
		sqm	%	Euro /sqm	Euro/sqm		
Poland retail	150,000	49	85%	19.6	19.5	2	7,684
Poland office	261,535	135	92%	14.4	13.3	2	19,734
Serbia office capital city	100,725	53	96%	14.7	14.8	3	6,817
Croatia retail capital city	102,100	36	96%	20.3	22.0	3	4,439
Hungary office capital city	155,037	86	100%	11.1	11.8	2	13,177
Slovakia office capital city	8,100	13	67%	8.5	7.0	3	1,157
Romania retail secondary cities	7,200	46	65%	4.7	4.1	3	1,761
Romania office capital city	148,000	48	91%	19.1	19.6	2	7,551
Bulgaria retail secondary cities	55,500	61	96%	8.2	9.3	3	5,996
Total	**988,197**	**527**	**91%**	**13.5**	**13.5**		

Assumptions used in the valuations of completed assets as of 31 December 2014 are presented below:

Potfolio	Book value	NRA thousand	Ocupancy	Actual rent	ERV	Average duration	Fair Value Hierarchy Level	Impact on PBT (*) of EUR 1 change in ERV
		sqm	%	Euro/ sqm	Euro/ sqm	Years		
Poland retail	150,000	50	86%	20.8	19.0	4.3	2	7,907
Poland office	300,711	150	92%	14.7	14.1	3.6	2	21,263
Serbia office capital city	100,200	53	95%	14.7	15.5	3.2	3	6,479
Croatia retail capital city	102,200	36	96%	20.5	22.0	6.4	3	4,645
Hungary office capital city	154,865	91	93%	11.6	12.0	4.6	2	12,913
Slovakia office capital city	9,100	13	65%	9.8	8.6	1.4	3	1,058
Romania retail secondary cities	8,500	45	88%	4.0	4.2	4.5	3	2,033
Romania office capital city	148,000	48	93%	19.5	20.0	3.4	2	7,400
Bulgaria retail secondary cities	55,700	61	92%	8.3	9.2	6.4	3	6,069
Total	**1,029,276**	**547**	**91%**	**13.8**	**13.9**	**4.3**		

Actual variations in yield or ERV may vary between different markets
(*) Profit before tax
ERV – Estimated Rent Value applicable upon renewals.

(in thousands of Euro)

12. Investment Property (continued)

Information regarding investment properties under construction valued at cost and at fair value as of 30 June 2015 (unaudited) is presented below:

	Book value	Estimated building rights (GLA)	Average Book value/sqm of building rights
		thousand sqm	Euro/sqm
Poland	111,706	378	296
Serbia	51,304	81	635
Croatia	2,440	21	117
Hungary	18,970	286	66
Romania	13,359	66	202
Bulgaria	3,847	88	44
Total	**201,626**	**920**	**219**

Information regarding impairment of investment properties under construction valued at cost as of 31 December 2014 is presented below:

	Book value	Estimated building rights (GLA)	Average Book value/sqm of building rights
		thousand sqm	Euro/sqm
Poland	110,093	375	254
Serbia	42,537	87	489
Croatia	2,000	21	95
Hungary	20,170	315	64
Romania	13,363	66	202
Bulgaria	3,880	88	44
Total	**192,043**	**952**	**202**

13. Inventory and residential landbank

The movement in residential landbank and inventory for the periods ended 30 June 2015 (unaudited) and 31 December 2014 was as follows:

	Six-month period ended 30 June 2015 (unaudited)	Year ended 31 December 2014
Carrying amount at the beginning of the period	**64,983**	**121,267**
Construction and foreign exchange differences	682	564
Impairment to net realisable value	(1,380)	(34,079)
Reclassified as assets held for sale	-	-
Cost of units sold	(6,799)	(14,452)
Disposal (*)	(22,696)	(8,317)
Carrying amount at the end of the period	**34,790**	**64,983**

(*) Disposal in 2015 relates to Felicity assets disposed of (see Note 1).

(in thousands of Euro)

13. Inventory and residential landbank (continued)

Completed inventory as of 30 June 2015 (unaudited) consists of the following:

	Book value	Estimated building area rights	Book value/sqm
		Thousand sqm	Euro
Poland	2,365	2	1,576
Hungary	95	<1	595
Serbia	275	<1	810
Slovakia	150	<1	882
Romania	1,352	1	1,261
Total/Average	**4,237**	**3**	**1,307**

Residential Landbank as of 30 June 2015 (unaudited) consists of the following:

	Book value	Estimated building area rights	Book value/sqm
		Thousand sqm	Euro
Poland	2,100	4	512
Croatia	6,850	48	143
Hungary	8,140	122	67
Slovakia	6,020	68	89
Romania	7,443	139	53
Total/Average	**30,553**	**381**	**80**

Completed inventory as of 31 December 2014 consists of the following:

	Book value	Estimated building rights GLA	Average Book value/sqm of building rights	Impact on PBT of change of NRV by Euro 50 below book value/sqm, building rights
		Thousand sqm	Euro/sqm	
Poland	3,923	3	1,348	145
Hungary	119	<1	745	8
Serbia	275	<1	810	17
Slovakia	173	<1	1,020	9
Romania	19,049	33	572	1,666
Total/Average	**23,539**	**37**	**638**	**1,845**

Residential landbank as of 31 December 2014 consists of the following:

	Book value	Estimated building rights GLA	Average Book value/sqm of building rights	Impact on PBT of change of recoverable amount by Euro 50 below book value/sqm of building rights
		Thousand sqm	Euro/sqm	
Poland	2,100	4	512	205
Croatia	6,700	48	143	2,400
Hungary	9,431	138	68	6,900
Slovakia	6,999	68	103	3,400
Romania	16,214	207	79	10,325
Total/Average	**41,444**	**465**	**89**	**23,230**

(in thousands of Euro)

14. Long-term loans and bonds

Long-term loans and bonds comprise the following:

	30 June 2015 (unaudited)	**30 June 2014 (unaudited)**	**31 December 2014**
Bonds series 2017-2018	48,592	71,502	47,872
Bonds series 2018-2019	70,815	49,052	69,735
OTP Bank (GTC S.A)	12,580	-	-
Loan from WBK (Globis Poznan)	14,660	15,167	14,914
Loan from WBK (Korona Business Park)	42,902	41,820	41,877
Loan from Pekao (Globis Wroclaw)	25,059	25,762	25,415
Loan from ING (Nothus)	12,902	15,948	13,232
Loan from ING (Zephirus)	12,902	15,948	13,232
Loan from Berlin Hyp (Corius)	12,086	12,501	12,295
Loan from WBK (Kazimierz office)	-	27,661	27,369
Loan from Pekao (Galeria Jurajska)	99,684	102,407	101,203
Loan from Berlin Hyp (UBP)	18,836	19,233	19,035
Loan from ING (Francuska)	16,007	16,547	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 (Spiral)	21,331	22,849	21,992
Loan from Erste (Renaissance)	3,359	4,359	3,859
Loan from MKB (Sasad Resort)	8,327	8,327	8,327
Loan from EBRD and Raiffeisen Bank (GTC House)	10,250	11,900	11,100
Loan from Erste (19 Avenue)	21,992	25,144	22,277
Loan from EBRD and Raiffeisen Bank (Block 41)	14,738	16,601	15,685
Loan from Raiffeisen Bank (Block 41 2nd building)	3,520	-	-
Loan from Unicredit (Felicity)	-	25,563	25,563
Loan from RZBR (Rose Garden)	-	6,227	2,987
Loan from Erste (Citygate)	87,660	92,728	88,782
Loan from EBRD and Raiffeisen Bank (Piatra)	5,778	5,778	5,778
Loan from EBRD and Raiffeisen Bank (Arad)	27,836	27,836	27,575
Loan from MKB and Zagrabecka Banka (AMZ)	23,447	27,901	25,674
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	15,750	15,750
Loan from MKB and OTP (Galeria Varna)	-	18,341	17,904
Loan from EBRD and Unicredit (Stara Zagora)	22,799	22,799	22,799
Loan from EBRD (Burgas)	23,609	25,849	25,356
Loan from VUB Bank (Jarosova)	3,145	3,798	3,475
Loans from minorities in subsidiaries and from joint ventures	47,213	116,018	118,268
Deferred issuance debt expenses	(5,824)	(7,796)	(6,815)
	767,524	**948,965**	**922,191**

(in thousands of Euro)

14. 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 2015 (unaudited)	30 June 2014 (unaudited)	31 December 2014
Current portion of long term loans:			
Bonds series 2017-2018	909	796	949
Bonds series 2018-2019	674	985	711
OTP Bank (GTC S.A)	3,145	-	-
Loan from WBK (Globis Poznan)	507	507	507
Loan from WBK (Korona Business Park)	1,166	1,053	1,053
Loan from Berlin Hyp (UBP)	396	397	397
Loan from Pekao (Galeria Jurajska)	3,364	2,408	3,197
Loan from Pekao (Globis Wroclaw)	746	703	724
Loan from ING (Nothus)	711	432	662
Loan from ING (Zephirus)	711	432	662
Loan from Berlin Hyp (Corius)	439	421	421
Loan from WBK (Kazimierz office)	-	604	634
Loan from ING (Francuska)	540	540	540
Loan from MKB (Centre Point I)	1,650	1,575	1,600
Loan from MKB (Centre Point II)	1,626	1,626	1,626
Loan from Erste (Renaissance)	1,000	4,359	1,000
Loan from MKB (Sasad Resort)	8,327	8,327	8,327
Loan from CIB (Metro)	963	925	943
Loan from MKB (Spiral)	1,254	1,128	1,191
Loan from EBRD and Raiffeisen Bank (GTC House)	1,800	1,650	1,700
Loan from Erste (19 Avenue)	569	802	569
Loan from EBRD and Raiffeisen Bank (Block 41)	1,992	1,863	1,926
Loan from Raiffeisen Bank (Block 41 2nd building)	33	-	-
Loan from EBRD and Unicredit (Stara Zagora)	12,450	-	22,799
Loan from MKB and OTP (Galeria Varna)	-	888	918
Loan from EBRD (Burgas)	1,287	1,041	1,150
Loan from MKB and Zagrabecka Banka (AMZ)	4,454	4,454	4,454
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	-	964
Loan from EBRD and Raiffeisen Bank (Piatra)	2,041	-	
Loan from EBRD and Raiffeisen Bank (Arad)	9,838	27,836	27,575
Loan from Erste (Citygate)	2,266	2,767	3,237
Loan from RZBR (Rose Garden)	-	6,227	2,987
Loan from Unicredit (Felicity)	-	25,563	25,563
Loan from VUB Bank (Jarosova)	3,145	553	574
Loans from minorities in subsidiaries and from joint ventures	-	-	-
Deferred issuance debt expenses	-	-	-
	68,003	**100,862**	**119,560**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

	30 June 2015 (unaudited)	30 June 2014 (unaudited)	31 December 2014
Long term portion of long term loans:			
Bonds series 2017-2018	47,683	70,706	46,923
Bonds series 2018-2019	70,141	48,067	69,024
OTP Bank (GTC S.A)	9,435	-	-
Loan from WBK (Globis Poznan)	14,153	14,660	14,407
Loan from WBK (Korona Business Park)	41,736	40,767	40,824
Loan from Pekao (Globis Wroclaw)	24,313	25,059	24,691
Loan from ING (Nothus)	12,191	15,516	12,570
Loan from ING (Zephirus)	12,191	15,516	12,570
Loan from Berlin Hyp (Corius)	11,647	12,080	11,874
Loan from WBK (Kazimierz office)	-	27,057	26,735
Loan from Pekao (Galeria Jurajska)	96,320	99,999	98,006
Loan from Berlin Hyp (UBP)	18,440	18,836	18,638
Loan from ING (Francuska)	15,467	16,007	15,737
Loan from MKB (Centre Point I)	17,551	19,201	18,401
Loan from MKB (Centre Point II)	21,386	23,012	22,199
Loan from CIB (Metro)	18,143	19,106	18,630
Loan from MKB (Spiral)	20,077	21,721	20,801
Loan from Erste (Renaissance)	2,359	-	2,859
Loan from EBRD and Raiffeisen Bank (GTC House)	8,450	10,250	9,400
Loan from Erste (19 Avenue)	21,423	24,342	21,708
Loan from EBRD and Raiffeisen Bank (Block 41)	12,746	14,738	13,759
Loan from Raiffeisen Bank (Block 41 2nd building)	3,487	-	
Loan from RZBR (Rose Garden)	-	-	-
Loan from Erste (Citygate)	85,394	89,961	85,545
Loan from EBRD and Raiffeisen Bank (Piatra)	3,737	5,778	5,778
Loan from EBRD and Raiffeisen Bank (Arad)	17,998	-	-
Loan from MKB and Zagrabecka Banka (AMZ)	18,993	23,447	21,220
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	15,750	14,786
Loan from MKB and OTP (Galeria Varna)	-	17,453	16,986
Loan from EBRD (Burgas)	22,322	24,808	24,206
Loan from EBRD and Unicredit (Stara Zagora)	10,349	22,799	-
Loan from VUB Bank (Jarosova)	-	3,245	2,901
Loans from minorities in subsidiaries and from joint ventures	47,213	116,018	118,268
Deferred issuance debt expenses	(5,824)	(7,796)	(6,815)
	699,521	**848,103**	**802,631**

As securities for the bank loans, the banks have mortgage over the assets and security deposits together with assignment of the associated receivables and insurance rights.

In its financing agreements with banks, the Company undertakes to comply with certain financial covenants that are listed in those agreements; the main covenants are: maintaining a Loan-to-Value and Debt Service Coverage ratios in the company that holds the project.

In addition, substantially, all investment properties and IPUC that were financed by a lender have been pledged to secure the long-term loans from banks. Unless otherwise stated, fair value of the pledged assets exceeds the carrying value of the related loans.

(in thousands of Euro)

14. Long-term loans and bonds (continued)

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

	30 June 2015 (unaudited)	31 December 2014
First year	86	139
Second year	119	76
Third year	174	172
Fourth year	190	134
Fifth year	133	179
Thereafter	128	302
	830	**1,002**

15. Capital and Reserves

As at 30 June 2015 (unaudited) and 31 December 2014, the shares structure was as follows:

Number of Shares	Share series	Total value in PLN	Total value in EUR
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 2015 held above 5% of the Company shares were as follows:

- LSREF III
- 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 23 April 2015, the Company held an ordinary shareholders meeting. The ordinary shareholders meeting decided that the loss for the year 2014 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.

(in thousands of Euro)

15. Capital and Reserves (continued)

Phantom shares

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

The Phantom Shares grant to 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).

The Phantom shares (as presented in below mentioned table) have been provided for assuming cash payments will be effected, as the Company assesses that they will be settled in cash.

Strike (PLN)	Blocked	Vested	Total
7.23	3,000,000	-	3,000,000
8.36	90,267	3,908,041	3,998,308
Total	**3,090,267**	**3,908,041**	**6,998,308**

16. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014	Three-month period ended 30 June 2015	Three-month period ended 30 June 2014	Year ended 31 December 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Profit for the period attributable to equity holders (euro)	6,385,000	(63,832,000)	(1,868,000)	(62,719,000)	(183,822,000)
Weighted average number of shares for calculating basic earnings per share	351,310,288	348,310,652	351,310,288	351,310,288	349,822,797
Basic earnings per share (euro)	0.02	(0.18)	(0.01)	(0.18)	(0.53)

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 2015 and 31 December 2014, the guarantees granted amounted to Euro 66 million and Euro 149 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.

Croatia

In relation to Marlera Golf project in Croatia, part of the land is on concession lease from Ministry of Tourism of Croatia (Ministry) and the agreement with the Ministry included a deadline for the completion a golf course that has passed in 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 expressing its good faith and intentions to prolong the abovementioned timeline. Negotiations in this respect are still on-going, however the extension of the lease agreement is no longer at sole discretion of the Group. As a result, the Management decided to revalue the freehold asset in assuming no development of the golf course project. As of 30 June 2015 the investment in Marlera amounts to Euro 6.8 million and is fully recoverable.

Ukraine

As of 30 June 2015, the Group holds 49.9% interest in Europort Investment 1 Limited, which indirectly owns undeveloped land in Odessa, Ukraine.

The economic and political uncertainty in Ukraine increased significantly. Furthermore, between 1 January 2015 and the date of the authorization of the financial statements, the Ukrainian Hryvnia devalued to major foreign currencies by approximately 33% 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 2015, the Group's balance sheet exposure to Ukrainian risk amounted to approximately Euro 1.3 million (the full amount of investment), consisting of the aggregate value of unimpaired investments in equity and loans, granted to the Ukrainian associates. 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, however not more than Euro 1.3 million.

17. Contingent liabilities and commitments (continued)

Russia

As of 30 June 2015, the Group holds 50% interest in Yatelsis, which indirectly owns land and buildings in St. Petersburg Russia.

During the last year, 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. Furthermore, international sanctions are effective 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 2015, the Group's balance sheet exposure to St. Petersburg amounted to approximately Euro 7.1 million (the full amount of investment). The above mentioned events could adversely impact the results and financial position of the Group and its St. Petersburg investments in a manner that could not be estimated at this stage.

18. Subsequent events

In July 2015, GTC Group sold the shares of GTC Nekretnine Istok d.o.o (Osijek shopping centre) for the amount of Euro 1.3 million.

In July 2015, GTC Group sold the shares of Galleria Varna AD (Varna shopping centre) for the amount of Euro 5.5 million.

In July 2015, GTC Group commenced the construction of Galeria Polnocna shopping centre, Warsaw.

In August 2015, GTC Group signed conditional sale agreement for GTC Jarossova OC s.r.o.

In August 2015, GTC Group signed a credit facilities agreement with Bank Polska Kasa Opieki S.A., concerning financing and refinancing of total project costs of the construction of Galeria Północna. These facilities comprise a construction loan facility for the amount of up to EUR 116 million and investment loan facility for the amount of up to EUR 150 million or EUR 175 million, subject to the satisfaction of a condition precedent indicated in the Agreement.

19. Release date

The Interim Condensed Consolidated Financial Statements were authorised for the issue by the Management Board on 19 August 2015.

Building a better
working world

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Report on review of interim condensed consolidated financial statements to the General Shareholders' Meeting and 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 2015 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 fair 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 19 August 2015 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
ODPOWIEDZIALNOŚCIĄ SP.K.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.

19 August 2015