CONSOLIDATED QUARTERLY REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

Place and date of publication: Warsaw, 21 May 2018

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

Table of content

Item 1. Introduction

The GTC Group is a leading real estate investor and developer focusing on Poland and four capital cities in Eastern and Southern Europe - Belgrade, Budapest, Bucharest, Zagreb and Sofia. 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 project and landbank.

Since its establishment and as at 31 March 2018 the Group has: (i) developed 1.1 million sq. m of gross commercial space and over 300 thousand sq. m of residential space; (ii) 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) 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 31 March 2018, the Group`s property portfolio comprised the following properties:

- 39 completed commercial buildings, including 36 office buildings and three retail properties with a total combined commercial space of approximately 643 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 632 thousand sq. m of GLA;
- five commercial projects under construction, including four office projects and one retail project with total GLA of approximately 106 thousand sq. m, of which the Group's proportional interest amounts to 106 thousand sq. m of GLA;
- commercial landbank designated for future development; and
- residential landbank.

As of 31 March 2018, the book value of the Group's portfolio amounts to €1,980,640 with: (i) the Group's completed commercial properties account for 86% 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 98% of the portfolio is core and remaining 2% is non-core assets, including non-core landplots and residential projects.

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

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in mWIG 40 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, PLGTC0000243, PLGTC0000268 and PLGTC0000276; „the Report" refers to the consolidated quarterly report prepared pursuant to art. 66 of the Decree of the Finance Minister of 29 March 2018 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; FFO", "FFO I" is profit before tax less tax paid, after adjusting for non-cash transactions (such as fair value or real estate re-measurement, share base payment provision and unpaid financial expenses) and one off items (such as FX differences and residential activity); "EPRA NAV" is total equity less non-controlling interest, less: deferred tax liability related to real estate assets and derivatives at fair value; "EBITDA" is earning before fair value adjustments, interest, tax, depreciation and amortization; "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", and elsewhere in this Report and under Item 3. "Key risk factors" in Management Board's report on the activities of Globe Trade Centre S.A. Capital Group in the financial year ended 31 December 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 financial year ended 31 March 2018 and 2017. 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 three-month period ended 31 March 2018 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2018.

Selected financial data presented in PLN is derived from the consolidated financial statements for the three-month period ended 31 March 2018 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 31 March			
	2018		2017	
(in thousands)	€	PLN	€	PLN
Consolidated Income Statement				
Revenue from rental activity	35,855	149,913	29,788	128,806
Residential revenue	3,615	15,115	442	1,911
Service costs	(9,007)	(37,659)	(7,946)	(34,359)
Residential costs	(2,979)	(12,455)	(379)	(1,639)
Gross margin from operations	27,484	114,914	21 905	94,719
Selling expenses	(475)	(1,986)	(453)	(1,959)
Administrative expenses	(1,398)	(5,845)	(2,642)	(11,424)
Profit/(loss) from revaluation/impairment of assets, net	12,534	52,749	24,424	103,064
Share of profit/(loss) in associates	-	-	184	796
Financial income/(expense), net	(7,088)	(29,636)	(6,490)	(28,063)
Net profit / (loss)	24,309	101,917	32,095	136,310
Basic and diluted earnings per share (not in thousands)	0.05	0.21	0.07	0.30
Weighted average number of issued ordinary shares (not in thousands)	470,303,504	470,303,504	460,216,478	460,216,478
Consolidated Cash Flow Statement				
Net cash from operating activities	21,206	88,667	19,973	86,366
Net cash used in investing activities	(12,646)	(52,872)	(34,007)	(150,189)
Net cash from/(used in) financing activities	25,966	108,565	19,956	86,291
Cash and cash equivalents at the end of the period	183,135	770,724	157,260	663,606

	As of 31 March 2018		As of 31 December 2017	
	EUR	PLN	EUR	PLN
Consolidated statement of financial position				
Investment property	1,828,902	7,696,934	1,797,583	7,497,539
Investment property landbank	132,286	556,726	139,258	580,831
Residential landbank and inventory	13,568	57,101	16,453	68,624
Assets held for sale	5,884	24,763	4,336	18,085
Cash and cash equivalents	183,135	770,724	148,746	620,405
Others	78,966	332,329	76,233	317,961
Total assets	2,242,741	9,438,577	2,182,609	9,103,445
Non-current liabilities	1,087,141	4,575,232	1,052,216	4,388,688
Current liabilities	191,411	805,556	189,131	788,847
Total Equity	964,189	4,057,789	941,262	3,925,910
Share capital	10,651	47,031	10,651	47,031

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 four capital cities in Eastern and Southern Europe - Belgrade, Budapest, Bucharest, Zagreb and Sofia. 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 project and landbank.

Since its establishment and as at 31 March 2018 the Group has: (i) developed 1.1 million sq. m of gross commercial space and over 300 thousand sq. m of residential space; (ii) 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) 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 31 March 2018, the Group`s property portfolio comprised the following properties:

- 39 completed commercial buildings, including 36 office buildings and three retail properties with a total combined commercial space of approximately 643 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 632 thousand sq. m of GLA;
- five commercial projects under construction, including four office projects and one retail project with total GLA of approximately 106 thousand sq. m, of which the Group's proportional interest amounts to 106 thousand sq. m of GLA;
- commercial landbank designated for future development; and
- residential landbank.

As of 31 March 2018, the book value of the Group's portfolio amounts to €1,980,640 with: (i) the Group's completed commercial properties account for 86% 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 98% of the portfolio is core and remaining 2% is non-core assets, including non-core landplots and residential projects.

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

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in mWIG 40 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 as of 31 March 2018 is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2018 in Note 4 "Investment in subsidiaries, associates and joint ventures".

The following changes in structure of the Group occurred in the three-month period ended 31 March 2018:

- Europort Ukraine Holdings 2 LLC. was liquidated.

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 of the first quarter of 2018

On 23 February 2018 LSREF III GTC Investments B.V., appoints Mr. Olivier Brahin as a member of the supervisory board of the Company, effective 1 March 2018.

On 12 March 2018, GTC SA repaid 1/3 of nominal value 20,000 bonds issued in 2014 under ISIN PLGTC0000177. Following the partial redemption, the interest amount on the bonds will be calculated taking into account the nominal value of each bond, as decreased by the redemption amount to PLN 6,666.67.

On 20 March 2018, the Supervisory Board of GTC SA adopted a resolution pursuant to which it will recommend to the annual general meeting of the shareholders of the Company that a dividend in the amount of PLN 0.33 per share be distributed to the shareholders of the Company from the net profit earned in the financial year ended 31 December 2017. The payment of the dividend remains subject to the approval by the annual general meeting of the shareholders of the Company.

In March 2018, GTC SA issued three-year euro denominated bonds, listed on WSE, in the total amount of €20,494

Events that took place after 31 March 2018:

On 2 April 2018 GTC SA received from the majority shareholder in the Company, LSREF III GTC Investments B.V. ("Lone Star"), a notification that Lone Star decided to review its options in relation to its investment in Globe Trade Center S.A. and appointed J.P.Morgan and UBS to assist them in this strategic review.

In April 2018, GTC SA signed a preliminary agreement for the acquisition of a Bulgarian company, which owned a shopping mall and adjacent office building located in Sofia, Bulgaria. Mall of Sofia provides 23,700 sq. m of retail leasable area and 10,300 sq. m of office space. Retail occupancy rate is currently at 98% and office occupancy rate is currently at 100%. The net purchase price amounted to € 90,000. Simultaneously, the Company entered into a loan agreement with OTP BANK PLC and DSK BANK EAD. The banks will finance the Mall of Sofia in the amount of €61,400. The closing of the transaction is expected in the second quarter of 2018, following the fulfilment of standard conditions precedent.

On 30 April 2018, GTC SA repaid 1/3 of nominal value 2,942 bonds issued in 2012 under ISIN PLGTC0000144 in the amount of €23,236. It was a full redemption.

In May 2018, the Company's shareholders adopted a resolution regarding a distribution of dividend in the amount of PLN 0.33 per share 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.

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 economic crisis may slow down the general economy in the countries, where the Group operates. The economic downturn in those countries may result in reduced demand for property, growth of vacancy rates, and increased competition in the real estate market, which may adversely affect 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, may result in a drop in sales dynamics, and, on the other, an increase in vacancy rates and lower rent revenues from leased space, may significantly impact the results of operations of the Group. Specifically, the Group may be force to change some of its investment plans. Additionally, the Group may 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 three month period ended 31 March 2018 and for the three-month period ended 31 March 2017, the Group derived 66% and 73% 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 three month period ended 31 March 2018 and for the three-month period ended 31 March 2017, the Group derived 25% and 26% 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 three month period ended 31 March 2018 and for the three-month period ended 31 March 2017, amounted for 9% and 1% of the Group's total revenues, respectively. The supply of new apartments in the different markets in which the Group operates and the demand on such markets affect apartment prices. The demand for apartments is further impacted by fluctuations in interest rates, the availability of credit and the mortgage market in general. For example, the Group's residential revenues decreased steadily over the last few years due to the slowdown in the sale of residential properties coupled with an increase in discounts which had to be granted to purchasers of the Group's apartments in order to facilitate sales.

Real estate valuation

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

The following three significant factors influence the valuation of the Group's properties: (i) the cash flow arising from operational performance, (ii) the expected rental rates and (iii) the capitalization rates that result from the interest rates in the market and the risk premiums applied to the Group's business.

The cash flow arising from operational performance is primarily determined by current gross rental income per square meter, vacancy rate trends, total portfolio size, maintenance and administrative expenses, and operating expenses. Expected rental values are determined predominantly by expected development of the macroeconomic indicators as GDP growth, disposable income, etc. as well as micro conditions such as new developments in the immediate neighborhood, competition, etc. Capitalization rates are influenced by prevailing interest rates and risk premium. In the absence of other changes when capitalization rates increase, market value decreases and vice versa. Small changes in one or some of these factors can have a considerable effect on the fair value of the Group's investment properties and on the results of its operations.

Moreover, the valuation of the Group's 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 and residential projects of €12,534 in the three-month period ended 31 March 2018 and €24,424 in three month period ended 31 March 2017.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. The bonds issued by the Company in 2012 and 2014 are denominated in PLN and bear interest connected to WIBOR. Increases in interest rates generally increase the Group's financing costs. As of 31 March 2018 and 31 December 2017 approximately 86% and 90% of the Group's loans were hedged or partially hedged. For example as at 31 December 2017, a 50bp change in Euribor rate would lead to €1,698 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, -0.328% as of 2 January 2018 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the three-month period ended 31 March 2018 and for the three-month period ended 31 March 2017 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, 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 development 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 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 July 2017, the Group acquired Cascade Office Building, an office building in Bucharest, Romania, for a total amount of €3,300 (net of liabilities). The building offers 4,200 sq. m of premium office space.

In September 2017, the Group acquired Belgrade Business Center in Serbia for a total amount of €36,800.

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

In December 2017, the Group has completed Artico office building in Warsaw.

In 2017, the Company issued 3-year Euro denominated bonds, listed on WSE and three year Schuldschein loan in in the total amount of €78,604.

In December 2017, the Group refinanced Avenue Mall shopping centre. The total loan amounts to €50,000. The proceeds from refinance received in January 2018.

On 12 March 2018, GTC SA repaid 1/3 of nominal value 20,000 bonds issued in 2014 under ISIN PLGTC0000177. Following the partial redemption, the interest amount on the bonds will be calculated taking into account the nominal value of each bond, as decreased by the redemption amount to PLN 6,666.67.

In March 2018, GTC SA issued three-year euro denominated bonds, listed on WSE, in the total amount of €20,494

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

The Group did not present forecasts for 2018.

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 undertakings.

Derivatives

Derivatives include hedge instruments held by the Group that mitigate the risk of interest and currency rates fluctuations. 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 (if any) 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 calculating the present value of cash flows of each leg of the transaction, taking into account several risk statistics.

Item 5.4.2. Financial position as of 31 March 2018 compared to 31 December 2017

Total assets increased by €60,132 (3%) to €2,242,741 as of 31 March 2018. This increase was mainly due to development activity: primarily Ada Mall, White House and Green Heart.

Assets

The value of investment property and commercial landbank increased by €24,347 (1%) to €1,961,188 as of 31 March 2018 from €1,936,841 as of 31 December 2017, due to an investment of €22,437 mainly into completion of refurbishment of two buildings in Green Heart project (formerly GTC Square); assets under construction White House, Green Heart and Ada Mall, as well as €12,535 revaluation gain mainly attributed to assets under construction. The increase was partially offset by reclassification of non-core land plots to assets held for sale in the amount of €5,884.

The value of loan granted to non-controlling interest partner increased to €9,449 as of 31 March 2018 from 0 as of 31 December 2017, as a result of granting a loan by Company's subsidiary that holds Avenue Mall Zagreb (Euro Structor d.o.o.) to its shareholders, following the refinance of Avenue Mall Zagreb with €50,000 loan.

The value of cash and cash equivalents increased by €34,389 (23%) to €183,135 as of 31 March 2018 from €148,746 as of 31 December 2017 mainly as a result of refinancing activity, sale of land plots and bond issue, partially offset by repayment of borrowings and bonds..

Liabilities

The value of loans and bonds increased by €43,338 (4%) to €1,077,423 as of 31 March 2018 from €1,034,085 as of 31 December 2017. This increase comes mainly from issue of new corporate bonds in the amount of €20,494 and refinancing of Avenue Mall Zagreb in the amount of €37,188 as well as a drawdown of €6,635 under Ada Mall loan facility. The increase was partially offset by partial repayment of bonds in the amount of €15,877 as well as standard amortization of loans.

The value of provision for deferred tax liability increased by €3,444 (3%) to €129,271 as of 31 March 2018 from €125,827 as of 31 December 2017, mainly due to revaluation of investment property.

The value of trade and other payables decreased by €9,676 (19%) to €40,829 as of 31 March 2018 from €50,505 as of 31 December 2017, mainly due to settlement of liabilities with constructors under completed projects in Poland.

Equity

Equity increased by €22,927 (2%) to €964,189 as of 31 March 2018 from €941,262 on 31 December 2017. The changes are attributed to an increase in accumulated profit by €24,058 partially offset by a decrease in hedge reserve by €1,176.

Item 5.5. Consolidated income statement

Item 5.5.1. Key items of the consolidated income statement

Revenues from operations

Revenues from operations consist of:

- rental income, which consists of monthly rental payments paid by tenants of the Group's investment properties for the office or retail space rented by such tenants. Rental income is recognized as income over the lease term;

- service income, which comprises fees paid by the tenants of the Group's investment properties to cover the costs of the services provided by the Group in relation to their leases; and

- residential revenue, which comprises proceeds from the sales of houses or apartments, which is recognized when such houses or apartments have been substantially constructed, accepted by the customer and a significant amount resulting from the sale agreement has been paid by the purchaser.

Cost of operations

Costs of operations consist of:

- service costs, which consist of all the costs that are related to the management services provided to the individual tenants within the Group's properties — service costs should be covered by service income; and

- residential costs, which comprise the costs that are related to the development of residential properties sold. The costs related to the development of residential properties incurred during the construction period are capitalized in inventory. Once income is recognized, the costs in respect of sold units are expensed.

Gross margin from operations

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

Selling expenses

Selling expenses include:

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

Administrative expenses

Administration expenses include:

- payroll, management fees and other expenses that include the salaries of all employees that are not directly involved in sales or rental activities;
- provisions made to account for the share-based incentive program that was granted to key personnel;
- costs related to the sale of investment properties;
- costs of audit, legal and other advisors;
- office expenses;
- depreciation and amortization expenses include depreciation and amortization of the Group's property, plant and equipment; and
- others.

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

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

Financial income/(expense), net

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

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

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

Taxation

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

Item 5.5.2. Comparison of financial results for the three-month period ended 31 March 2018 with the result for the corresponding period of 2017

Revenues from rental activity

Rental and service revenues increased by €6,067 to €35,855 in the three-month period ended 31 March 2018. During the year ended 31 March 2018, the Group has improved the rental revenue through completion and leasing of FortyOne III and Galeria Północna which were opened to the public during the year 2017. These buildings contributed €5,862 to the recurring rental income in the three-month period ended 31 March 2018. Additionally, the acquired Cascade Office Building and Belgrade Business Centre contributed €1,460 to the recurring rental income in the three-month period ended 31 March 2018. Furthermore, as per its strategic decision to focus its investment only on capital cities in terms of countries other than 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 than the sold malls. As a result of the sale, the revenue from this two assets in the three-month period ended 31 March 2018 decreased by €2,137.

Cost of rental activity

Rental and service cost increased by €1,061 to €9,007 in the three-month period ended 31 March 2018. The completion of new office and retail space in above projects and acquisition of income generating assets as mentioned above contributed €2,089, whilst the sale of the non-core malls has offset the increase by €575.

Residential activity

Residential revenue increased by €3,173 to €3,615 in the three-month period ended 31 March 2018 and comes mainly from sale the last phase of Osiedle Konstancja project. Residential cost increased by €2,600 to €2,979 in the three-month period ended 31 March 2018.

Gross margin from operations

Gross margin (profit) from operations increased by €5,579 to €27,484 in the three-month period ended 31 March 2018. The gross margin (profit) on rental activities increased by €5,006 to €26,848 in the three-month period ended 31 March 2018 from €21,842 in the three-month period ended 31 March 2017 mostly resulting from by newly completed and acquired properties partially offset by sale of non-core assets.

Gross margin on rental activities in the three-month period ended 31 March 2018 was 75% compared to 73% in the three-month period ended 31 March 2017. The gross margin (profit) on residential activities increased by €573 to €636 in the three-month period ended 31 March 2018 from €63 in the three-month period ended 31 March 2017.

Administrative expenses

Administrative expenses decreased by €1,244 to €1,398 in the three-month period ended 31 March 2018 from €2,642 in the three-month period ended 31 March 2017. Administrative expenses (before provision for stock based program) increased by €268 to €2,759 in the three-month period ended 31 March 2018. In addition, mark-to-market of Phantom Shares program resulted in recognition of income arising from share based payment of €1,361 in the three-month period ended 31 March 2018 (share price PLN 9.14) compared to loss arising from share based payment of €151 recognized in the three-month period ended 31 March 2017.

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

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €12,534 in the three-month period ended 31 March 2018, as compared to a net profit of €24,424 in the three-month period ended 31 March 2017. Net profit from the revaluation of the investment properties reflects mainly revaluation gain on Ada Mall, White House and Green Heart.

Other expense, net

Other expenses (net of other income) related to due diligence and business development activity and landbank properties were at €1,217 in the three-month period ended 31 March 2018 as compared to an expense of €106 in the three-month period ended 31 March 2017.

Foreign exchange profit/loss

Foreign exchange gain amounted to €106 in the three-month period ended 31 March 2018, as compared to a foreign exchange loss of €3,752 in the three-month period ended 31 March 2017.

Financial income

Financial income increased by €21 to €73 in the three-month period ended 31 March 2018 as compared to €52 in the three-month period ended 31 March 2017.

Financial cost

Financial cost increased by €619 to €7,161 in the three-month period ended 31 March 2018 as compared to €6,542 in the three-month period ended 31 March 2017 mainly due increase the average debt balance partially offset by refinancing activity which decreased the average borrowing cost from 3.2% in the three-month period ended 31 March 2017 to 2.7% as of 31 March 2018.

Share of gain (loss) of associates

Share of profit of associates decreased by €184 to €0 in the three-month period ended 31 March 2018 as compared to a share of gain of €184 in the three-month period ended 31 March 2017.

Profit before tax

Profit before tax decreased by €3,124 to €29,946 in the three-month period ended 31 March 2018, as compared to profit before tax of €33,070 in the three-month period ended 31 March 2017, mainly due to lower profit from revaluation.

Taxation

Tax amounted to €5,637 in the three-month period ended 31 March 2018. Taxation consist of €1,814 of current tax expenses and €3,823 of deferred tax expenses.

Net profit/ (loss)

Net profit amounted to €24,309 in the three-month period ended 31 March 2018, as compared to a net profit of €32,095 in the three-month period ended 31 March 2017. This was mostly due profit from the revaluation of the investment properties and in particular investment property under construction of €12,534 compared to €24,424 in the three-month period ended 31 March 2017. Profit before tax, revaluation and share based payment has increased by €7,254 in the three-month period ended 31 March 2018, compared to the three-month period ended 31 March 2017.

Item 5. 6. Consolidated cash flow statement

Item 5.6.1. Key items from consolidated cash flow statement

Net cash from (used in) operating activities

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

Net cash used in investing activities

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

Net cash from (used in) financing activities

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

Cash and cash equivalents

Cash balance consists of cash in banks. Cash in banks may earn interest at floating rates based on daily bank deposit rates, if those are positive. 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, if those are positive. All cash is deposited in banks. 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 three months ended on 31 March 2018 and 2017:

	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	21,206	19,973
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(32,717)	(33,818)
Decrease in short term deposits	10,368	-
Increase in escrow account	(578)	-
Sale of investment property	9,266	1,738
Sale of shares in associates and joint ventures	-	1,250
VAT/tax on purchase/sale of investment property	592	(3,614)
Interest received	17	31
Loans repayments from associates and joint ventures	406	406
Net cash used in investing activities	(12,646)	(34,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	81,371	42,728
Repayment of long-term borrowings	(37,485)	(16,978)
Interest paid	(6,385)	(5,631)
Loans origination cost	(892)	(437)
Loan granted to non-controlling interest	(9,393)	-
Decrease/(increase) in short term deposits	(1,250)	274
Net cash from (used in) financing activities	25,966	19,956
Net foreign exchange difference	(137)	1,526
Net increase/(decrease) in cash and cash equivalents	34,389	7,448
Cash and cash equivalents, at the beginning of the year	148,746	149,812
Cash and cash equivalents, at the end of the year	183,135	157,260

Net cash flow from operating activities was €21,206 in the three-month period ended 31 March 2018 compared to €19,973 in the three-month period ended 31 March 2017.

Net cash flow used in investing activities amounted to €12,646 in the three-month period ended 31 March 2018 compared to €34,007 used in the three-month period ended 31 March 2017. Cash flow used in investing activities composed of (i) expenditure on investment properties under construction of €32,717 related mainly to: Galeria Północna, Ada Mall, Green Heart and White House. Cash flow used in investing activities was partially offset by sale of land plots: Green Dream in Bucharest and Vassas in Budapest for the amount of €9,266.

Proceeds from long-term borrowings for the three-month period ended 31 March 2018 in the amount of €81,371 are related mainly to loans for assets under construction in the amount of €10,688 as well as issue of bonds in the amount of €20,494. Net cash flow from financing activities amounted to €25,966 in the three-month period ended 31 March 2018, compared to €19,956 of cash flow from financing activities in the three-month period ended 31

March 2017. Cash flow from financing activities was partially offset by repayment of long term borrowings of €37,485 related mainly to repayment of bonds as well as amortization of investment loans.

FFO generated during the three-month period ended 31 March 2018 amounted to €15.3 million and revenue generated by sale of residential and non-core land plots amounted to €3.6 million.

Cash and cash equivalents as of 31 March 2018 amounted to €183,135 compared to €157,260 as of 31 March 2017. 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 31 March 2018, the Group holds cash and cash equivalent in the amount of approximately €183,135. 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 endeavors 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 31 March 2018, the Group's non-current liabilities amounted to €1,087,141 compared to €1,052,216 as of 31 December 2017.

The Group's total debt from long and short-term loans and borrowings as of 31 March 2018 amounted to €1,077,423 as compared to €1,034,085 as of 31 December 2017. The Group's loans and borrowings are mainly denominated in Euro, other currencies include bonds in PLN and projects loans in HUF.

The Group's loan-to-value ratio amounted to 43% as of 31 March 2018, as compared to 42% as of 31 December 2017. The Group's strategy is to keep its loan-to-value ratio at the level not exceeding 50%.

As of 31 March 2018, 86% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate swaps and currency swap as mentioned above.

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 development dynamics and the Group's cash flow and net profit.

Traditionally, the principal sources of financing for the Group's core business included, rental revenues, bank loans, proceeds from bonds issued by the Company and proceeds from asset disposals.

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

During the three-month period ended 31 March 2018 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 31 March 2018 the Group did not grant guarantees of the value that exceeds 10% of its capital.

Additionally, the Company gave typical warranties in connection with sale of its assets, under the sale agreements, and construction cost-overruns guarantees to secure construction loans. The risk involved in above warranties and guarantees 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.

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 13 November 2017 (not in thousand)
LSREF III GTC Investments B.V.[1]	287,516,755	61.13%	287,516,755	61.13%	No change
OFE PZU Złota Jesień	48,648,000	10.34%	48,648,000	10.34%	No change
AVIVA OFE Aviva BZ WBK	34,413,161	7.32%	34,413,161	7.32%	No change
Other shareholders	99,725,588	21.20%	99,725,588	21.20%	No change
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 21 May 2018, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (annual report for the twelve-month period ended 31 December 2017) on 21 March 2018.

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 21 May 2018 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 March2018 (not in thousand)
Thomas Kurzmann	55,000	5,500	No change
Erez Boniel	143,500	14,350	No change
Total	198,500	19,850	

Shares of GTC held by members of the Supervisory Board

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 21 May 2018, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (annual report for the twelve-month period ended 31 December 2017) on 21 March 2018

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 21 May 2018 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 March 2018
Alexander Hesse	0	0	No change
Olivier Brahin	0	0	No change
Philippe Couturier	0	0	No change
Jan Düdden	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Ryszard Koper	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade	0	0	No change
Ryszard Wawryniewicz	0	0	No change
Total	10,158	1,016	

On 23 February 2018 LSREF III GTC Investments B.V. appointed Mr. Olivier Brahin as a member of the supervisory board of the Company, effective 1 March 2018.

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 arm's 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 THREE-MONTH PERIOD ENDED 31 MARCH 2018
TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2018
(in thousands of Euro)

	Note	31 March 2018 (unaudited)	31 December 2017 (audited)
ASSETS			
Non-current assets			
Investment property	8	1,828,902	1,797,583
Investment property landbank	8	132,286	139,258
Residential landbank	9	12,698	12,698
Investment in joint ventures		905	1,303
Property, plant and equipment		6,809	6,847
Other non-current assets		89	86
		1,981,689	**1,957,775**
Loan granted to non-controlling interest partner	10	9,449	-
Total non-current assets		**1,991,138**	**1,957,775**
Assets held for sale	12	**5,884**	**4,336**
Current assets			
Residential inventory	9	870	3,755
Accounts receivables		6,139	4,367
Accrued income		720	1,093
VAT receivable	13	6,026	6,618
Income tax receivable		726	619
Prepayments and deferred expenses		3,111	1,767
Escrow account		1,355	777
Short-term deposits	11	43,637	52,756
Cash and cash equivalents		183,135	148,746
		245,719	**220,498**
TOTAL ASSETS		**2,242,741**	**2,182,609**

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 31 March 2018
(in thousands of Euro)

	Note	31 March 2018 (unaudited)	31 December 2017 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	10,651	10,651
Share premium		520,504	520,504
Capital reserve		(36,054)	(36,054)
Hedge reserve		(3,541)	(2,365)
Foreign currency translation		2,117	2,323
Accumulated profit		466,035	441,977
		959,712	**937,036**
Non-controlling interest	10	4,477	4,226
Total Equity		**964,189**	**941,262**
Non-current liabilities			
Long-term portion of long-term borrowing	15	939,388	907,704
Deposits from tenants		8,994	8,960
Long term payable		2,601	2,621
Provision for share based payment		4,384	5,744
Derivatives		2,503	1,360
Provision for deferred tax liability		129,271	125,827
		1,087,141	**1,052,216**
Current liabilities			
Trade and other payables	14	40,829	50,505
Current portion of long-term borrowing	15	138,035	126,381
VAT and other taxes payable		3,177	1,516
Income tax payable		2,140	1,843
Derivatives		2,305	2,035
Advances received	7	4,925	6,851
		191,411	**189,131**
TOTAL EQUITY AND LIABILITIES		**2,242,741**	**2,182,609**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the three-month period ended 31 March 2018
(in thousands of Euro)

	Note	Three-month period ended 31 March 2018 (unaudited)	Three-month period ended 31 March 2017 (unaudited)
Rental revenue		25,980	22,072
Service revenue		9,875	7,716
Residential revenue		3,615	442
Service costs		(9,007)	(7,946)
Residential costs		(2,979)	(379)
Gross margin from operations		**27,484**	**21,905**
Selling expenses		(475)	(453)
Administrative expenses	6	(1,398)	(2,642)
Profit from revaluation/ impairment of assets	8	12,534	24,424
Other income		163	346
Other expenses		(1,380)	(452)
Profit from continuing operations before tax and finance income / (expense)		**36,928**	**43,128**
Foreign exchange differences gain/(loss), net		106	(3,752)
Finance income		73	52
Finance cost		(7,161)	(6,542)
Share of gain / (loss) of associates and joint ventures		-	184
Profit before tax		**29,946**	**33,070**
Taxation	16	(5,637)	(975)
Profit for the period		**24,309**	**32,095**
Attributable to:			
Equity holders of the Company		24,058	32,180
Non-controlling interest		251	(85)
Basic earnings per share (Euro)	18	0.05	0.07

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 three-month period ended 31 March 2018
(in thousands of Euro)

	Three-month period ended 31 March 2018 (unaudited)	Three-month period ended 31 March 2017 (unaudited)
Profit for the period	**24,309**	**32,095**
Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods	-	-
Gain/(loss) on hedge transactions	(1,471)	85
Income tax	295	(20)
Net gain/(loss) on hedge transactions	(1,176)	65
Foreign currency translation	(206)	186
Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	*(1,382)*	*250*
Total comprehensive income for the period, net of tax	**22,927**	**32,346**
Attributable to:		
Equity holders of the Company	22,676	32,431
Non-controlling interest	251	(85)

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the three-month period ended 31 March 2018
(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 2018	**10,651**	**520,504**	**(36,054)**	**(2,365)**	**2,323**	**441,977**	**937,036**	**4,226**	**941,262**
Other comprehensive income	-	-	-	(1,176)	(206)	-	(1,382)	-	(1,382)
Profit / (loss) for the period ended 31 March 2018	-	-	-	-	-	24,058	24,058	251	24,309
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(1,176)**	**(206)**	**24,058**	**22,676**	**251**	**22,927**
Balance as of 31 March 2018	**10,651**	**520,504**	**(36,054)**	**(3,541)**	**2,117**	**466,035**	**959,712**	**4,477**	**964,189**

	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	-	-	-	65	186	-	251	-	251
Profit / (loss) for the period ended 31 March 2017	-	-	-	-	-	32,180	32,180	(85)	32,095
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**65**	**186**	**32,180**	**32,431**	**(85)**	**32,346**
Purchase of NCI shares	**-**	**-**	(352)	-	-	-	(352)	-	(352)
Balance as of 31 March 2017	**10,410**	**499,288**	**(36,054)**	**(3,566)**	**2,058**	**347,375**	**819,511**	**2,806**	**822,317**

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the three-month period ended 31 March 2018
(in thousands of Euro)

	Note	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		29,946	33,070
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets		(12,534)	(24,424)
Share of loss (profit) of associates and joint ventures		-	(184)
Profit on disposal of assets		-	-
Foreign exchange differences loss/(gain), net		(106)	3,752
Finance income		(73)	(52)
Finance cost		7,161	6,542
Share based payment expenses		(1,360)	151
Depreciation and amortization		140	167
Operating cash before working capital changes		**23,174**	**19,022**
Increase in debtors and prepayments and other current assets		(2,746)	(2,947)
(Increase)/Decrease in inventory		2,885	(416)
Increase/(decrease) in advances received		(1,926)	2,868
Increase in deposits from tenants		34	808
Increase in trade and other payables		1,599	1,623
Cash generated from operations		**23,020**	**20,958**
Tax paid in the period		(1,814)	(985)
Net cash from operating activities		**21,206**	**19,973**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property under construction		(32,717)	(33,818)
Decrease in short term deposits	11	10,368	-
Increase in escrow account		(578)	-
Sale of investment property		9,266	1,738
Sale of shares in associates and joint ventures		-	1,250
VAT/tax on purchase/sale of investment property		592	(3,614)
Interest received		17	31
Loans repayments from associates and joint ventures		406	406
Net cash from/(used in) investing activities		**(12,646)**	**(34,007)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		81,371	42,728
Repayment of long-term borrowings		(37,485)	(16,978)
Interest paid		(6,385)	(5,631)
Loans origination cost		(892)	(437)
Loan granted to non-controlling interest	10	(9,393)	-
Decrease/(increase) in short term deposits		(1,250)	274
Net cash from/(used in) financing activities		**25,966**	**19,956**
Effect of foreign currency translation		**(137)**	**1,526**
Net increase / (decrease) in cash and cash equivalents		**34,389**	**7,448**
Cash and cash equivalents at the beginning of the period		**148,746**	**149,812**
Cash and cash equivalents at the end of the period		**183,135**	**157,260**

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 61.13% of total share as of 31 March 2018.

Events in the period

In December 2017, the Group refinanced Avenue Mall shopping centre. The total loan amounts to Euro 50 million. The proceeds from refinance received in January 2018.

In March 2018, the Company issued 3-year Euro denominated bonds, listed on WSE in the total amount of EUR 20.5 million.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2018 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 and International Financial Reporting Standards endorsed by the European Union. The Group is aware of the fact that IFRS 16 which is effective for financial years beginning on or after 1 January 2019, has been already endorsed by the European Union. The Group is currently in the process of analysis of quantitative and qualitative impact of these standard 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 2017, which were authorized for issue on 21 March 2018. 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 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 and new standards, interpretations amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 (see Note 7 to the consolidated financial statements for 2017), except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

Standards issued and effective for financial years beginning on or after 1 January 2018:

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments,* effect of implementation of these standards are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- IFRS 15 *Revenue from Contracts with Customers*
  International Financial Reporting Standard 15 *Revenue from Contracts with Customers* ("IFRS 15") was issued in May 2014, and then amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. The standard replaced IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group did not accounted for any significant impact of the adoption of IFRS 15 on the financial statements. But IFRS 15 did not affected the recognition of lease income as this is still dealt with under IAS 17 Leases.
- IFRS 9 *Financial Instruments*
  In July 2014, the IASB issued the final version of International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9"). IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group performed an impact assessment of implementation of IFRS 9 on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results. The Group adopted the new standard on the required effective date and did not restated comparative information. Overall, the Group states there is no significant impact on the Groups statement of financial position and equity.
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016)
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016)
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016)
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* which are part of *Annual Improvements to IFRS Standards 2014-2016 Cycle* (issued on 8 December 2016)
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* which are part of *Annual Improvements to IFRS Standards 2014-2016 Cycle* (issued on 8 December 2016)
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016)
- Amendments to IAS 40: *Transfers of Investment Property* (issued on 8 December 2016)

3. Significant accounting policies and new standards, interpretations amendments adopted by the Group (continued)

Standards issued but not yet effective:

- 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;
- 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;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;

  IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019,
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation* (issued on 12 October 2017)) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures* (issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- *Annual Improvements to IFRS Standards 2015-2017 Cycle* (issued on 12 December 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019,
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement* (issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019,
- *Amendments to References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

(in thousands of Euro)

4. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 March 2018	31 December 2017
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 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%
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	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 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%
Kompakt Land Kft	GTC Hungary	Hungary	100%	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%
GTC Real Estate Vinohrady s.r.o. (1)	GTC S.A.	Slovakia	100%	100%

(1) Under liquidation

(in thousands of Euro)

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 March 2018	31 December 2017
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 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	GTC S.A.	Romania	100%	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%
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%

(in thousands of Euro)

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 March 2018	31 December 2017
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%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	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%
Europort Ukraine LL	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	31 March 2018	31 December 2017
Yatelsis Viborgskaya Limited of Nicosia (“YVL”)	GTC S.A.	Cyprus	50%	50%
CID Holding S.A. (“CID”) (2)	GTC S.A.	Luxembourg	35%	35%

(1) Liquidated

(2) Under liquidation

(in thousands of Euro)

5. Segmental analysis

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

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

a. Poland
b. Belgrade
c. Budapest
d. Bucharest
e. Zagreb
f. Bulgaria
g. Other

Segment analysis of rental income and costs for the three month period ended 31 March 2018 and 31 March 2017 is presented below:

	2018			2017		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	22,378	(8,004)	14,374	13,212	(3,799)	9,413
Belgrade	4,790	(1,124)	3,666	3,225	(829)	2,396
Budapest	5,296	(1,126)	4,170	5,149	(1,345)	3,804
Bucharest	4,278	(851)	3,427	3,900	(837)	3,063
Zagreb	2,728	(881)	1,847	2,607	(863)	1,744
Bulgaria	-	-	-	2,137	(652)	1,485
Total	**39,470**	**(11,986)**	**27,484**	**30,230**	**(8,325)**	**21,905**

(in thousands of Euro)

5. Segmental analysis (continued)

Segment analysis of assets and liabilities for the years ended 31 March 2018 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,007,230	80,243	12,869	**1,100,342**	528,013	70,023	28,227	**626,263**
Belgrade	292,745	9,644	2,442	**304,831**	85,785	16,461	10,120	**112,366**
Budapest	306,026	16,781	4,369	**327,176**	115,083	9,751	9,176	**134,010**
Bucharest	218,971	11,629	4,613	**235,213**	112,664	12,014	6,451	**131,129**
Zagreb	123,743	4,876	10,358	**138,977**	49,500	16,112	2,861	**68,473**
Bulgaria	20,675	1,755	786	**23,216**	-	-	1,544	**1,544**
Other	4,950	52	4,004	**9,006**	-	-	1,151	**1,151**
Non allocated	-	101,792	2,188	**103,980**	193,645	4,910	5,061	**203,616**
	1,974,340	**226,772**	**41,629**	**2,242,741**	**1,084,690**	**129,271**	**64,591**	**1,278,552**

Segment analysis of assets and liabilities for the years ended 31 December 2017 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,013,842	83,696	7,549	**1,105,087**	529,541	70,242	40,196	**639,979**
Belgrade	276,218	7,454	2,138	**285,810**	74,091	14,443	13,329	**101,863**
Budapest	298,573	14,302	2,898	**315,773**	115,777	9,256	7,035	**132,068**
Bucharest	223,859	11,742	2,005	**237,606**	113,260	11,844	7,708	**132,812**
Zagreb	121,930	4,079	1,204	**127,213**	12,811	16,079	4,618	**33,508**
Bulgaria	19,028	267	729	**20,024**	-	-	335	**335**
Other	9,008	37	6	**9,051**	-	-	1,181	**1,181**
Non allocated	-	79,925	2,120	82,045	188,605	3,963	7,033	**199,601**
	1,962,458	**201,502**	**18,649**	**2,182,609**	**1,034,085**	**125,827**	**81,435**	**1,241,347**

(in thousands of Euro)

6. Administrative expenses

Administrative expenses for the period of three-months ended 31 March 2017 and 31 March 2018 comprises the following amounts:

	Three-month period ended 31 March 2018	**Three-month period ended 31 March 2017**
	(unaudited)	(unaudited)
Administrative expenses	2,759	2,491
Expenses (income) arising from share base payments	(1,361)	151
	1,398	2,642

7. Advance received

Advances received comprises the following amounts:

	31 March 2018	**31 December 2017**
	(unaudited)	(audited)
Sale of residential units project	88	1,768
Sale of investment properties landbank	3,023	3,043
Rental income received in advance	1,814	2,040
	4,925	**6,851**

8. Investment Property

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

Investment property can be split up as follows:

	31 March 2018	**31 December 2017**
	(unaudited)	(audited)
Completed investment property	1,694,571	1,649,183
Investment property under construction	134,331	148,400
Investment property landbank at cost	132,286	139,258
Total	**1,961,188**	**1,936,841**

(in thousands of Euro)

8. Investment Property (continued)

The movement in investment property for the periods ended 31 March 2018 (unaudited) and 31 December 2017 (audited) was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2017	**960,650**	**644,025**	**1,604,675**
Hierarchy level reclassification	358,200	(358,200)	-
Capitalised subsequent expenditure and other	20,111	145,478	165,589
Purchase of completed buildings	-	36,857	36,857
Purchase of land plots	-	28,526	28,526
Purchase of subsidiaries holding land plots	9,569	12,500	22,069
Adjustment to fair value / (impairment)	33,774	114,428	148,202
Land Disposals	-	(1,727)	(1,727)
Classified to assets held for sale	-	(4,336)	(4,336)
Sale of subsidiaries	-	(62,000)	(62,000)
Classified to fixed assets	(1,014)	-	(1,014)
Carrying amount as of 31 December 2017	**1,381,290**	**555,551**	**1,936,841**
Capitalised subsequent expenditure and other	2,044	20,393	22,437
Adjustment to fair value / (impairment)	(1,231)	13,766	12,535
Land Disposals	-	(4,741)	(4,741)
Classified to assets held for sale	-	(5,884)	(5,884)
Carrying amount as of 31 March 2018	**1,382,103**	**579,085**	**1,961,188**

Fair value and impairment adjustment consists of the following:

	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017
	(unaudited)	(unaudited)
Adjustment to fair value of completed assets	(1,526)	8,111
Adjustment to fair value of property under construction	11,433	17,284
Adjustment of assets held for sale	-	(1,983)
Reverse of impairment adjustment of IPUC at cost	2,627	1,012
Total	**12,534**	**24,424**

(in thousands of Euro)

8. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 March 2018 (unaudited) are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	526,700	113	93%	20.9	21.8	2
Poland office	430,604	212	89%	14.1	14.0	2
Belgrade office	207,681	98	93%	16.2	16.1	3
Budapest office	229,053	119	99%	12.1	13.3	2
Bucharest office	195,746	67	96%	18.5	17.8	2
Zagreb retail	104,787	34	99%	20.8	20.8	2
Total	**1,694,571**	**643**	**93%**	**16.1**	**16.3**	

Assumptions used in the valuations of completed assets as of 31 December 2017 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	526,700	113	93%	20.6	21.8	2
Poland office	429,979	212	89%	14.2	14.0	2
Belgrade office	163,181	76	97%	16.4	16.2	3
Budapest office	228,865	119	98%	12.1	13.3	2
Bucharest office	195,746	67	97%	18.4	17.8	2
Zagreb retail	104,712	34	99%	20.8	20.8	2
Total	**1,649,183**	**621**	**94%**	**16.1**	**16.3**	

Information regarding investment properties under construction as of 31 March 2018 (unaudited) is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada, GreenHeart (*))	78,790	58
Budapest (White House)	41,500	22
Sofia (ABC I)	10,141	16
Zagreb (Matrix)	3,900	10
Total	**134,331**	**106**

(*) The renovation of two buildings with a total GLA of 22 thousands sqm was completed in Q1 2018.

(in thousands of Euro)

8. Investment Property (continued)

Information regarding to investment properties under construction as of 31 December 2017 is presented below:

	Book value	**Estimated area (GLA)**
	'000 Euro	thousand sqm
Belgrade (Ada, GreenHeart)	106,780	80
Budapest (White House)	30,300	22
Sofia (ABC I)	8,856	16
Zagreb (Matrix)	2,464	10
Total	**148,400**	**128**

Information regarding Investment property landbank as of 31 March 2018 and 31 December 2017 is presented below:

Information regarding book value of investment property landbank for construction as of 31 March 2018 and 31 December 2017 is presented below:

	31 March 2018	31 December 2017
	(unaudited)	(audited)
Poland	33,397	33,116
Serbia	5,455	5,454
Hungary	27,073	26,671
Romania	11,263	11,192
Bulgaria	6,416	6,382
Croatia	14,577	14,280
Total	**98,181**	**97,095**

Information regarding book value of investment property landbank (long term pipeline) as of 31 March 2018 and 31 December 2017 is presented below:

	31 March 2018	31 December 2017
	(unaudited)	(audited)
Poland	17,980	17,980
Hungary	8,400	8,400
Romania	3,834	9,841
Bulgaria	1,800	3,790
Ukraine	2,091	2,152
Total	**34,105**	**42,163**
Grand Total	**132,286**	**139,258**

(in thousands of Euro)

9. Inventory and residential landbank

The movement in residential landbank and inventory for the period ended 31 March 2018 (unaudited) was as follows:

	Residential Inventory	Residential landbank	Total
Carrying amount as of 1 January 2017	**5,355**	**13,761**	**19,116**
Construction costs	2,915	-	2,915
Cost of units sold	-	(1,063)	(1,063)
Disposal of subsidiary	(4,515)	-	(4,515)
Carrying amount as of 31 December 2017	**3,755**	**12,698**	**16,453**
Construction costs	94	-	94
Impairment	-	-	-
Cost of units sold	(2,979)	-	(2,979)
Carrying amount as of 31 March 2018	**870**	**12,698**	**13,568**

10. Non-controlling interest

On 5th December 2017, Zagrebacka Bank agreed to refinance Avenue Mall (Zagreb) with an investment loan. Of the loan amount, an amount of Euro 9.4 million were granted by the Company's subsidiary that holds Avenue Mall (Euro Structor d.o.o.) to its Non-Controlling Interest partner (NCI). The loan bears interest at a rate of 3-month Euribor (but not less than zero) plus 2.6% p.a. which is accrued until final repayment date. The loan principle and interest shall be repaid by 30 November 2022. In the event that Euro Structor renders resolution for distribution of dividend, Euro Structor has the right to set-off the dividend due to the NCI against the loan. In the event that the NCI intends to sell its stake in Euro Structor the loan shall be due for repayment upon the sale.

Summarised financial information of the material non-controlling interest as of 31 March 2018 (unaudited) is presented below:

	Avenue Mall	Non-core projects	Total
NCI share in equity	22,332	(17,855)	4,477
Loans received from NCI	-	9,558	9,558
Loans granted to NCI	(9,449)	-	(9,449)
Total as of 31 March 2018	**12,883**	**(8,297)**	**4,586**
NCI share in profit / (loss)	**413**	**(162)**	**251**

(in thousands of Euro)

11. Short term deposits

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

In the three months period ended 31 March 2018, an amount of Euro 10.4 million was paid in relation with contractual commitments in Galeria Polnocna shopping centre.

12. Assets held for sale

As of 31 March 2018, assets held for sale include Burgas land plot in Bulgaria, and part of Petricani land plot in Romania

13. VAT and other tax receivable

VAT and other tax receivable represent VAT receivable on the purchase of assets, and due to development activity.

14. Trade and other payables

The movement in trade and other payables for three-month period ended 31 March 2018 (unaudited) and the year ended 31 December 2017 (audited) was as follows:

Balance as of 1 January 2017	**(36,739)**
Charges related to investing activity	(14,301)
Charges related to sale of subsidiaries	1,293
Charges related to operating activity	(511)
Charges related to Finance activity	(247)
Balance as of 31 December 2017	**(50,505)**
Charges related to investing activity	9,725
Charges related to sale of subsidiaries	-
Charges related to operating activity	56
Charges related to Finance activity	(105)
Balance as of 31 March 2018	**(40,829)**

As of 31 March 2018 an amount of Euro 31 million of trade creditors' accruals and provisions relate to development activity payables. This is planned to be financed mostly by long term loans (As of 31 December 2017 amounted to Euro 41 million).

(in thousands of Euro)

15. Long-term loans and bonds

	31 March 2018	31 December 2017
Bonds mature in 2017-2018	23,866	23,744
Bonds mature in 2018-2019	31,786	48,872
Bonds 1019	29,225	28,959
Schuldschein 1219	15,143	15,023
Bonds 0320	18,500	18,675
Bonds 0620	40,440	40,070
Bonds 1220	10,204	10,117
Bonds 0321	20,549	-
Loan from OTP (GTC)	3,931	4,718
Loan from WBK (Globis Poznan)	15,454	15,579
Loan from WBK (Korona Business Park)	45,803	46,157
Loan from PKO BP (Pixel)	21,085	21,256
Loan from Pekao (Globis Wroclaw)	22,895	23,107
Loan from ING (Nothus and Zephirus)	19,782	20,156
Loan from Berlin Hyp (Corius)	10,977	11,064
Loan from Pekao (Sterlinga)	16,581	16,715
Loan from Pekao (Neptun)	20,908	21,076
Loan from Pekao (Galeria Polnocna)	198,654	199,904
Loan from mBank (Artico)	13,207	12,990
Loan from Pekao (Galeria Jurajska)	90,308	91,176
Loan from Berlin Hyp (UBP)	29,838	30,072
Loan from ING (Francuska)	22,522	22,659
Loan from OTP (Centre Point)	43,551	44,051
Loan from CIB (Metro)	16,360	16,623
Loan from Erste (Spiral)	24,365	24,791
Loan from Erste (White House)	4,861	4,817
Loan from OTP (Duna)	25,946	26,243
Loan from Erste (GTC House)	12,304	12,499
Loan from Erste (19 Avenue)	22,744	22,978
Loan from Intesa Bank (Green Heart)	16,985	13,125
Loan from Raiffeisen Bank (Forty one)	26,988	27,292
Loan from Intesa Bank (Ada)	6,764	-
Loan from Erste (Citygate)	80,444	81,197
Loan from Transilvania (Cascade)	4,792	4,852
Loan from Alpha Bank (Premium)	17,870	18,126
Loan from Zagrabecka Banka (AMZ)	49,500	12,312
Loans from minorities in subsidiaries	9,558	9,984
Deferred issuance debt expenses	(7,267)	(6,894)
	1,077,423	**1,034,085**

(in thousands of Euro)

15. 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:

	31 March 2018	31 December 2017
Current portion of long term loans and bonds:		
Bonds mature in 2017-2018	23,866	23,744
Bonds mature in 2018-2019	31,786	32,888
Bonds 1019	446	180
Schuldschein 1219	143	23
Bonds 0320	2	177
Bonds 0620	440	70
Bonds 1220	100	13
Bonds 0321	55	-
Loan from OTP (GTC)	3,145	3,145
Loan from WBK (Globis Poznan)	15,454	495
Loan from WBK (Korona Business Park)	1,395	1,401
Loan from PKO BP (Pixel)	677	679
Loan from Berlin Hyp (UBP)	930	932
Loan from Pekao (Galeria Jurajska)	3,508	3,496
Loan from Pekao (Globis Wroclaw)	22,895	23,107
Loan from ING (Nothus and Zephirus)	10,450	10,824
Loan from Berlin Hyp (Corius)	342	343
Loan from Pekao (Sterlinga)	525	527
Loan from Pekao (Neptun)	662	665
Loan from mBank (Artico)	140	-
Loan from Pekao (Galeria Polnocna)	5,000	5,000
Loan from ING (Francuska)	540	542
Loan from OTP (Centre Point)	2,015	2,009
Loan from Erste (White House)	164	120
Loan from OTP (Duna)	1,201	1,197
Loan from CIB (Metro)	1,080	1,068
Loan from Erste (Spiral)	1,489	1,396
Loan from Erste (GTC House)	781	781
Loan from Erste (19 Avenue)	934	934
Loan from Intesa Bank (Green Heart)	357	700
Loan from Raiffeisen Bank (Forty one)	1,238	1,217
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	2,000	4,454
Loan from Transilvania (Cascade)	240	240
Loan from Erste (City Gate)	3,010	2,989
Loan from Alpha Bank (Premium)	1,025	1,025
	138,035	**126,381**

(in thousands of Euro)

15. Long-term loans and bonds (continued)

	31 March 2018	31 December 2017
Long term portion of long term loans and bonds:		
Bonds mature in 2018-2019	-	15,984
Bonds 1019	28,779	28,779
Schuldschein 1219	15,000	15,000
Bonds 0320	18,498	18,498
Bonds 0620	40,000	40,000
Bonds 1220	10,104	10,104
Bonds 0321	20,494	-
Loan from OTP (GTC)	786	1,573
Loan from WBK (Globis Poznan)	-	15,084
Loan from WBK (Korona Business Park)	44,408	44,756
Loan from PKO BP (Pixel)	20,408	20,577
Loan from ING (Nothus and Zephirus)	9,332	9,332
Loan from Berlin Hyp (Corius)	10,635	10,721
Loan from Pekao (Neptun)	20,246	20,411
Loan from Pekao (Sterlinga)	16,056	16,188
Loan from Pekao (Galeria Polnocna)	193,654	194,904
Loan from Pekao (Galeria Jurajska)	86,800	87,680
Loan from Berlin Hyp (UBP)	28,908	29,140
Loan from mBank (Artico)	13,067	12,990
Loan from ING (Francuska)	21,982	22,117
Loan from OTP (Centre Point)	41,536	42,042
Loan from OTP (Duna)	24,745	25,046
Loan from CIB (Metro)	15,280	15,555
Loan from Erste (Spiral)	22,876	23,395
Loan from Erste (White House)	4,697	4,697
Loan from Erste (GTC House)	11,523	11,718
Loan from Erste (19 Avenue)	21,810	22,044
Loan from Intesa Bank (Green Heart)	16,628	12,425
Loan from Raiffeisen Bank (Forty one)	25,750	26,075
Loan from Intesa Bank (Ada mall)	6,764	-
Loan from Erste (City Gate)	77,434	78,208
Loan from Alpha Bank (Premium)	16,845	17,101
Loan from Transilvania (Cascade)	4,552	4,612
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	47,500	7,858
Loans from minorities in subsidiaries	9,558	9,984
Deferred issuance debt expenses	(7,267)	(6,894)
	939,388	**907,704**

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

(in thousands of Euro)

15. Long-term loans and bonds (continued)

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

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

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

	31 March 2018 (unaudited)	**31 December 2017** (audited)
First year	163	150
Second year	246	157
Third year	155	240
Fourth year	169	186
Fifth year	122	66
Thereafter	319	334
	1,174	**1,133**

16. Taxation

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 will require significantly more judgement in assessment of the tax consequences of particular transactions.

(in thousands of Euro)

17. Capital and Reserves

Shareholders who as at 31 March 2018 held above 5% of the Company shares were as follows:

- LSREF III
- OFE PZU
- OFE AVIVA BZ WBK

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
9.67	105,000		105,000
7.73	100,000	50,000	150,000
6.82	3,876,400	4,044,800	7,921,200
Total	**4,081,400**	**4,094,800**	**8,176,200**

As at 31 March 2018, phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Number of phantom shares
30/06/2019	6.82	1,894,400
31/12/2020	7.73	150,000
30/06/2021	6.82	1,275,200
15/08/2021	6.82	3,036,000
31/12/2021	6.82	1,412,000
31/12/2021	9.73	105,000
30/06/2022	6.82	303,600
Total		**8,176,200**

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

(in thousands of Euro)

18. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017
	(unaudited)	(unaudited)
Profit for the period attributable to equity holders (Euro)	24,058,000	32,180,000
Weighted average number of shares for calculating basic earnings per share	470,303,504	460,216,478
Basic earnings per share (Euro)	0.05	0.07

There have been no potentially dilutive instruments as at 31 March 2018, 31 March 2017 and 31 December 2017.

19. Subsequent events

In April 2018, the Company signed a preliminary agreement for the acquisition of a Bulgarian company, which owned a shopping mall and adjacent office building located in Sofia, Bulgaria.

Mall of Sofia provides 23,700 sqm of retail leasable area and 10,300 sqm of office space. Retail occupancy rate is currently at 98% and office occupancy rate is currently at 100%.

The net purchase price amounted to EUR 90 million. Simultaneously, the Company entered into a loan agreement with OTP BANK PLC and DSK BANK EAD. The banks will finance the Mall of Sofia in the amount of EUR 61.4 million.

The closing of the transaction is expected in the second quarter of 2018, following the fulfilment of standard conditions precedent.

20. Release date

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 17 May 2018.

Building a better
working world

Ernst &Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa
Tel. +48 22 557 70 00
Faks +48 22 557 70 01
warszawa@pl.ey.com
www.ey.com/pl

Independent Auditor's Report on review of interim condensed consolidated financial statements for the three-month period ended 31 March 2018

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 31 March 2018 including interim condensed consolidated statement of financial position as at 31 March 2018, 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 three-month period ended 31 March 2018 and 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.

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.

On 17 May 2018 we also reported 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, 17 May 2018