CONSOLIDATED QUARTERLY REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017

Place and date of publication: Warsaw, 13 November 2017

GLOBE TRADE CENTRE S.A.

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF CAPITAL GROUP
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017

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Item 1. Introduction

The GTC Group is a leading real estate investor and developer focusing on Poland and three capital cities in Eastern and Southern Europe. The GTC Group is operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine through its subsidiary. The Group was established in 1994.

The Group's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development and (iv) residential projects and landbank.

Since its establishment and as at 30 September 2017 the Group: (i) has developed 1.1 million sq. m of gross commercial space and approximately 300 thousand sq. m of residential space; (ii) has sold over 500 thousand sq. m of gross commercial space in completed commercial properties and approximately 300 thousand sq. m of residential space; and (iii) has acquired approximately 112 thousand sq. m of commercial space in completed commercial properties. Additionally GTC Group developed and sold over 100 thousand sq. m of commercial space and approximately 76 thousand sq. m of residential space through its associates in Czech Republic.

As of 30 September 2017, the Group`s property portfolio comprised the following properties:

- 36 completed commercial buildings, including 33 office buildings and three retail properties with a total combined commercial space of approximately 614 sq. m of GLA, of which the Group's proportional interest amounts to approximately 603 thousand sq. m of GLA;
- six commercial projects under construction, including five office projects and one retail project with total GLA of approximately 145 thousand sq. m, of which the Group's proportional interest amounts to 145 thousand sq. m of GLA;
- commercial landbank designated for future development;
- one completed residential project; and
- residential landbank.

As of 30 September 2017, the book value of the Group's portfolio amounts to €1,871,563 with: (i) the Group's completed commercial properties account for 85% thereof; (ii) commercial properties under construction – 7%; (iii) a commercial landbank intended for future development– 7%; (iv) residential projects and landbank account for 1%. Based on the Group's assessment approximately 97% of the portfolio is core and remaining 3% is non-core assets, including non-core landplots and residential projects.

As of 30 September 2017, the Group's completed properties in its three most significant markets, i.e. Poland, Hungary and Romania, constitute 57%, 14% and 12% of the total book value of all completed properties.

Additionally, the Group manages third party assets in Warsaw, Katowice and Prague.

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in WIG 30 and the Dow Jones STOXX Eastern Europe 300.

The Group's headquarters are located in Warsaw, at 17 Stycznia 45A.

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 and inward listed on Johannesburg Stock Exchange in August 2016 and are marked under the ISIN 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, PLGTC0000177, PLGTC0000219 PLGTC0000227, PLGTC0000235 and PLGTC0000243; „the Report" refers to the consolidated interim report prepared pursuant to art. 87 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 (Hungary, Poland); "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; gross rentable area", or "gross leasable area", "GLA" refer to the metric of the all the leasable area of a property multiplied by add-on-factor; "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; "JSE" refers to the Johannesburg Stock Exchange

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 5. "Operating and financial review" in this quarterly report and under Item 12. "Key risk factors" in interim report for six month period ended 30 June 2017. 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 present the Group's selected historical financial data for the three and nine-month periods ended 30 September 2017 and 2016. 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 nine-month period ended 30 September 2017 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the reviewed unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2017.

Selected financial data presented in PLN is derived from the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2017 presented in accordance with IFRS and prepared in the Polish language and in Polish zloty as a presentation currency.

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 three-month period ended 30 September				For the nine-month period ended 30 September			
	2017		2016		2017		2016	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN	EUR	PLN
Interim Condensed Consolidated Income Statement								
Revenues from operations	29,648	126,232	31,639	137,373	88,071	375,745	90,465	394,237
Cost of operations	(7,540)	(32,102)	(8,690)	(37,731)	(22,971)	(98,019)	(24,916)	(108,582)
Gross margin from operations	22,108	94,130	22,949	99,642	65,100	277,726	65,549	285,655
Selling expenses	(594)	(2,530)	(907)	(3,941)	(1,558)	(6,647)	(2,304)	(10,041)
Administrative expenses	(2,666)	(11,340)	(3,685)	(16,016)	(10,320)	(44,026)	(8,682)	(37,835)
Profit/(loss) from revaluation/impairment of assets, and impairment of residential projects	54,220	233,662	15,318	66,051	105,314	449,447	39,385	171,391
Share of profit in associates	-	-	(375)	(1,601)	184	796	(4,178)	(18,207)
Financial income/(expense), net	(7,665)	(32,644)	(7,722)	(33,542)	(20,586)	(87,822)	(20,448)	(89,110)
Net profit /(loss)	52,096	224,207	71,405	310,251	111,695	476,623	106,612	464,234
Basic and diluted earnings per share (not in thousands)	0.13	0.47	0.16	0.67	0.24	1.03	0.23	1,00
Weighted average number of issued ordinary shares (not in thousands)	470,303,504	470,303,504	460,216,478	460,216,478	463,837,462	463,837,462	460,216,478	460,216,478

Consolidated Cash Flow Statement	For the nine-month period ended 30 September			
	2017		2016	
	EUR	PLN	EUR	PLN
(in thousands)				
Net cash from operating activities	55,716	237,691	56,101	244,481
Net cash used in investing activities	(129,957)	(554,410)	(201,937)	(879,807)
Net cash from/(used in) financing activities	26,710	113,947	82,800	360,839
Cash and cash equivalents at the end of the period	102,453	441,480	107,303	462,691

Consolidated statement of financial position	As of 30 September 2017		As of 31 Dec. 2016	
(in thousands)	EUR	PLN	EUR	PLN
Investment property and property landbank	1,850,619	7,974,502	1,604,675	7,099,082
Residential landbank and inventory	20,944	90,249	19,116	84,570
Cash and cash equivalents	102,453	441,480	149,812	662,768
Others	61,485	264,945	65,887	291,484
Total assets	2,035,501	8,771,176	1,839,490	8,137,904
Non-current liabilities	950,931	4,097,655	852,865	3,773,075
Current liabilities	188,917	814,063	196,302	868,439
Total Equity	895,653	3,859,458	790,323	3,496,390
Share capital	10,651	47,031	10,410	46,022

Item 3. Presentation of the Group

Item 3.1. General information about the Group

The GTC Group is a leading real estate investor and developer focusing on Poland and three capital cities in Eastern and Southern Europe. The GTC Group is operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine through its subsidiary. The Group was established in 1994.

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The Group also holds a land plot in Ukraine through its subsidiary.

As of 30 September 2017, the book value of the Group’s portfolio amounts to €1,871,563 with: (i) the Group’s completed commercial properties account for 85% thereof; (ii) commercial properties under construction – 7%; (iii) a commercial landbank intended for future development– 7%; (iv) residential projects and landbank account for 1%. Based on the Group’s assessment approximately 97% of the portfolio is core and remaining 3% is non-core assets, including non-core landplots and residential projects.

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Additionally, the Group manages third party assets in Warsaw, Katowice and Prague.

The Company’s shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company’s shares are included in WIG 30 and the Dow Jones STOXX Eastern Europe 300.

The Group’s headquarters are located in Warsaw, at 17 Stycznia 45A.

Item 3.2. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group is presented in the Consolidated Financial Statements for the nine-month period ended 30 September 2017 in Note 4 “Investment in subsidiaries, associates and joint ventures”.

The following changes in structure of the Group occurred in the nine-month period ended 30 September 2017:

- GTC Nekretnine Jug. d.o.o was liquidated
- Havern Investments sp. z o.o. was liquidated
- GTC GK Office Sp. z o.o was liquidated
- Black Sea Management LLC was liquidated
- Ana Tower Offices S.R.L. was sold
- GTC Slovakia Real Estate s.r.o. was sold

- Galeria Stara Zagora EAD was sold
- Galeria Burgas AD was sold
- Spiral I. Kft. and Spiral Holding Kft. were merged
- Mastix Ltd. was merged into GTC White House Ltd
- SASAD Resort Offices Kft and Abritus Kft. were marged into Centre Point I. Kft
- Kompakt Land Kft was purchased
- Cascade Building S.R.L was purchased
- GTC BBC d.o.o was purchased
- GTC Real Estate Vinohrady s.r.o. is under liqudation
- Riverside Apartmanok Kft. is under liqudation
- Brightpoint Investments Limited . is under liqudation
- Europort Ukraine Holdings 2 LLC . is under liqudation
- CID Holding S.A. is under liqudation.

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

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

Item 4. Main events

Following events took place during the nine-month period ended 30 September 2017:

In January 2017, GTC SA issued three year Schuldschein loan in the total amount of €10,000.

In March 2017, GTC SA issued three-year euro denominated bonds, listed on WSE, in the total amount of €18,500.

In March 2017, the Group completed the third building of the FortyOne office complex in Belgrade.

On 4 May 2017, the Group sold Galleria Burgas and Galleria Stara Zagora in Bulgaria in line with its strategy to focus its investment on Poland and three capital cities in CEE and SEE region.

In the first quarter of 2017, the Group started Green Heart office project in Belgrade. Complex will include two existing buildings (GTC Square) which will have massive renovation. Three new building will offer 25,500 sq. m of premium office space. The total leasable area of complex will be 46,000 sq. m.

In May 2017, the Company's shareholders adopted a resolution regarding a distribution of dividend in the amount of PLN 124,258 (€29,500) and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares or in cash depending what shareholders prefer. As a result in June 2017, the Company issued 10,087,026 series L Shares to some of the Company's shareholders €21,400 and paid a dividend in the amount of €8,100 to remaining shareholders.

In May 2017, the Group acquired a subsidiary, which holds a land plot in Budapest, Hungary (Kompakt), for a total amount of €12,500. The Group intends to build an office building on the plot.

In June 2017, the Company issued 3-year Euro denominated bonds, listed on WSE, in the total amount of €40,000.

In June 2017, the Group acquired a land plot in Bucharest, Romania, for a total amount of €10,525. The Group intends to build an office building on the plot.

In July 2017, the group acquired Cascade Office Building, an office building in Bucharest, Romania, for a total amount of €9,000. The building offers 4,200 sq. m of premium office space.

In August 2017, the Group acquired a land plot in Sofia, Bulgaria (Advance Business Park II), for a total amount of €6,200. The Group intends to build an office building on the plot.

In September 2017, the group acquired Belgrade Business Center in Serbia for a total amount of €36,800. The amount of €34,800 has been paid. The remaining €2,000 will be paid subject to the seller fulfilling certain conditions.

In September 2017, the Group completed Galeria Północna, shopping mall in Warsaw, Poland.

Item 5. Operating and financial review

Item 5.1. General factors affecting operating and financial results

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 the countries, 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 nine-month period ended 30 September 2017 and for the nine-month period ended 30 September 2016, the Group derived 75% and 71% 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 nine-month period ended 30 September 2017 and for the nine-month period ended 30 September 2016, the Group derived 25% and 23% 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 nine-month period ended 30 September 2017 and for the nine-month period ended 30 September 2016, amounted for 1% and 6% 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 as well as completion of sale of almost all residential projects in previous periods.

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 landbank additionally depends on among others the building rights and the expected timing of the projects. The value of landbank 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 profit from revaluation and impairment of assets projects of €105,314 and €39,385 in the nine-month period ended 30 September 2017 and for the nine-month period ended 30 September 2016, respectively.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. The part of bonds issued by the Company is denominated in PLN and bear interest connected to WIBOR. Increases in interest rates generally increase the Group's financing costs. As of 30 September 2017 and 31 December 2016 approximately 77% and 70% of the Group's loans were hedged or partially hedged. For example as at 31 December 2016, a 50bp change in Euribor rate would lead to €2,846 change in profit (loss) before tax. 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, 0.076% as of 2 January 2015 and –0.1320% as of 4 January 2016, -0.3180% as of 2 January 2017 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the nine-month period ended 30 September 2017 and for the nine-month period ended 30 September 2016 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, 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

In 2016, the Group acquired two office buildings in Bucharest (Premium Plaza and Premium Point); two office buildings in Poland: Neptun Office Center and Sterlinga Business Center, located in Gdansk and Lodz respectively; an SPV Artico Sp.z o.o. that develops an office building in Warsaw; shares in a Serbian company which owns a land in Belgrade and land in Sofia.

In 2016, the Group completed University Business Park B, an office building in Łódź and FortyOne II, an office building in Belgrade.

In January 2017, GTC SA issued three year Schuldschein loan in the total amount of €10,000 and euro denominated bonds in the total about of €58,500.

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In September 2017, the Group completed Galeria Północna, shopping mall in Warsaw, Poland.

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

The Group did not present forecasts for first nine months or full year 2017.

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; and (iii) commercial landplots.

Residential landbank

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 landbank, 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 of 30 September 2017 compared to 31 December 2016

Total assets increased by €196,011 (11%) to €2,035,501 as of 30 September 2017. This increase was mainly due to (i) development activity: primarily into Galeria Północna, FortyOne III, Ada Mall, Artico, White House, Green Heart, (ii) acquisition of two office buildings in Bucharest and Belgrade and land plots in Bucharest and Budapest; and (iii), revaluation of investment property.

Assets

The value of investment property and commercial landbank increased by €245,944 (15%) to €1,850,619 as of 30 September 2017 from €1,604,675 as of 31 December 2016, due to an investment of €206,265 mainly into completion of Galeria Północna and Fortyone III, assets under construction such as Artico, White House, Green Heart and Ada Mall, acquisition of two office buildings and land plots in Budapest and Bucharest, as well as revaluation gain mainly attributed to assets under construction. The increase was partially offset by sale of Galleria Burags and Galleria Stara Zagora.

The value of cash and cash equivalents decreased by €47,359 (32%) to €102,453 as of 30 September 2017 from €149,812 as of 31 December 2016, mainly due to investment activity, described above.

Liabilities

The value of loans and bonds increased by €37,034 (4%) to €929,967 as of 30 September 2017 from €892,933 as of 31 December 2016. This increase comes mainly from issue of new corporate bonds and loan in amount of €68,496 as well as a drawdown of €42,005 under Galeria Pólnocna loan facility. The increase was partially offset by full repayment of Galleria Stara Zagora and Galleria Burgas loans in the amount of €34,798 following the sale of these projects and partial repayment of bonds in the amount of €23,239 as well as standard amortization of loans.

Provision for deferred tax liability

The value of provision for deferred tax liability increased by €20,978 (21%) to €119,215 as of 30 September 2017 from €98,237 as of 31 December 2016, mainly due to revaluation of investment property

Investment, trade payables and provisions

The value of investment, trade payables and provisions increased by €24,884 (68%) to €61,623 as of 30 September 2017 from €36,739 as of 31 December 2016, mainly due to completion of Galeria Polnocna.

Equity

Equity increased by €105,330 (13%) to €895,653 as of 30 September 2017 from €790,323 on 31 December 2016. The changes are attributed to an increase in accumulated profit by €81,992, an increase in share premium of €21,216 following issue of L series shares partially offset by a decrease due to dividend payment in the amount of €8,061.

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

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

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

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 three-month period ended 30 September 2017 with the result for the corresponding period of 2016

Revenue from rental activity

Rental and service revenues decreased by €461 to €29,648 in the three-month period ended 30 September 2017. During the period ended 30 September 2017, the Group has improved the rental revenue through completion of FortyOne II in September 2016, FortyOne III in April 2017 and Galeria Północna in September 2017. These buildings contributed €1,821 to the recurring rental income in the period and will generate €23,300 on annual basis. Additionally, the acquired Cascade Office Building and Belgrade Business Centre contributed €552 to the recurring rental income in the period and will generate €4,400 on annual basis. During the period, the Group has commenced the refurbishment and extension of GTC Square in Belgrade (part of Green Heart project), which will improve rental income from this project once completed. As a result of the refurbishment the building had to be partially vacated and a temporary decline in rental income of €413 was recognized in the three-month period ended 30 September 2017. Furthermore, following the strategic decision to focus its investment only in capital cities outside Poland, the Group sold Galleria Stara Zagora and Galleria Burgas and commenced investment is Sofia in a project that is expected to yield higher return. As a result of the sale, the revenue from this two assets in the three-month period ended 30 September 2017 decreased by €2,468.

Cost of rental activity

Cost of rental activity increased by €280 to €7,540 in the three-month period ended 30 September 2017 as a result of completion of new office and retail space in three projects mentioned above, as well as acquisition of income generating assets, whilst the sale of the two malls mentioned above has offset the increase.

Residential activity

Residential revenue and costs decreased to €0 in the three-month period ended 30 September 2017 resulting from completion of sale of almost all residential units in previous periods, whilst the revenue and cost of the last phase of Osiedle Konstancja project will be recognized in the coming quarters.

Gross margin from operations

Gross margin (profit) from operations decreased by €841 to €22,108 in the three-month period ended 30 September 2017. The gross margin (profit) on rental activities decreased by €741 to €22,108 in the three-month period ended 30 September 2017 from €22,849 in the three-month period ended 30 September 2016 mostly resulting from sale of Galeria Burgas and Galeria Stara Zagora which lead to a decrease of margin on rental activities by €1,895. This decrease was partially offset by newly completed and acquired properties.

Gross margin on rental activities in the three-month period ended 30 September 2017 was 75% compared to 76% in the three-month period ended 30 September 2016. The gross margin (profit) on residential activities decreased to 0 in the three-month period ended 30 September 2017 from €100 in the three-month period ended 30 September 2016.

Administrative expenses

Administrative expenses (before provision for stock based program) increased by €159 to €2,887 in the three-month period ended 30 September 2017 as a result of opening and commencement of operation of Galeria Północna. In addition, mark-to-market of Phantom Shares program resulted in recognition of income of €221 in the three-month period ended 30 September 2017 compared to the expenses of €957 recognized in the three-month period ended 30 September 2016.

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

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €54,220 in the three-month period ended 30 September 2017, as compared to a net profit of €15,318 in the three-month period ended 30 September 2016. Net profit from the revaluation of the investment properties reflects mainly revaluation gain on Galeria Północna, which was valued externally following its completion in September 2017.

Other expense, net

Other expenses (net of other income) related to due diligence and business development activity, and landbank properties were at €861 in the three-month period ended 30 September 2017 as compared to an expense of €511 in the three-month period ended 30 September 2016.

Foreign exchange profit

Foreign exchange profit amounted to €1,339 in the three-month period ended 30 September 2017, as compared to a foreign exchange loss of €547 in the three-month period ended 30 September 2016, mostly due to the impact of the Euro exchange rate versus monetary balances in other currencies which the company operate in.

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Financial income

Financial income decreased by €52 to €29 in the three-month period ended 30 September 2017 as compared to €81 in the three-month period ended 30 September 2016.

Financial cost

Financial cost increased by €109 to €7,694 in the three-month period ended 30 September 2017 as compared to €7,803 in the three-month period ended 30 September 2016. Average borrowing cost decrease from 3.2% in the three-month period ended 30 September 2016 to 3.1% in the three-month period ended 30 September 2017, whilst the value of loans and bonds increased by €96,733 as of 30 September 2017 compared to 30 September 2016.

Profit before tax

Profit before tax increased by €41,361 to €65,881 in the three-month period ended 30 September 2017, as compared to €24,520 in the three-month period ended 30 September 2016, mainly due to an increase in profit from revaluation coming from revaluation of Galeria Północna upon completion of the project. .

Taxation

Tax amounted to €13,785 in the three-month period ended 30 September 2017. Taxation consist of €650 of current tax expenses and €7,837 of deferred tax income.

Net profit/ (loss)

Net profit amounted to €52,096 in the three-month period ended 30 September 2017, as compared to a net profit of €23,405 in the three-month period ended 30 September 2016, after elimination of one–off tax benefit recognized in 2016, following a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V.) The increase was due an increase in the profit from revaluation.

Item 5.5.3. Comparison of financial results for the nine-month period ended 30 September 2017 with the result for the corresponding period of 2016

Revenues from rental activity

Rental and service revenues increased by €2,470 to €87,629 in the nine-month period ended 30 September 2017. During the period ended 30 September 2017, the Group has improved the rental revenue through leasing of University Business Park B, FortyOne II, FortyOne III and Galeria Północna which was opened to the public in September 2017. These buildings contributed €2,648 to the recurring rental income in the period and will generate €26,800 on annual basis. Additionally, the acquired Premium Point and Premium Plaza, Sterlinga Business Center, Neptun Office Center, Cascade Office Building and Belgrade Business Centre contributed €4,545 to the recurring rental income in the period and will generate €14,000 on annual basis. During the period, the Group has commenced the refurbishment and extension of GTC Square in Belgrade (part of Green Heart project), which will improve rental income from this project once completed. As a result of the refurbishment the building had to be partially vacated and a temporary decline in rental income of €700 was recognized in the nine-month period ended 30 September 2017. Furthermore, as per its strategic decision to focus its investment only in capital cities outside Poland, the Group sold Galleria Stara Zagora and Galleria Burgas and commenced investment is Sofia in a project that is expected to yield higher return. As a result of the sale, the revenue from this two assets in the nine-month period ended 30 September 2017decreased by €3,669.

Cost of rental activity

Cost of rental activity increased by €2,059 to €22,592 in the nine-month period ended 30 September 2017 as a result of completion of new office and retail space in four projects as well as acquisition of income generating assets as mentioned above as well as acquisition of income generating assets, whilst the sale of the two malls mentioned above has offset the increase.

Residential activity

Residential revenue decreased by €4,864 to €442 in the nine-month period ended 30 September 2017. Residential cost decreased by €4,004 to €379 in the nine-month period ended 30 September 2017. The decreases resulting from completion of sale of almost all residential units in previous periods, whilst the revenue and cost of the last phase of Osiedle Konstancja project will be recognized in the coming quarters.

Gross margin from operations

Gross margin (profit) from operations decreased by €449 to €65,100 in the nine-month period ended 30 September 2017. The gross margin (profit) on rental activities increased by €411 to €65,037 in the nine-month period ended 30 September 2017 from €64,626 in the nine-month period ended 30 September 2016 mostly resulting from by newly completed and acquired properties partially offset by sale of Galeria Burgas and Galeria Stara Zagora which lead to a decrease of margin on rental activities by €2,885.

Gross margin on rental activities in the nine-month period ended 30 September 2017 was 74% compared to 76% in the nine-month period ended 30 September 2016. The gross margin (profit) on residential activities decreased by €860 to €63 in the nine-month period ended 30 September 2017 from €923 in the nine-month period ended 30 September 2016.

Administrative expenses

Administrative expenses (before provision for stock based program) increased by €483 to €8,326 in the nine-month period ended 30 September 2017 as a result of opening and commencement of operation of Galeria Północna.. In addition, mark-to-market of Phantom Shares program resulted in recognition of expenses of €1,994 in the nine-month period ended 30 September 2017 compared to expenses of €839 recognized in the nine-month period ended 30 September 2016.

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

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €105,314 in the nine-month period ended 30 September 2017, as compared to a net profit of €39,385 in the nine-month period ended 30 September 2016. Net profit from the revaluation of the investment properties reflects mainly revaluation gain on Galeria Północna, which were valued externally following their completion in September 2017 and revaluation gain on Galleria Stara Zagora combined with value appreciation of income generating assets following an improvements in their operating results (mostly Galeria Jurajska).

Other expense, net

Other expenses (net of other income) related to due diligence and business development activity and landbank properties were at €1,348 in the nine-month period ended 30 September 2017 as compared to an expense of €1,330 in the nine-month period ended 30 September 2016.

Foreign exchange profit/loss

Foreign exchange loss amounted to €2,819 in the nine-month period ended 30 September 2017, as compared to a foreign exchange profit of €2,589 in the nine-month period ended 30 September 2016, mostly due to strengthening of PLN vs. EUR.

Financial income

Financial income decreased by €1,121 to €121 in the nine-month period ended 30 September 2017 as compared to €1,242 in the nine-month period ended 30 September 2016.

Financial cost

Financial cost decreased by €983 to €20,707 in the nine-month period ended 30 September 2017 as compared to €21,690 in the nine-month period ended 30 September 2016 mainly due a one-off fair value profit from derivatives and decrease in average borrowing cost from 3.2% in the nine-month period ended 30 September 2016 to 3.1% in the nine-month period ended 30 September 2017 as well as optimization of hedging costs, despite an increase in the average debt balance by €96,733 as of 30 September 2017 compare to 30 September 2016.

Share of profit/ (loss) of associates

Share of profit of associates increased by €4,362 to €184 in the nine-month period ended 30 September 2017 as compared to a share of loss of €4,178 in the nine-month period ended 30 September 2016.

Profit before tax

Profit before tax increased by €63,386 to €133,967 in the nine-month period ended 30 September 2017, as compared to a profit before tax of €70,581 in the three-month period ended 30 September 2016, mainly due to an increase in profit from revaluation coming from revaluation of Galeria Północna upon completion of the project..

Taxation

Tax amounted to €22,272 in the nine-month period ended 30 September 2017. Taxation consist of €2,751 of current tax expenses and €19,521 of deferred tax income.

Net profit/ (loss)

Net profit amounted to €111,695 in the nine-month period ended 30 September 2017, as compared to a net profit of €58,612 in the nine-month period ended 30 September 2016,after elimination of one–off tax benefit recognized in 2016, following a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. The increase was mostly due profit from the revaluation of the investment properties and in particular investment property under construction of €105,314 compared to €39,385 in the nine-month period ended 30 September 2016.

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 from (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 investment properties.

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, issuing stock and repayments of loans and bonds.

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. Cash flow analysis

The table below presents an extract of the cash flow for the period of nine month ended on 30 September 2017 and 2016:

	Nine-month period ended on 30 September	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	55,716	56,101
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(106,354)	(63,823)
Purchase of subsidiary	(15,896)	(5,601)
Purchase of completed assets and land	(51,064)	(133,551)
Increase in Escrow accounts for purchase of assets	(1,504)	-
Sale (including advances) of investment property	3,067	9,614
Sale of subsidiaries and shares in associates	38,795	8,134
Purchase of minority	(352)	(18,108)
VAT/tax on purchase/sale of investment property	2,046	(10,145)
Other loans, interest and similar costs	1.305	11,543
Net cash used in investing activities	(129,957)	(201,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	123,346	174,116
Repayment of long-term borrowings	(68,965)	(67,572)
Dividends paid	(8,061)	-
Interest paid	(18,173)	(18,377)
Loans origination payment	(1,537)	(959)
Decrease (increase) in short term deposits	100	(4,408)
Net cash from (used in) financing activities	26,710	82,800
Effect of foreign currency translation	172	867
Net increase/(decrease) in cash and cash equivalents	(47,359)	(62,169)
Cash and cash equivalents, at the beginning of the year	149,812	169,472
Cash and cash equivalents, at the end of the year	102,453	107,303

Net cash flow from operating activities was €55,716 in the nine-month period ended 30 September 2017 compared to €56,101 in the nine-month period ended 30 September 2016.

Cash flow used in investing activities amounted to €174,818 in the nine-month period ended 30 September 2017 compared to €202,975 used in the nine-month period ended 30 September 2016. Cash flow used in investing activities composed of (i) expenditure on investment properties of €106,354 related mainly on FortyOne III (Belgrade, Serbia) and Galeria Północna (Warsaw, Poland) and properties under construction: Artico (Warsaw, Poland), Ada Mall and Green Heart (Belgrade, Serbia) and White House (Budapest, Hungary) as well as (ii) acquisition of office buildings and land plots for future development of €66,960. Cash flow used in investing activities was partially offset by sale of Galeria Burgas and Galeria Stara Zagora in Bulgaria and commercial land plot in Konstancin in the amount of €38,795.

Proceeds from long-term borrowings for the nine-month period ended 30 September 2017 in the amount of €123,346 are related mainly to loans for assets under construction in the amount of €54,846 as well as issue of bonds and corporate loan in the amount of €68,500. Net cash flow from financing activities amounted to €26,710 in the nine-month period ended 30 September 2017, compared to €82,800 of cash flow from financing activities in the nine-month period ended 30 September 2016. Cash flow from financing activities was partially offset by repayment of long term borrowings of €68,965 related mainly to repayment of bonds, accelerated repayment of Galleria Stara Zagora and Galleria Burgas loans, as well as amortization of investment loans.

Cash and cash equivalents as of 30 September 2017 amounted to €102,453 compared to €107,303 as of 30 September 2016. 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 September 2017, the Group holds cash and cash equivalent in the amount of approximately €102,453. The Group believes that its cash balances and cash generated from leasing activities of its investment properties as well as cash available under its existing and future loan facilities will fund these needs.

The Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) development and acquisition of commercial properties, (ii) debt servicing of its existing assets portfolio and (iii) capex. Such funding will be sourced through available cash, operating income and refinancing.

As of 30 September 2017, the Group's non-current liabilities amounted to €950,931 compared to €852,865 as of 31 December 2016.

The Group's total debt from long and short-term loans and borrowings as of 30 September 2017 amounted to €929,967 as compared to €892,933 as of 31 December 2016. The Group's loans and borrowings are mainly denominated in Euro (86%), other currencies include corporate bonds in PLN and project loan in HUF.

The Group's loan-to-value ratio amounted to 42% as of 30 September 2017, as compared to 43% as of 31 December 2016. The Group's strategy is to keep its loan-to-value ratio at the level not exceeding 50%.

As of 30 September 2017, 77% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate swaps and currency swap as mentioned above.

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

During the three-month period ended 30 September 2017 the Group did not grant loans 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 related entities

During the three month period ended 30 September 2017 the Group did not grant guarantees of the value that exceeds 10% of its capital.

Company granted guarantees to third parties in order to secure construction cost-overruns and loans to its subsidiaries. Additionally, in connection with the sale of its assets, the Company gave typical warranties under the sale agreements, which are limited in time and amount. The risk involved in above warranties is very low.

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

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

The following table presents the Company's shareholders, who had no less than 5% of votes at the Ordinary Shareholders Meeting of GTC S.A., as of the date of publication of this Report. The table is prepared based on information received directly from the shareholders and the best of the Company's knowledge.

In May 2017, the Company's shareholders adopted a resolution regarding the issuance of the Series L Shares. It enabled the Company's shareholders to elect to receive the dividend payable by the Company in the form of newly issued shares instead of cash. In June 2017, the Company issued 10,087,026 series L Shares to the Company's shareholders.

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes	Change in number of shares since 15 May 2017 (not in thousand)
LSREF III GTC Investments B.V.[1]	287,516,755	61.13%	287,516,755	61.13%	Increase by 8,667,098
OFE PZU Złota Jesień	48,648,000	10.34%	48,648,000	10.34%	Increase by 801,000
AVIVA OFE Aviva BZ WBK	34,413,161	7.32%	34,413,161	7.32%	Increase by 1,491,161
Other shareholders	99,725,588	21.20%	99,725,588	21.20%	Decrease by 872,233
Total	470,303,504	100.00%	470,303,504	100.00%	

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

Item 9. Shares in 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 as of 13 November 2017, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the six-month period ended 30 June 2017) on 21 August 2017.

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 Trading in Financial Instruments.

Management Board Member	Balance as of 13 November 2017 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 August 2017 (not in thousand)
Thomas Kurzmann	55,000	5,500	increase by 55,000
Erez Boniel	143,500	14,350	No change
Total	198,500	19,850	

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 September 2017 and changes since 30 June 2017.

Management Board Member	Balance as of 30 September 2017 (not in thousand)	Change since 30 June 2017 (not in thousand)
Thomas Kurzmann	1,536,000	No change
Erez Boniel	409,600	No change

Shares of GTC held by members of the Supervisory Board

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 13 November 2017, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the six-month period ended 30 June 2017) on 21 August 2017.

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 Trading in Financial Instruments.

Members of Supervisory Board	Balance as of 13 November 2017 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 August 2017
Alexander Hesse	0	0	No change
Philippe Couturier	0	0	No change
Ryszard Koper	0	0	No change
Jan Düdden	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Tomasz Styczyński[1]	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade	0	0	No change
Ryszard Wawryniewicz[2]	0	0	No change
Total	10,158	1,016	

[1] Balance as at 21 September 2017

[2] Change since 26 September 2017

On 21 September 2017 Tomasz Styczyński submitted his resignations from position of a member of the Supervisory Board of the Company with immediate effect.

Powszechne Towarzystwo Emerytalne PZU SA, with its registered seat in Warsaw, acting on behalf of Otwarty Fundusz Emerytalny PZU "Złota Jesień", has appointed Ryszard Wawryniewicz to the Company's Supervisory Board for a three-year term of office commencing on 26 September 2017

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 involving Globe Trade Centre SA or its subsidiaries the total value of the liabilities or claims of which amount to at least 10% of the Group'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.

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017
TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 September 2017
(in thousands of Euro)

	Note	30 September 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Non-current assets			
Investment property	9	1,726,022	1,501,770
Investment property landbank	9	124,597	102,905
Residential landbank	10	13,230	13,761
Investment in associates and joint ventures	8	1,698	3,803
Property, plant and equipment	9	6,871	6,002
Deferred tax asset		59	1,075
Other non-current assets		192	353
		1,872,669	**1,629,669**
Current assets			
Residential inventory	10	7,714	5,355
Accounts receivables		4,730	5,363
Accrued income		431	767
VAT receivable	13	15,525	17,389
Income tax receivable		619	652
Prepayments and deferred expenses		2,031	2,558
Escrow account	11	1,504	-
Short-term deposits	14	27,825	27,925
Cash and cash equivalents		102,453	149,812
		162,832	**209,821**
TOTAL ASSETS		**2,035,501**	**1,839,490**

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 September 2017
(in thousands of Euro)

	Note	30 September 2017 (unaudited)	31 December 2016 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	10,651	10,410
Share premium		520,504	499,288
Capital reserve	18	(36,054)	(35,702)
Hedge reserve		(2,796)	(3,631)
Foreign currency translation		2,048	1,872
Accumulated profit		397,187	315,195
		891,540	**787,432**
Non-controlling interest		4,113	2,891
Total Equity		**895,653**	**790,323**
Non-current liabilities			
Long-term portion of long-term borrowing	12	813,961	739,031
Deposits from tenants		8,969	8,043
Long term payable		2,625	2,730
Provision for share based payment		4,039	2,046
Derivatives		2,122	2,778
Provision for deferred tax liability	14	119,215	98,237
		950,931	**852,865**
Current liabilities			
Investment, trade payables and provisions	15	61,623	36,739
Current portion of long-term borrowing	12	116,006	153,902
VAT and other taxes payable		1,463	1,122
Income tax payable		172	530
Derivatives		1,583	2,553
Advances received	16	8,070	1,456
		188,917	**196,302**
TOTAL EQUITY AND LIABILITIES		**2,035,501**	**1,839,490**

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 nine-month period ended 30 September 2017
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2017 (unaudited)	Three-month period ended 30 September 2017 (unaudited)	Nine-month period ended 30 September 2016 (unaudited)	Three-month period ended 30 September 2016 (unaudited)
Revenues from rental activity	5, 6	87,629	29,648	85,159	30,109
Residential revenue	5, 6	442	-	5,306	1,530
Cost of rental activity	6	(22,592)	(7,540)	(20,533)	(7,260)
Residential costs	6	(379)	-	(4,383)	(1,430)
Gross margin from operations		**65,100**	**22,108**	**65,549**	**22,949**
Selling expenses		(1,558)	(594)	(2,304)	(907)
Administration expenses	7	(10,320)	(2,666)	(8,682)	(3,685)
Profit from revaluation	9	105,314	54,220	39,385	15,318
Other income		1,153	289	1,126	357
Other expenses		(2,501)	(1,150)	(2,456)	(868)
Profit (loss) from continuing operations before tax and finance income / (expense)		**157,188**	**72,207**	**92,618**	**33,164**
Foreign exchange differences gain/ (loss), net		(2,819)	1,339	2,589	(547)
Finance income		121	29	1,242	81
Finance cost		(20,707)	(7,694)	(21,690)	(7,803)
Share of profit (loss) of associates and joint ventures		184	-	(4,178)	(375)
Profit before tax		**133,967**	**65,881**	**70,581**	**24,520**
Taxation	17	(22,272)	(13,785)	36,031	46,885
Profit (loss) for the period		**111,695**	**52,096**	**106,612**	**71,405**
Attributable to:					
Equity holders of the Company		111,510	51,876	106,670	71,406
Non-controlling interest		185	220	(58)	(1)
Basic earnings per share (in Euro)	19	0.24	0.13	0.23	0.16

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 nine-month period ended 30 September 2017
(in thousands of Euro)

	Nine-month period ended 30 September 2017 (unaudited)	Three-month period ended 30 September 2017 (unaudited)	Nine-month period ended 30 September 2016 (unaudited)	Three-month period ended 30 September 2016 (unaudited)
Profit (loss) for the period	**111,695**	**52,096**	**106,612**	**71,405**
Gain (loss) on hedge transactions	1,051	45	(181)	711
Income tax	(216)	(19)	29	(114)
Net gain (loss) on hedge transactions	835	26	**(152)**	**597**
Foreign currency translation	176	(346)	242	490
Total comprehensive income (loss) for the period	**112,706**	**51,776**	**106,702**	**72,492**
Attributable to:				
Equity holders of the Company	112,521	51,556	106,760	72,512
Non-controlling interest	185	220	(58)	(20)

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

(in thousands of Euro)

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2017	**10,410**	**499,288**	**(35,702)**	**(3,631)**	**1,872**	**315,195**	**787,432**	**2,891**	**790,323**
Other comprehensive income	-	-	-	835	176	-	1,011	-	1,011
Profit / (loss) for the period ended 30 September 2017	-	-	-	-	-	111,510	111,510	185	111,695
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**835**	**176**	**111,510**	**112,521**	**185**	**112,706**
Purchase of NCI shares	**-**	**-**	(352)	-	-	-	(352)	-	(352)
Sale of subsidiary	**-**	**-**	-	-	-	-		1,037	1,037
Distribution of dividend			-	-	-	(29,518)	(29,518)	-	(29,518)
Issuance of shares	**241**	**21,216**	-	-	-		21,457	-	21,457
Balance as of 30 September 2017 (unaudited)	**10,651**	**520,504**	**(36,054)**	**(2,796)**	**2,048**	**397,187**	**891,540**	**4,113**	**895,653**

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2016	**10,410**	**499,288**	**(20,646)**	**(4,563)**	**1,405**	**156,647**	**642,541**	**(21,339)**	**621,202**
Other comprehensive income	-	-	-	(152)	242	-	90	-	90
Profit / (loss) for the period ended 30 September 2016	-	-	-	-	-	106,670	106,670	(58)	106,612
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(152)**	**242**	**106,670**	**106,760**	**(58)**	**106,702**
Purchase of NCI shares	**-**	**-**	(14,234)	-	-	-	(14,234)	23,206	8,972
Other	**-**	**-**	(772)	-	-	-	(772)	-	(772)
Balance as of 30 September 2016 (unaudited)	**10,410**	**499,288**	**(35,652)**	**(4,715)**	**1,647**	**263,317**	**734,295**	**1,809**	**736,104**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the nine-month period ended 30 September 2017
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2017	Nine-month period ended 30 September 2016
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		133,967	70,581
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets	9	(105,314)	(39,385)
Share of loss (profit) of associates and joint ventures		(184)	4,178
Profit on disposal of assets		-	(5)
Foreign exchange differences loss/(gain), net		2,819	(2,589)
Finance income		(121)	(1,242)
Finance cost		20,707	21,690
Share based payment (income) / expenses		1,993	839
Depreciation and amortization		308	325
Operating cash before working capital changes		**54,175**	**54,392**
Decrease in accounts receivables, prepayments and other current assets		388	723
(Increase)/Decrease in inventory and residential land bank		(2,359)	2,768
Increase/(decrease) in advances received		5,274	942
Increase in deposits from tenants		1,495	1,951
Increase/(decrease) in trade and other payables		(506)	(1,492)
Cash generated from operations		**58,467**	**59,284**
Tax paid in the period		(2,751)	(3,183)
Net cash flows from operating activities		**55,716**	**56,101**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property		(106,354)	(63,823)
Purchase of land and completed assets and land	9	(51,064)	(133,551)
Purchase of subsidiary		(15,896)	(5,601)
Increase in Escrow accounts for purchase of assets	11	(1,504)	-
Sale (including advances) of investment property		3,067	9,614
Sale of subsidiaries	1	37,545	4,800
Purchase of minority		(352)	(18,108)
Sale of shares in associate	8	1,250	3,334
VAT on purchase/sale of investment property		2,046	(10,145)
Interest received		87	319
Loans granted to associates		-	(123)
Loans repayments from associates		1,218	11,347
Net cash flows from/(used in) investing activities		**(129,957)**	**(201,937)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		123,346	174,116
Repayment of long-term borrowings		(68,965)	(67,572)
Dividends paid	1	(8,061)	-
Interest paid		(18,173)	(18,377)
Loans origination cost		(1,537)	(959)
Decrease/(increase) in blocked deposits		100	(4,408)
Net cash from/(used in) financing activities		**26,710**	**82,800**
Effect of foreign currency translation		**172**	**867**
Net increase / (decrease) in cash and cash equivalents		**(47,359)**	**(62,169)**
Cash and cash equivalents at the beginning of the period		**149,812**	**169,472**
Cash and cash equivalents at the end of the period		**102,453**	**107,303**

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") and its subsidiaries ("GTC Group" or "the Group") are an international real-estate corporation. The Company was registered in Warsaw on 19 December 1996. The Company's registered office is in Warsaw, Poland at 17 Stycznia 45A Street. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies with a focus on Poland, Budapest, Bucharest, and Belgrade. Additionally, the Company operates in Zagreb and Sofia. There is no seasonality in the business of the Group companies.

The major shareholder of the Company is LSREF III GTC Investments B.V. ("LSREF III"), controlled by Lone Star, a global private equity firm, which held 287,516,755 shares or 61.13% of total share as of 30 September 2017.

Events in the period

In March 2017, GTC Group has completed the third building of the FortyOne complex in Belgrade.

Issuance of bonds and refinance
In January 2017, the Company issued 3-year Schuldschein loan in the total amount of EUR 10 million.

In March 2017, the Company issued 3-year Euro denominated bonds, listed on WSE in the total amount of EUR 18.5 million.

In March 2017, GTC signed a prolongation of the loan agreement for Corius building, part of Aeropark Business Centre office complex.

In June 2017, the Company issued 3-year Euro denominated bonds, listed on WSE in the total amount of EUR 40 million.

Sale of Galeria Burgas and Galeria Stara Zagora
On 4 May 2017 the Company signed final agreement for the sale of its subsidiaries Galeria Burgas AD and Galeria Stara Zagora EAD, which hold shopping centers in Bulgaria in line with its strategy to focus its investment on capital cities.

Distribution of dividend
In May 2017, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 124.3 million (Euro 29.5 million), and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares instead of cash.

In June 2017, the Company issued 10,087,026 series L Shares to the Company's shareholders who elected to receive the dividend in shares (Euro 21.4 million), and paid dividend in the amount of Euro 8.1 million to the remaining shareholders.

Acquisition of land plots
In May 2017, the Group acquired a subsidiary, which holds a land plot in Budapest, Hungary ("Kompakt") for a total amount of Euro 12.5 million. The Group intends to build an office building on the plot.

In June 2017, the Group acquired a land plot in Bucharest, Romania (Rose Garden Office) for a total amount of Euro 10.5 million. The Group intends to build an office building on the plot.

1. Principal activities (continued)

In July 2017, the group acquired Cascade Office Building, an office building in Bucharest, Romania, for a total amount of Euro 9 million. The building offers 4,200 sq. m of premium office space.

In August 2017, the Group acquired a land plot in Sofia ("ÄBC Phase II"), Bulgaria for a total amount of Euro 6.2 million. The Group intends to build an office building on the plot.

In September 2017, the group acquired Belgrade Business center in Serbia for a total amount of Euro 36.8 million. The amount of Euro 34.8 million has been paid. The remaining Euro 2 million will be paid subject to the seller fulfilling certain conditions.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the nine-months period ended 30 September 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these 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 applied by the Group and International Financial Reporting Standards endorsed by the European Union. The Group is aware of the fact that IFRS 15 and IFRS 9, which are effective for financial years beginning on or after 1 January 2018, have been already endorsed by the European Union. The Group is currently in the process of analysis of quantitative and qualitative impact of those two standards, as well as of IFRS 16, on the Group's consolidated financial statements.

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 2016, which were authorized for issue on 17 March 2017. The interim financial results are not necessarily indicative of the full year results.

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 (other than Euro) 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.

These Interim Condensed Consolidated Financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances were identified which would indicate any threat to the Group' continuing as a going concern.

3. Significant accounting policies, estimates and judgments

The accounting policies and calculation methods applied in the preparation of these Interim Condensed Consolidated Financial Statements are the same as those used in the preparation of the consolidated financial statements for 2016 (see Note 6 to the consolidated financial statements for 2016), and no changes to comparative data, except for change in reportable segments.

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 January 2018;
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014), including amendments to IFRS 15 *Effective date of IFRS 15* (issued on 11 September 2015) - effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16* *Leases* (issued on 13 January 2016) — effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 4* *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016) – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 12* *Recognition of Deferred Tax Assets for Unrealised Losses* (issued on 19 January 2016) – effective for financial years beginning on or after 1 January 2017;
- Amendments to IAS 7* *Disclosure Initiative* (issued on 29 January 2016) – effective for financial years beginning on or after 1 January 2017;
- Clarifications to IFRS 15* *Revenue from Contracts with Customers* (issued on 12 April 2016) – effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 September 2016) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018,
- *Annual Improvements to IFRS Standards 2014-2016 Cycle* (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these financial statements –Amendments to IFRS 12 are effective for financial years beginning on or after 1 January 2017, while amendments to IFRS 1 and IAS 28 are effective for financial years beginning on or after 1 January 2018;

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

- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 40: *Transfers of Investment Property* (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018.
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019,
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019.

The Group has not elected to early adopt any of the standards, interpretations, or amendments which have not yet become effective. The Company's Management Board is analysing and assessing the effect of the new standards and interpretations on the accounting policies applied by the Group and on the Group's financial information.

(*) The endorsement by the European Union of this regulation was announced in the Official Journal of the European Union of 9 November 2017 and comes into force on the twentieth day following that of its publication.

(in thousands of Euro)

4. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	30 September 2017	31 December 2016
GTC Konstancja Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Neptune Gdansk Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC GK Office Sp. z o.o. (1)	GTC S.A.	Poland	-	100%
GTC Sterlinga Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o	GTC S.A.	Poland	100%	100%
Julesberg Sp. z o.o.	GTC S.A.	Poland	100%	100%
Jowett Sp. z o.o.	GTC S.A.	Poland	100%	100%
Calobra Sp. z o.o. Sp. j.	GTC S.A.	Poland	100%	100%
Mantezja 4 Sp. z o.o. Sp. j.	GTC S.A.	Poland	100%	100%
Havern Investments sp. z o.o. (1)	GTC S.A.	Poland	-	100%

(1) Liquidated

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2017	31 December 2016
GTC Hungary Real Estate Development Company Ltd. (“GTC Hungary”)	GTC S.A.	Hungary	100%	100%
Commercial Properties B.V. (formerly Budapest Offices B.V.)	GTC Hungary	Netherlands	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. (“Riverside”) (1)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. (“Centre Point I”)	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral Holding Kft (4)	GTC Hungary	Hungary	-	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
Spiral II Hungary. Kft.	GTC Hungary	Hungary	100%	100%
River Loft Apartmanok Ltd. (1)	GTC Hungary	Hungary	100%	100%
SASAD Resort Kft. (“Sasad”)	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft. (“formerly Szeremi Gate”)	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
SASAD Resort Offices Kft. (6)	GTC Hungary	Hungary	-	100%
Kompakt Land Kft (5)	GTC Hungary	Hungary	100%	-
Mastix Champion Kft. (3)	GTC Hungary	Hungary	-	100%
GTC White House Kft. (“formerly GTC Renaissance Plaza Kft.”)	GTC Hungary	Hungary	100%	100%
VRK Tower Kft	GTC Hungary	Hungary	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%
Abritus Kft. (6)	GTC Hungary	Hungary	-	100%
GTC Slovakia Real Estate s.r.o. (2)	GTC S.A.	Slovakia	-	100%
GTC Real Estate Vinohrady s.r.o. (1)	GTC S.A.	Slovakia	100%	100%

(1) Under liquidation
(2) Sold in 2017
(3) Mastix Ltd. was merged into GTC White House Ltd
(4) Spiral I. Kft. and Spiral Holding Kft. were merged
(5) Acquired in 2017
(6) Merged into CP1

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2017	31 December 2016
GTC Nekretnine Zagreb d.o.o.("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o	Croatia	80%	80%
GTC Nekretnine Jug. d.o.o. (1)	GTC S.A.	Croatia	-	100%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.")	GTC S.A.	Romania	100%	100%
BCG Investment B.V.	GTC S.A.	Netherlands	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L	GTC S.A.	Romania	71.5%	71.5%
Bucharest City Gate B.V. ("BCG")	GTC S.A.	Netherlands	100%	100%
Cascade Building S,R,L (3)	GTC S.A.	Romania	100%	-
City Gate Bucharest S.R.L.	BCG	Romania	100%	100%
Mablethompe Investitii S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	BCG	Romania	100%	100%
Brightpoint Investments Limited (2)	GTC S.A.	Cyprus	50.1%	50.1%
City Rose Park SRL (previously Complexul Residential Colentina S.R.L.)	GTC S.A.	Romania	100%	100%
Operetico Enterprises Ltd.	GTC S.A.	Cyprus	66.7%	66.7%
Deco Intermed S.R.L.	Operetico Enterprises Ltd.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%

(1) Liquidated

(2) Under liquidation

(3) Acquired in 2017

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2017	31 December 2016
Galeria Stara Zagora EAD ("Stara Zagora") (2)	GTC S.A.	Bulgaria	-	100%
Galeria Burgas AD (2)	GTC S.A.	Bulgaria	-	80%
GTC Business Park EAD	GTC S.A.	Bulgaria	100%	100%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o	GTC S.A.	Serbia	100%	-
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Black Sea Management LLC (3)	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%
Europort Ukraine Holdings 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine Holdings 2 LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine LL	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

(1) Under liquidation
(2) Sold in May 2017
(3) Liquidated

(in thousands of Euro)

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

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	30 September 2017	31 December 2016
Yatelsis Viborgskaya Limited of Nicosia ("YVL")	GTC S.A.	Cyprus	50%	50%
Ana Tower Offices S.R.L. (1)	GTC S.A.	Romania	-	50%
CID Holding S.A. ("CID") (2)	GTC S.A.	Luxembourg	35%	35%

(1) sold in 2017

(2) Under liquidation

5. Revenue from operations

	Nine-month period ended 30 September 2017	Three-month period ended 30 September 2017	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental revenue	65,613	22,148	64,499	22,782
Service revenue	22,016	7,500	20,660	7,327
Residential revenue	442	-	5,306	1,530
	88,071	**29,648**	**90,465**	**31,639**

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.

(in thousands of Euro)

6. Segmental analysis

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets and other factors. The Company operates in four core markets: Poland, Budapest, Bucharest and Belgrade. Additionally, the Company operates in Zagreb and starting from September 2017 its operation in Bulgaria is solely in Sofia. During 2016 the Company withdrew its operations in Slovakia.

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

a. Poland
b. Hungary
c. Romania
d. Serbia
e. Croatia
f. Bulgaria
g. Slovakia

Segment analysis for the nine-month periods ended 30 September 2017 (unaudited) and 30 September 2016 (unaudited) is presented below:

	Nine month period ended 30 September 2017			Nine month period ended 30 September 2016		
Potfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	39,548	(10,477)	29,071	34,115	(7,695)	26,420
Serbia	10,881	(2,611)	8,270	9,593	(2,058)	7,535
Hungary	15,285	(3,711)	11,574	15,113	(3,532)	11,581
Romania	11,554	(2,680)	8,874	12,265	(3,228)	9,037
Bulgaria	2,847	(960)	1,887	6,432	(1,660)	4,772
Croatia	7,956	(2,532)	5,424	7,779	(2,479)	5,300
Slovakia				5,168	(4,264)	904
Total	**88,071**	**(22,971)**	**65,100**	**90,465**	**(24,916)**	**65,549**

(in thousands of Euro)

6. Segmental analysis (continued)

Segment analysis for the three-month periods ended 30 September 2017 (unaudited) and 30 September 2016 (unaudited) is presented below:

	Three month period ended 30 September 2017			Three month period ended 30 September 2016		
Potfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	13,931	(3,646)	10,285	12,402	(2,878)	9,524
Serbia	4,043	(926)	3,117	3,454	(696)	2,758
Hungary	5,105	(1,201)	3,904	5,021	(1,220)	3,801
Romania	3,913	(941)	2,972	4,175	(1,054)	3,121
Bulgaria	-	-	-	2,468	(573)	1,895
Croatia	2,656	(826)	1,830	2,594	(847)	1,747
Slovakia				1,525	(1,422)	103
Total	**29,648**	**(7,540)**	**22,108**	**31,639**	**(8,690)**	**22,949**

In prior year financial statements segments were as following: Poland and Hungary, SEE capital cities, SEE secondary cities. During the last two years, the company sold its non-core activity in SEE secondary cities. Starting from 30 June 2017 Management decided to present each country as a separate reporting segment.

(in thousands of Euro)

7. Administrative expenses

	Nine-month period ended 30 September 2017	Three-month period ended 30 September 2017	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration expenses	8,326	2,887	7,843	2,728
Expenses /(income) arising from share based payments	1,994	(221)	839	957
	10,320	**2,666**	**8,682**	**3,685**

8. Investment in associates and joint ventures

The investment in associates and joint ventures comprises the following:

	30 September 2017	31 December 2016
	(unaudited)	(audited)
Russia (1)	1,698	2,843
Romania (2)	-	960
Investment in associates and joint ventures	**1,698**	**3,803**

(1) The Company has signed a sale agreement for its stake in the joint venture. The proceeds from sale are recognized in instalments until September 2018.

(2) Ana Tower was sold in 2017 with gain recognized on the transaction in the amount of EUR 186 thousand.

(in thousands of Euro)

9. Investment property

The investment properties that are owned by the Group are office and commercial space, including investment property under construction and land designated for such development:

Investment property can be split up as follows:

	30 September 2017	31 December 2016
	(unaudited)	(audited)
Completed investment property (1)	1,589,088	1,261,044
Investment property under construction (1)	136,934	240,726
Investment property landbank at cost	124,597	102,905
Total	**1,850,619**	**1,604,675**

(1) An office building in Serbia valued at Euro 39.9 million, which is currently under reconstruction, was transferred from completed investment property to investment property under construction.

The movement in investment property (completed, under construction and landbank) for the period ended 30 September 2017 (unaudited) was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2016	**771,232**	**517,297**	**1,288,529**
Capitalised subsequent expenditure	14,712	82,254	96,966
Reclassified after completion	23,844	(23,844)	-
Purchase of completed assets and land	122,298	17,348	139,646
Adjustment to fair value / impairment	31,491	54,522	86,013
Disposals of assets	-	(10,316)	(10,316)
Sale of subsidiaries	-	(4,878)	(4,878)
Purchase of subsidiaries	-	12,951	12,951
Reclassified to fixed assets	(2,927)	(1,309)	(4,236)
Carrying amount as of 31 December 2016	**960,650**	**644,025**	**1,604,675**
Hierarchy level reclassification (5)	279,631	(279,631)	-
Capitalised subsequent expenditure	16,445	114,687	131,132
Purchase of completed buildings (6)	-	36,839	36,839
Purchase of land plots (4)	-	16,225	16,225
Purchase of subsidiaries holding land plots (4)	9,569	12,500	22,069
Adjustment to fair value / (impairment)	59,299	45,121	104,420
Land Disposals (3)	-	(1,727)	(1,727)
Sale of subsidiaries (2)	-	(62,000)	(62,000)
Classified to fixed assets (1)	(1,014)	-	(1,014)
Carrying amount as of 30 September 2017	**1,324,580**	**526,039**	**1,850,619**

(1) Office space for own use
(2) Galeria Burgas and Galeria Stara Zagora in Bulgaria
(3) Commercial land plot in Konstancin, Poland
(4) The Group acquired 2 landplots in Budapest and Bucharest (see note 1)
(5) Galeria Polnocna was reclassified after its completion
(6) BBC in Belgrade, and Cascade in Bucharest

Property plant and equipment represents mostly Office space owned and used by the Group.

(in thousands of Euro)

9. Investment property (continued)

Fair value and impairment adjustment consists of the following:

	Nine-month period ended 30 September 2017	Three-month period ended 30 September 2017	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Adjustment to fair value of completed investment properties	11,918	(1,823)	3,704	1,982
Adjustment to fair value of investment properties under construction (*)	92,847	57,335	34,325	12,592
Reversal of impairment/(Impairment) adjustment	(345)	(1,292)	1,532	(208)
Total adjustment to fair value / (impairment) of investment property	**104,420**	**54,220**	**39,561**	**14,366**
Reversal of impairment/(Impairment) of assets held for sale	1,425	-	(1,640)	(512)
Impairment of residential landbank	(531)	-	-	-
Total	**105,314**	**54,220**	**37,921**	**13,854**

(*) Revaluation of Galeria Polnocna, opened on 14 September, amounted to Euro 91.9 million.

Assumptions used in the valuations of completed assets as of 30 September 2017 (unaudited) are presented below:

Potfolio	Book value	GLA thousand	Average Ocupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	‘000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	506,000	114	92%	20.6	21.6	2
Poland office	403,578	204	88%	13.9	13.7	2
Belgrade office	160,981	76	96%	16.1	16.1	3
Budapest office	219,567	119	97%	12.0	12.9	3
Bucharest office	195,436	67	95%	18.2	17.9	2
Zagreb retail	103,526	34	99%	20.9	21.0	2
Total	**1,589,088**	**614**	**93%**	**15.9**	**16.1**	

(in thousands of Euro)

9. Investment property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2016 (audited) are presented below:

Potfolio	Book value	GLA thousand	Average Ocupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm	Euro/ sqm	
Poland retail	164,506	49	90%	19.8	19.8	2
Poland office	394,418	205	91%	13.7	13.8	2
Belgrade office	139,981	70	95%	16.3	15.7	3
Budapest office	216,206	119	96%	12.0	12.8	2
Bucharest office	185,520	62	94%	18.2	18.0	2
Zagreb retail	103,213	34	99%	20.8	20.8	3
Bulgaria retail	57,200	57	97%	10.5	10.5	3
Total	**1,261,044**	**596**	**94%**	**14.7**	**14.8**	

Information regarding to investment properties under construction as of 30 September 2017 (unaudited) is presented below:

	Book value	Estimated area (NRA)
	'000 Euro	thousand sqm
Warsaw (Artico)	19,900	8
Belgrade (Ada, GreenHeart)	87,493	80
Budapest (White House)	20,223	22
Sofia (ABC I)	6,516	14
Zagreb (Matrix)	2,802	21
Total	**136,934**	**145**

Information regarding to investment properties under construction as of 31 December 2016 (audited) is presented below:

	Book value	Estimated area (NRA)
	'000 Euro	thousand sqm
Warsaw (Galeria Polnocna, Artico)	185,496	72
Belgrade (Ada, B.41)	47,473	45
Budapest (White House)	7,757	22
Total	**240,726**	**139**

(in thousands of Euro)

9. Investment property (continued)

Information regarding book value of investment property landbank for construction as of 30 September 2017 (unaudited) and 31 December 2016 (audited) is presented below:

	30 September 2017	31 December 2016
Poland	32,849	32,683
Serbia	4,889	4,390
Hungary (1)	25,065	11,300
Romania (1)	10,562	-
Bulgaria (1)	5,700	6,095
Croatia	-	2,420
Total	**79,065**	**56,888**

(1) The Group purchased land plots in 2017 (see note 1)

Information regarding book value of investment property landbank (long term pipeline) as of 30 September 2017 (unaudited) and 31 December 2016 (audited) is presented below:

	30 September 2017	31 December 2016
Poland	17,509	16,019
Hungary	12,200	12,350
Romania	9,841	11,403
Bulgaria	3,790	3,790
Ukraine	2,192	2,455
Total	**45,532**	**46,017**
Grand Total	**124,597**	**102,905**

(in thousands of Euro)

10. Inventory and residential landbank

The movement in residential landbank and inventory for the period ended 30 September 2017 (unaudited) was as follows:

	Residential Inventory	Residential landbank	Total
Carrying amount as of 1 January 2016	**3,161**	**26,773**	**29,934**
Construction costs	2,460	284	2,744
Reversal of Impairment (impairment) to net realisable value	-	947	947
Cost of units sold	(266)	(4,799)	(5,065)
Disposal of subsidiary	-	(9,444)	(9,444)
Carrying amount as of 31 December 2016 (audited)	**5,355**	**13,761**	**19,116**
Construction costs	2,738		2,738
Impairment	-	(531)	(531)
Cost of units sold	(379)		(379)
Carrying amount as of 30 September 2017 (unaudited)	**7,714**	**13,230**	**20,944**

(1) The carrying amount of inventory as of 30 September 2017 represents the inventory of 17 units in Konstancja project. As of the balance sheet date, 15 units were pre-sold.

(2) The carrying amount of residential landbank as of 30 September 2017 refers to two non-core land plots designated for residential development, in Marlera, Croatia and in Bucharest.

11. Escrow accounts for purchase of assets

In August 2017, the Company acquired land plot in Sofia, Bulgaria for development of the second phase of ABC office project.

As of 30 September 2017, an amount of Euro 0.9 million thousands of purchase price was deposited in escrow account, and paid to the seller subsequent to the balance sheet date.

The remaining Euro 0.6 million amount relates to payment to contractor in Whitehouse project in Budapest, which was deposited in escrow account and will be released after execution of the construction works.

(in thousands of Euro)

12. Long-term loans and bonds

	30 September 2017 (unaudited)	**31 December 2016** (audited)
Bonds mature in 2017-2018	45,672	67,167
Bonds mature in 2018-2019	47,543	46,088
Bonds 1019	29,231	28,967
Schuldschein 1219	15,288	5,007
Bonds 0320	18,500	-
Bonds 0620	40,444	-
Loan from OTP (GTC)	5,504	7,863
Loan from WBK (Globis Poznan)	15,700	16,070
Loan from WBK (Korona Business Park)	40,278	41,153
Loan from PKO BP (Pixel)	21,423	21,930
Loan from Pekao (Globis Wroclaw)	23,315	23,922
Loan from ING (Nothus and Zephirus)	20,528	21,648
Loan from Berlin Hyp (Corius)	11,148	11,405
Loan from Pekao (Sterlinga)	16,844	17,238
Loan from Pekao (Neptun)	21,239	21,735
Loan from Pekao (Sterlinga VAT)	-	5,787
Loan from Pekao (Neptun VAT)	-	7,301
Loan from Pekao (Galeria Polnocna)	90,093	48,088
Loan from mBank (Artico)	11,193	4,574
Loan from Pekao (Galeria Jurajska)	92,040	94,622
Loan from Berlin Hyp (UBP)	30,303	31,000
Loan from ING (Francuska)	22,792	23,197
Loan from OTP (Centre Point)	44,551	46,025
Loan from CIB (Metro)	16,883	17,647
Loan from Erste (Spiral)	25,062	26,067
Loan from Erste (White House)	-	2,109
Loan from OTP (Duna)	26,541	27,419
Loan from Erste (GTC House)	12,695	13,281
Loan from Erste (19 Avenue)	20,711	21,138
Loan from Intesa Bank (GTC Square)	13,300	13,825
Loan from Raiffeisen Bank (Forty one)	27,575	21,779
Loan from Erste (Citygate)	81,936	84,100
Loan from Transilvania (Cascade)	4,964	-
Loan from Alpha Bank (Premium)	18,500	18,875
Loan from MKB and Zagrabecka Banka (AMZ)	13,426	16,766
Loan from EBRD and Unicredit (Galeria Stara Zagora)	-	6,900
Loan from EBRD (Burgas)	-	20,272
Loans from minorities in subsidiaries	9,933	18,230
Deferred issuance debt expenses	(5,188)	(6,262)
	929,967	**892,933**

(in thousands of Euro)

12. 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 September 2017 (unaudited)	**31 December 2016** (audited)
Current portion of long term loans and bonds:		
Bonds mature in 2017-2018	45,672	45,000
Bonds mature in 2018-2019	32,072	880
Bonds 1019	452	189
Schuldschein 1219	288	7
Bonds 0320	2	-
Bonds 0620	444	-
Loan from OTP (GTC)	3,145	3,145
Loan from WBK (Globis Poznan)	493	493
Loan from WBK (Korona Business Park)	1,395	41,153
Loan from PKO BP (Pixel)	677	677
Loan from Berlin Hyp (UBP)	930	930
Loan from Pekao (Galeria Jurajska)	3,484	3,446
Loan from Pekao (Globis Wroclaw)	854	816
Loan from ING (Nothus and Zephirus)	1,492	1,492
Loan from Berlin Hyp (Corius)	342	11,405
Loan from Pekao (Sterlinga)	525	525
Loan from Pekao (Neptun)	662	662
Loan from Pekao (Sterlinga VAT)	-	5,787
Loan from Pekao (Neptun VAT)	-	7,301
Loan from Pekao (Galeria Polnocna)	4,500	1,125
Loan from ING (Francuska)	540	540
Loan from OTP (Centre Point)	2,004	1,974
Loan from Erste (White House)		1,250
Loan from OTP (Duna)	1,194	1,176
Loan from CIB (Metro)	1,057	1,024
Loan from Erste (Spiral)	1,375	1,326
Loan from Erste (GTC House)	781	781
Loan from Erste (19 Avenue)	834	569
Loan from Intesa Bank (GTC Square)	700	700
Loan from Raiffeisen Bank (Forty one)	1,197	681
Loan from EBRD and Unicredit (Galeria Stara Zagora)	-	6,900
Loan from EBRD (Galeria Burgas)	-	1,725
Loan from Transilvania (Cascade)	450	-
Loan from MKB and Zagrabecka Banka (Avenue Mall Zagreb)	4,454	4,454
Loan from Erste (City Gate)	2,966	2,890
Loan from Alpha Bank (Premium)	1,025	631
Loans from minorities in subsidiaries	-	2,248
	116,006	**153,902**

(in thousands of Euro)

12. Long-term loans and bonds (continued)

	30 September 2017 (unaudited)	**31 December 2016** (audited)
Long term portion of long term loans and bonds:		
Bonds mature in 2017-2018	-	22,167
Bonds mature in 2018-2019	15,471	45,208
Bonds 1019	28,779	28,778
Schuldschein 1219	15,000	5,000
Bonds 0320	18,498	-
Bonds 0620	40,000	-
Loan from OTP (GTC)	2,359	4,718
Loan from WBK (Globis Poznan)	15,207	15,577
Loan from WBK (Korona Business Park)	38,883	-
Loan from PKO BP (Pixel)	20,746	21,253
Loan from Pekao (Globis Wroclaw)	22,461	23,106
Loan from ING (Nothus and Zephirus)	19,036	20,156
Loan from Berlin Hyp (Corius)	10,806	-
Loan from Pekao (Neptun)	20,577	21,073
Loan from Pekao (Sterlinga)	16,319	16,713
Loan from Pekao (Galeria Polnocna)	85,593	46,963
Loan from Pekao (Galeria Jurajska)	88,556	91,176
Loan from Berlin Hyp (UBP)	29,373	30,070
Loan from mBank (Artico)	11,193	4,574
Loan from ING (Francuska)	22,252	22,657
Loan from OTP (Centre Point)	42,547	44,051
Loan from OTP (Duna)	25,347	26,243
Loan from CIB (Metro)	15,826	16,623
Loan from Erste (Spiral)	23,687	24,741
Loan from Erste (White House)	-	859
Loan from Erste (GTC House)	11,914	12,500
Loan from Erste (19 Avenue)	19,877	20,569
Loan from Intesa Bank (GTC Square)	12,600	13,125
Loan from Raiffeisen Bank (Forty one)	26,378	21,098
Loan from Erste (City Gate)	78,970	81,210
Loan from Alpha Bank (Premium)	17,475	18,244
Loan from Transilvania (Cascade)	4,514	-
Loan from MKB and Zagrabecka Banka (Avenue Mall Zagreb)	8,972	12,312
Loan from EBRD (Galeria Burgas)	-	18,547
Loans from minorities in subsidiaries and from joint ventures	9,933	15,982
Deferred issuance debt expenses	(5,188)	(6,262)
	813,961	**739,031**

(in thousands of Euro)

12. Long-term loans and bonds (continued)

As securities for the bank loans, the banks have pledge over the companies that hold the assets, mortgage over the assets, and other standard securities.

In its financing agreements with banks, the Group 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.

All bank loans except, loan granted to Spiral, Sterlinga VAT loan, Neptun VAT loan and bonds maturing in 2017-2019 are Euro denominated.

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

	30 September 2017 (unaudited)	**31 December 2016** (audited)
First year	142	176
Second year	127	130
Third year	232	149
Fourth year	149	184
Fifth year	126	166
Thereafter	252	176
	1,028	**981**

13. VAT and other tax receivable

VAT and other tax receivable represent VAT receivable on the purchase of assets (as of 30 September 2017, mainly Acquisition of BBC office in Belgrade, 6.7 million), and due to development activity (as of 30 September 2017mainly Galeria Polnocna and Artico 5 million).

14. Short term deposits

Short-term deposits include deposits from tenants, and deposits related to loan agreements, and can be used only for certain operating activities as determined by underlying agreements.

15. Trade and other payables

As of 30 September 2017, an amount of Euro 43 million of trade creditors and accruals relates to Galeria Polnocna, Ada mall and FortyOne development costs (As of 31 December 2016, Euro 25 million).

(in thousands of Euro)

16. Advances received

Advances received comprises the following amounts:

	30 September 2017 (unaudited)	**31 December 2016** (audited)
Sale of residential units in Konstancja project	4,246	1,456
Sale of investment properties landbank	1,540	-
Rental income received in advance	2,284	-
	8,070	**1,456**

17. Taxation

Income tax expenses in nine-month period ended 30 September 2017 was increased due to strengthening of PLN compared to EUR and therefore increase in deferred tax liability in Poland. Additionally, in as of 30 September 2016 GTC SA, as the acquiring company, merged with its 100% subsidiaries GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. As a consequence, temporary deferred tax differences related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized, thus presented as tax income in the amount of EUR 48 million in the nine months period ended 30 September 2016.

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These frequent changes result in there being little point of reference, inconsistent interpretations not consistent and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax settlements and other areas of activity (e.g. customs or foreign currency related issues) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Group’s countries than in countries that have a more established taxation system.

Effective 15 July 2016, the Polish Tax Code was amended for the General Anti-Abuse Rule (GAAR) provisions. The new regulation require significantly more judgement in assessment of the tax consequences of particular transactions.

(in thousands of Euro)

18. Capital and Reserves

<u>Share capital</u>

As at 30 September 2017, the shares structure was as follows:

Number of Shares	Share series	Total value in PLN	Total value in Euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
100,000,000	I	10,000,000	2,341,372
31,937,298	J	3,193,729	766,525
108,906,190	K	10,890,619	2,561,293
10,087,026	L	1,008,703	240,855
470,303,504		**47,030,350**	**10,651,095**

All shares are entitled to the same rights.

Shareholders who as at 30 September 2017 held above 5% of the Company shares were as follows:

- LSREF III
- PZU OFE
- AVIVA OFE BZ WBK

<u>Capital reserve</u>

Capital reserve represents a loss attributed to non-controlling partners pf the Group, which crystalized once the Group acquired the non-controlling interest in the subsidiaries of the Group.

(in thousands of Euro)

18. Capital and Reserves (continued)

Phantom shares

Certain key management personnel of the Company are entitled to specific payments resulting from phantom shares in the Company (the "Phantom Shares").

The Phantom shares (as presented in below mentioned table) have been accounted for based on future cash settlement.

Strike (PLN)	Blocked	Vested	Total
7.73	150,000	-	150,000
6.82	3,031,200	3,942,400	6,973,600
Total	**3,181,200**	**3,942,400**	**7,123,600**

As at 30 September 2017, phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Number of phantom shares
30/06/2019	6.82	2,662,400
31/12/2020	7.73	150,000
30/06/2021	6.82	1,275,200
15/08/2021	6.82	3,036,000
Total		**7,123,600**

The Phantom shares (as presented in above mentioned table) have been provided for according to cash payments method.

(in thousands of Euro)

19. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Nine-month period ended 30 September 2017	Three-month period ended 30 September 2017	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to equity holders (euro)	111,510,000	51,876,000	106,670,000	71,406,000
Weighted average number of shares for calculating basic earnings per share	463,837,462	470,303,504	460,216,478	460,216,478
Basic earnings per share (euro)	0.24	0.13	0.23	0.16

There have been no potentially dilutive instruments as at 30 September 2017 and 31 December 2016.

20. Significant related party's transactions

In September 2017, the group acquired Belgrade Business center in Serbia from a subsidiary of the Company's main shareholder, for a total amount of Euro 36.8 million. The amount of Euro 34.8 million has been paid. The remaining Euro 2 million will be paid subject to the seller fulfilling certain conditions.

21. Subsequent events

There were no significant events subsequent to the balance sheet date.

22. Release date

The Interim Condensed Consolidated Financial Statements were authorised for the issue by the Management Board on 10 November 2017.

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Independent Auditor's Report on review of interim condensed consolidated financial statements for the nine-month period ended 30 September 2017

To the General Shareholders Meeting and Supervisory Board of Globe Trade Centre S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Globe Trade Centre S.A. Capital Group ('the Group'), with parent's company Globe Trade Centre S.A. (the 'Company') registered office located in Warsaw, at 17 Stycznia 45A street, as of 30 September 2017 including interim condensed consolidated statement of financial position as at 30 September 2017, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the nine-month period ended 30 September 2017 and other explanatory notes ('the interim condensed consolidated financial statements').

Management is responsible for the preparation and presentation of accompanying 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 accompanying 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* ('standard'). 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 on accompanying interim condensed consolidated financial statements.

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Conclusion

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

We also reported on 10 November 2017 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 polish zloty as the presentation currency.

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

Key Certified Auditor

Łukasz Jarzynka
Certified Auditor
No. 11959

Warsaw, 10 November 2017