CONSOLIDATED QUARTERLY REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

Place and date of publication: Warsaw, 15 May 2019

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

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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.

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

Since its establishment and as at 31 March 2019 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 151 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 2019, the Group`s property portfolio comprised the following properties:

- 41 completed commercial buildings, including 37 office buildings and four retail properties with a total combined commercial space of approximately 666 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 656 thousand sq m of GLA;

- 2 completed office buildings presented as asset held for sale, with a total combined commercial space of approximately 38 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 38 thousand sq m of GLA;

- eight commercial buildings under construction, including seven office buildings and one shopping mall with total GLA of approximately 113 thousand sq m, of which the Group's proportional interest amounts to 113 thousand sq m of GLA;

- commercial landbank designated for future development; and

- residential landbank designated for sale.

As of 31 March 2019, the book value of the Group's portfolio amounts to €2,283,556 with: (i) the Group's completed investment properties account for 77% thereof; (ii) investment properties under construction – 10%; (iii) an investment landbank intended for future development – 6%; (iv) assets held for sale – 5%, (vi) right of use of lands under perpetual usufruct – 2% and (v) residential 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 landplots designated for sale and residential landbank.

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.

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 based 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 as well as 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 2018. 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 2019 and 2018. 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 2019 (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 2019.

Selected financial data presented in PLN is derived from the consolidated financial statements for the three-month period ended 31 March 2019 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			
	2019		**2018**	
(in thousands)	**€**	**PLN**	**€**	**PLN**
Consolidated Income Statement				
Revenue from rental activity	39,460	169,804	35,855	149,913
Residential revenue	-	-	3,615	15,115
Service costs	(9,909)	(42,640)	(9,007)	(37,659)
Residential costs	-	-	(2,979)	(12,455)
Gross margin from operations	29,551	127,164	27,484	114,914
Selling expenses	(368)	(1,584)	(475)	(1,986)
Administrative expenses	(4,523)	(19,463)	(1,398)	(5,845)
Profit/(loss) from revaluation/impairment of assets, net	6,719	28,900	12,534	52,749
Financial income/(expense), net	(7,904)	(34,012)	(7,088)	(29,636)
Net profit / (loss)	19,749	84,973	24,309	101,917
Basic and diluted earnings per share (not in thousands)	0.04	0.17	0.05	0.21
Weighted average number of issued ordinary shares (not in thousands)	483,536,996	483,536,996	470,303,504	470,303,504
Consolidated Cash Flow Statement				
Net cash from operating activities	24,608	105,893	21,206	88,667
Net cash used in investing activities	(26,383)	(113,531)	(12,646)	(52,872)
Net cash from/(used in) financing activities	15,303	65,852	25,966	108,565
Cash and cash equivalents at the end of the period	94,216	405,251	183,135	770,724

	As of 31 March 2019		As of 31 December 2018	
	EUR	PLN	EUR	PLN
Consolidated statement of financial position				
Investment property completed and under contruction	1,979,299	8,513,559	1,981,961	8,522,432
Investment property landbank	133,023	572,172	131,107	563,760
Right of use of lands under perpetual usufruct	44,465	191,257	-	-
Residential landbank	13,907	59,818	12,698	54,601
Assets held for sale	112,862	485,453	76,196	327,643
Cash and cash equivalents	94,216	405,251	80,456	345,961
Others	101,145	435,055	74,506	320,378
Total assets	2,478,917	10,662,565	2,356,924	10,134,775
Non-current liabilities	1,169,469	5,030,237	1,154,262	4,963,331
Current liabilities	270,195	1,162,189	181,867	782,025
Total Equity	1,039,253	4,470,139	1,020,795	4,389,419
Share capital	10,960	48,354	10,960	48,354

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.

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Item 3.2. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 31 March 2019 is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2019 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 2019:

- Galleria Shopping Center S.R.L. was sold.

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 2019

In February 2019, the Group signed a term sheet for the sale of GTC White House office building in Budapest. Accordingly, as of 31 March 2019, the asset is presented within the assets held for sale, with a total fair value of €70,000.

On 14 February 2019, Midroog (Israel-based credit rating agency accredited by the State of Israel) assigned an A2.il rating with a stable outlook for repayment capability of debt that the Company might raise in Israel, in the amount of up to €70,000.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of €20,000 (€3,500 top up after completion, subject to agreed conditions), for the construction of Advance Business Center II.

Events that took place after 31 March 2019:

In April 2019, GTC SA issued three-year euro denominated bonds in the total amount of €9,440.ISIN code PLGTC0000292.

In April 2019, the Group completed one office building in the Green Heart office complex in Belgrade (5,900 sq m). Additional two buildings are still under construction.

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178,900 (€41,600), PLN 0.37 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 on shareholders preferences.

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 2019 and for the three-month period ended 31 March 2018, the Group derived 74% and 66% 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 2019 and for the three-month period ended 31 March 2018, the Group derived 26% and 25% 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 was influenced by its ability to sell residential units, which for the three-month period ended 31 March 2018 amounted for 9% of the Group's total revenues. For the three-month period ended 31 March 2019 Group did not have residential revenue. 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 of €6,719 in the three-month period ended 31 March 2019 and €12,534 in three-month period ended 31 March 2018.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. Increases in interest rates generally increase the Group's financing costs. As of 31 March 2019 approximately 89% of the Group's loans were hedged. 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 as and -0.3100% as of 2 January 2019 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the three-month period ended 31 March 2019 and for the three -month period ended 31 March 2018 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 December 2018, the Group repaid the loan for Artico office building in the amount of €12,900 and signed new loan with PKO BP. In December 2018, Artico and PKO BP signed a new loan agreement. The total loan amounted €14,600 was drawn in January 2019.

In December 2018, the Group and Raiffeisen Bank signed an agreement to refinance FortyOne office complex in Belgrade. The Group will fully repay the existing bank loan in the amount of €26,000, and draw a new loan amounted €40,000. New loan was drawn in March 2019.

In February 2019, the Group signed a term sheet for the sale of GTC White House office building in Budapest. Accordingly, as of 31 March 2019, the asset is presented within the assets held for sale, with a total fair value of €70,000.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of €20,000 (€3,500 top up after completion, subject to agreed conditions), for the construction of Advance Business Center II.

Additionally, the Company has decided to classify to assets held for sale Neptun Office Center (Gdansk), following sale offers it received and consider. Accordingly, as of 31 March 2019, the asset is presented within the assets held for sale, with a total fair value of €40,232.

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

The Group did not present forecasts for the first quarter of 2019 nor the full year 2019.

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; (iii) investment property landplots and (iv) right of use.

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.

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 2019 compared to 31 December 2018

Total assets increased by €121,993 (5%) to €2,478,917 as of 31 March 2019 from €2,356,924 as of 31 December 2018. This increase was €33,962 due to development activity (incl. revaluation gain), primarily Ada Mall, Green Heart, Advance Business Center (2 buildings) and Matrix (2 buildings) as well as an increase of €13,760 in cash and deposits position. In addition, as of 1January.2019, GTC has adopted the new IFRS 16. As a result of that, the company recognized Right of Use of lands under perpetual usufruct in amount €45,362 and a corresponding amount in Lease Liability.

Assets

The value of investment property increased by €43,719 (2%) to €2,156,787 of 31 March 2019 from €2,113,068 as of 31 December 2018, due to an investment of €34,635 mainly into assets under construction Ada Mall, Green Heart, Advance Business Center (2 buildings), Matrix (2 buildings). In addition, as of 1January.2019, the Company has adopted the new IFRS 16. As a result of that, the Company recognized Right of Use of lands under perpetual usufruct in amount €45,362. The increase was partially offset by reclassification of Neptun Office Center to assets held for sale in the amount of €40,232.

The value of assets held for sale increased by €36,666 to €112,862 as of 31 March 2019 from €76,196 as of 31 December 2018, mainly due to reclassification of Neptun Office Center to assets held for sale following the discussion and intention to sell the asset to a potential buyer.

The value of short-term deposits increased by €27,798 (71%) to €66,907 as of 31 March 2019 from €39,109 as of 31 December 2018 mainly as a result of €28,100 drawdown of loan related to Ada Mall and deposited in order to settle contractual commitments related to the construction of this project.

The value of cash and cash equivalents increased by €13,760 (17%) to €94,216 as of 31 March 2019 from €80,456 as of 31 December 2018 mainly as a result of operating activity, new loans and refinancing activity partially offset by development activity, repayment of borrowings and bonds.

Liabilities

The value of loans and bonds increased by €53,291 (5%) to €1,168,638 as of 31 March 2019 from €1,115,347 as of 31 December 2018. This increase comes mainly from refinancing of loans related to FortyOne complex in amount of €40,000 and a drawdown of €49,393 from loans in projects under construction, and drawdown of loan for Artico in the amount of €14,577. The increase was partially offset by regular repayment of loans and bonds in the amount of €51,360.

The value of provision for deferred tax liability increased by €2,063 (1%) to €141,183 as of 31 March 2019 from €139,120 as of 31 December 2018, mainly due to revaluation of investment property.

Equity

Equity increased by €18,458 (2%) to €1,039,253 as of 31 March 2019 from €1,020,795 on 31 December 2018. This is attributed to €19,749 profit for the period.

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 2019 with the result for the corresponding period of 2018

Revenues from rental activity

Rental and service revenues increased by €3,605 to €39,460 in the three-month period ended 31 March 2019. During this period, the Group has improved the rental revenue through completion and leasing of GTC White House in 2018, acquisition of Mall of Sofia in Q2 2018 and completion of modernization and leasing of the first two buildings of Green Heart project.

Cost of rental activity

Rental and service cost increased by €902 to €9,909 in the three-month period ended 31 March 2019 as a result of increasing the yield asset portfolio.

Gross margin from operations

Gross margin (profit) from operations increased by €2,067 to €29,551 in the three-month period ended 31 March 2019. The gross margin (profit) on rental activities increased by €2,703 to €29,551 in three-month period ended 31 March 2019 from €26,848 in the three-month period ended 31 March 2018 mostly resulting from by newly completed and acquired properties.

Gross margin on rental activities in the three-month period ended 31 March 2019 was 75% compared to 75% in the three-month period ended 31 March 2018.

The gross margin (profit) on residential activities decreased by €636 to €0 in the three-month period ended 31 March 2019 from €636 in the three-month period ended 31 March 2018.

Administrative expenses

Administrative expenses (before provision for stock based program) increased by €374 to €3,133 in the three-month period ended 31 March 2019. Mark-to-market of stock based program resulted in recognition of expenses arising from share based payment of €1,390 in the three-month period ended 31 March 2019 (share price PLN 9.02) compared to income arising from share based payment of €1,361 recognized in the three-month period ended 31 March 2018. The combined expenses increased by €3,125 to €4,523 in the three-month period ended 31 March 2019 from €1,398 in the three-month period ended 31 March 2018.

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

Net profit from the revaluation of the investment properties and impairment of assets amounted to €6,719 in the three-month period ended 31 March 2019, as compared to a net profit of €12,534 in the three-month period ended 31 March 2018. Net profit from the revaluation of the investment properties reflects mainly revaluation gain on assets under construction: Ada Mall, Green Heart and Advance Business Center I and II as well as Matrix A.

Other expense, net

Other expenses (net of other income) related to due diligence, business development activity and landbank properties amounted to €108 in the three-month period ended 31 March 2019 as compared to an expense of €1,217 in the three-month period ended 31 March 2018.

Foreign exchange differences gain (loss)

Foreign exchange differences loss amounted to €79 in the three-month period ended 31 March 2019, as compared to a foreign exchange gain of €106 in the three-month period ended 31 March 2018.

Financial income

Financial income amounted to €82 in the three-month period ended 31 March 2019 as compared to €73 in the three-month period ended 31 March 2018.

Financial cost

Financial cost increased by €825 to €7,986 in the three-month period ended 31 March 2019 as compared to €7,161 in the three-month period ended 31 March 2018 mainly due to expenses related to adoption of IFRS 16 which classifies part of the amortization of lease liability in the amount of €526 to finance costs., and an increase in the average debt balance .

Profit before tax

Profit before tax decreased by €6,658 to €23,288 in the three-month period ended 31 March 2019, as compared to profit before tax of €29,946 in three-month period ended 31 March 2018, mainly due to lower profit from revaluation.

Taxation

Tax expenses amounted to €3,539 in the three-month period ended 31 March 2019. Taxation consist of €1,216 of current tax expenses and €2,323 of deferred tax expenses.

Net profit/ (loss)

Net profit amounted to €19,749 in the three-month period ended 31 March 2019, as compared to a net profit of €24,309 in the three-month period ended 31 March 2018. This was mostly due profit from the revaluation of the investment properties and in particular investment property under construction of €6,719 compared to €12,534 in three-month period ended 31 March 2018 combined with significant operating improvement which is reflected in an increase in profit before tax, revaluation and share based payment of €1,908 in the three-month period ended 31 March 2019, compared to the three-month period ended 31 March 2018.

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 2019 and 2018:

	Three-month period ended 31 March 2019	Three-month period ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**24,608**	**21,206**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(31,456)	(32,717)
Decrease in short term deposits	-	10,368
Increase in escrow account	-	(578)
Sale of investment property	-	9,266
Proceeds related to expropriation of land	4,917	-
VAT/tax on purchase/sale of investment property	140	592
Interest received	16	17
Loans repayments from associates and joint ventures	-	406
Net cash used in investing activities	**(26,383)**	**(12,646)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	103,970	81,371
Repayment of long-term borrowings	(51,360)	(37,485)
Repayment of lease liability	(1,730)	
Interest paid	(6,740)	(6,385)
Loans origination cost	(611)	(892)
Dividend paid to non-controlling interest	(428)	
Loan granted to non-controlling interest	-	(9,393)
Decrease/(increase) in short term deposits	(27,798)	(1,250)
Net cash from (used in) financing activities	**15,303**	**25,966**
Net foreign exchange difference	232	(137)
Net increase/(decrease) in cash and cash equivalents	13,760	34,389
Cash and cash equivalents, at the beginning of the year	**80,456**	**148,746**
Cash and cash equivalents, at the end of the year	**94,216**	**183,135**

Net cash flow from operating activities was €24,608 in the three-month period ended 31 March 2019 compared to €21,206 in the three-month period ended 31 March 2018.

Net cash flow used in investing activities amounted to €26,383 in the three-month period ended 31 March 2019 compared to €12,646 used in the three-month period ended 31 March 2018. Cash flow used in investing activities composed of (i) expenditure on investment properties of €31,456 related to: Ada Mall, Green Heart, Advance Business Center and Matrix. Cash flow used in investing activities was partially offset by proceeds related to expropriation of land in Bucharest in the amount of €4,917.

Proceeds from long-term borrowings for the three-month period ended 31 March 2019 in the amount of €103,970 are related mainly to loans for assets under construction in the amount of €49,393, refinancing of FortyOne complex in amount of €40,000, loan related to Artico in amount of €14,577, as well as a drawdown under development facilities. Net cash flow from financing activities amounted to €15,303 in the three-month period ended 31 March

2019, compared to €25,966 of cash flow from financing activities in the three-month period ended 31 March 2018. Cash inflow from financing activities was partially offset by repayment of long term borrowings of €51,360 compare to €37,485 in the three-month period ended 31 March 2018 and related mainly to repayment of bonds and loans.

FFO generated during the three-month period ended 31 March 2019 amounted to €18 million.

Cash and cash equivalents as 31 March 2019 amounted to €94,216 compared to €183,135 as of 31 March 2018 (and €80,456 at the end of December 2018). 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 2019, the Group holds cash and cash equivalent in the amount of approximately €94,216. 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 2019, the Group's non-current liabilities amounted to €1,169,469 compared to €1,154,262 as of 31 December 2018.

The Group's total debt from long and short-term loans and borrowings as of 31 March 2019 amounted to €1,168,638 as compared to €1,115,347 as of 31 December 2018. The Group's loans and borrowings are mainly denominated in Euro, other currencies include projects loans in HUF.

The Group's loan-to-value ratio amounted to 45% as of 31 March 2019, as compared to 45% as of 31 December 2018. The Group's strategy is to keep its loan-to-value ratio at the level not exceeding 50%.

The Group currently negotiates a number of refinancing transactions which will add free cash to the company and defer the amortization profile of its debt. Additionally, the Group expects substantial free inflow from sale of assets held for sale.

Additionally, the Management has recommended and shareholders approved to distribute dividend to its shareholders in the amount of PLN 0.37 per share and allow its shareholder to elect to subscribe for new shares in lieu of cash dividend.

As of 31 March 2019, 89% 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 2019 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 2019 the Group did not grant guarantees of the value that exceeds 10% of its capital.

GTC gives guarantees to third parties in the normal course of its business activities. As of 31 March 2019 the guarantees granted amounted to €2,000.

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 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 21 March 2019 (not in thousand)
GTC Dutch Holdings B.V.[1]	298,575,091	61.75%	298,575,091	61.75%	No change
OFE PZU Złota Jesień	50,985,513	10.54%	50,985,513	10.54%	No change
AVIVA OFE Aviva Santander[2]	36,066,000[2]	7.46%	36,066,000	7.46%	Decrease by 553,774
Other shareholders	97,910,392	20.25%	97,910,392	20.25%	Increase by 553,774
Total	**483,536,996**	**100.00%**	**483,536,996**	**100.00%**	

[1] GTC Dutch Holdings B.V. is 100% subsidiary of LSREF III GTC Investments B.V. and is related to Lone Star Real Estate Partners III L.P.
[2] Number of shares based on current report no 6/2019 published 8 May 2019

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 15 May 2019, 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 2018) on 21 March 2019.

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 15 May 2019 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 March 2019 (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 15 May 2019, 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 2018) on 21 March 2019

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 15 May 2019 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 21 March 2019
Alexander Hesse	0	0	No change
Olivier Brahin	0	0	No change
Jan-Christoph Düdden	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Patrick Haerle	0	0	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**	

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 2019
TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2019
(in thousands of Euro)

	Note	31 March 2019 (unaudited)	31 December 2018 (Audited)
ASSETS			
Non-current assets			
Investment property	8	2,156,787	2,113,068
Residential landbank		13,907	12,698
Property, plant and equipment		7,745	6,712
Deferred tax asset		77	52
Other non-current assets		125	129
		2,178,641	**2,132,659**
Loan granted to non-controlling interest partner	9	10,348	10,282
Total non-current assets		**2,188,989**	**2,142,941**
Assets held for sale	11	**112,862**	**76,196**
Current assets			
Accounts receivables		5,802	4,449
Receivables related to expropriation of land	17	-	4,917
Accrued income		754	1,066
VAT receivable	12	5,016	5,156
Income tax receivable		1,148	1,233
Prepayments and deferred expenses		3,223	1,401
Short-term deposits	10	66,907	39,109
Cash and cash equivalents		94,216	80,456
		177,066	**137,787**
TOTAL ASSETS		**2,478,917**	**2,356,924**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2019
(in thousands of Euro)

	Note	31 March 2019 (unaudited)	31 December 2018 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		10,960	10,960
Share premium		546,711	546,711
Capital reserve		(36,054)	(36,054)
Hedge reserve		(5,516)	(4,542)
Foreign currency translation		1,791	1,680
Accumulated profit		516,579	496,996
		1,034,471	**1,015,751**
Non-controlling interest	9	4,782	5,044
Total Equity		**1,039,253**	**1,020,795**
Non-current liabilities			
Long-term portion of long-term borrowing	14	957,885	993,453
Lease liability	15	45,038	-
Deposits from tenants		11,427	10,375
Long term payable		3,034	3,045
Provision for share based payment		5,923	4,533
Derivatives		4,979	3,736
Provision for deferred tax liability		141,183	139,120
		1,169,469	**1,154,262**
Current liabilities			
Investment and trade payables and provisions	13	52,782	50,499
Current portion of long-term borrowing	14	210,753	121,894
Current portion of lease liability	15	165	-
VAT and other taxes payable		1,580	1,636
Income tax payable		718	1,114
Derivatives		1,756	1,887
Advances received	16	2,441	4,837
		270,195	**181,867**
TOTAL EQUITY AND LIABILITIES		**2,478,917**	**2,356,924**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the three-month period ended 31 March 2019
(in thousands of Euro)

	Note	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
Rental revenue		29,274	25,980
Service revenue		10,186	9,875
Residential revenue		-	3,615
Service costs		(9,909)	(9,007)
Residential costs		-	(2,979)
Gross margin from operations		**29,551**	**27,484**
Selling expenses		(368)	(475)
Administrative expenses	6	(4,523)	(1,398)
Profit from revaluation/ impairment of assets	8	6,719	12,534
Other income		283	163
Other expenses		(391)	(1,380)
Profit from continuing operations before tax and finance income / (expense)		**31,271**	**36,928**
Foreign exchange differences gain/(loss), net		(79)	106
Finance income		82	73
Finance costs	7	(7,986)	(7,161)
Profit before tax		**23,288**	**29,946**
Taxation	18	(3,539)	(5,637)
Profit for the period		**19,749**	**24,309**
Attributable to:			
Equity holders of the Company		19,583	24,058
Non-controlling interest	9	166	251
Basic earnings per share (Euro)	20	0.04	0.05

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the three-month period ended 31 March 2019
(in thousands of Euro)

	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
Profit for the period	**19,749**	**24,309**
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	(1,112)	(1,471)
Income tax	138	295
Net gain/(loss) on hedge transactions	(974)	(1,176)
Foreign currency translation	111	(206)
Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	*(863)*	*(1,382)*
Total comprehensive income for the period, net of tax	**18,886**	**22,927**
Attributable to:		
Equity holders of the Company	18,720	22,676
Non-controlling interest	166	251

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the three-month period ended 31 March 2019
(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 2019	**10,960**	**546,711**	**(36,054)**	**(4,542)**	**1,680**	**496,996**	**1,015,751**	**5,044**	**1,020,795**
Other comprehensive income	-	-	-	(974)	111	-	(863)	-	(863)
Profit / (loss) for the period ended 31 March 2019	-	-	-	-	-	19,583	19,583	166	19,749
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(974)**	**111**	**19,583**	**18,720**	**166**	**18,886**
Distribution of dividend	-	-	-	-	-	-	-	(428)	(428)
Balance as of 31 March 2019	**10,960**	**546,711**	**(36,054)**	**(5,516)**	**1,791**	**516,579**	**1,034,471**	**4,782**	**1,039,253**

	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**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the three-month period ended 31 March 2019
(in thousands of Euro)

		Three-month period ended 31 March 2019	Three-month period ended 31 March 2018
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		23,288	29,946
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets		(6,719)	(12,534)
Foreign exchange differences loss/(gain), net		79	(106)
Finance income		(82)	(73)
Finance cost		7,986	7,161
Share based payment expenses		1,390	(1,360)
Depreciation and amortization		131	140
Operating cash before working capital changes		**26,073**	**23,174**
Increase in in account receivables and prepayments and other current assets		(2,141)	(2,746)
(Increase)/Decrease in inventory		-	2,885
Increase/(decrease) in advances received		1,170	(1,926)
Increase in deposits from tenants		1,052	34
Increase in trade and other payables		100	1,599
Cash generated from operations		**26,254**	**23,020**
Tax paid in the period		(1,646)	(1,814)
Net cash from operating activities		**24,608**	**21,206**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property under construction		(31,456)	(32,717)
Decrease in short term deposits		-	10,368
Increase in escrow account		-	(578)
Sale of investment property		-	9,266
Proceeds related to expropriation of land	17	4,917	-
VAT/tax on purchase/sale of investment property		140	592
Interest received		16	17
Loans repayments from associates and joint ventures		-	406
Net cash from/(used in) investing activities		**(26,383)**	**(12,646)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	14	103,970	81,371
Repayment of long-term borrowings	14	(51,360)	(37,485)
Repayment of lease liability		(1,730)	-
Interest paid		(6,740)	(6,385)
Loans origination cost		(611)	(892)
Dividend paid to non-controlling interest		(428)	-
Loan granted to non-controlling interest		-	(9,393)
Increase in short term deposits	10	(27,798)	(1,250)
Net cash from/(used in) financing activities		**15,303**	**25,966**
Net foreign currency translation differences		**232**	**(137)**
Net increase / (decrease) in cash and cash equivalents		**13,760**	**34,389**
Cash and cash equivalents at the beginning of the year		**80,456**	**148,746**
Cash and cash equivalents at the end of the period		**94,216**	**183,135**

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 GTC Dutch Holdings B.V. (“LSREF III”), controlled by Lone Star, a global private equity firm, which held 298,575,091 shares 61.75% of total share as of 31 March 2019.

Events in the period

In December 2018, the Group repaid the loan for Artico office building in the amount of Euro 12.9 million and signed new loan agreement for the refinancing Artico office building in the amount of Euro 14.6 million with PKO BP. The loan was drawn in January 2019.

On 14 February 2019, Midroog (Israel-based credit rating agency accredited by the State of Israel) assigned an A2.il rating with a stable outlook for repayment capability of debt that the Company might raise in Israel, in the amount of up to € 70 million.

In February 2019, the Group signed a term sheet for the sale of GTC White House office building in Budapest. Accordingly, as of 31 December 2018, the asset was presented within the assets held for sale, with a total fair value of Euro 70 million.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of Euro 20 million (including Euro 3.5 million top up after completion, subject to agreed conditions), for the construction of ABC II.

In March 2019, the Group refinanced Fortyone offices in Belgrade. The total loan amounted to Euro 40 million.

Additionally, the Company has decided to classify to Assets Held for Sale Neptun Office Center (Gdansk), following sale offers it received and consider (see note 11)

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2019 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 no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

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 2018, which were authorized for issue on 20 March 2019. The interim financial results are not necessarily indicative of the full year results.

The functional currency of GTC S.A. and most of its subsidiaries is Euro. The functional currency of some of GTC's subsidiaries is other than Euro.

The financial statements of those companies prepared in their functional currencies are included in the 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 effecting earnings for the period.

As of 31 March 2019, the Group's net working capital (defined as current assets less current liabilities) was negative and amounted to Euro 93.1 million as some loans that are expected to be refinanced were temporary classified as current liabilities. The Group signed preliminary sale agreements and consider offers it received for the sale of few assets (see note 11). Those assets are presented within Assets held for sale, in the amount of Euro 112.9 million.

The management has analysed the timing, nature and scale of potential financing needs of particular subsidiaries and believes that cash on hand, as well as, expected operating cash-flows will be sufficient to fund the Group's anticipated cash requirements for working capital purposes, for at least the next twelve months from the balance sheet date. Consequently, the consolidated financial statements have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future, for at least 12 months from the balance sheet date.

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 2018 (see Note 7 to the consolidated financial statements for 2018), except for the adoption of new standards effective as of 1 January 2019. 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 2019:

- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - 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) – 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) – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) – effective for financial years beginning on or after 1 January 2019;

IFRS 16 Leases

In January 2016, the IASB issued the final version of International Financial Reporting Standard 16 *Leases* ("IFRS 16"). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessor provide relevant information that faithfully represents those transactions:

- IFRS 16 requires lessees to recognise most long term leases on their balance sheets. Lessor accounting is substantially unchanged to the existing accounting under IAS 17 Leases.
- Lessees have a single accounting model for all leases, with certain exemptions.
- It requires the disclosure of new information about leases that hasn't previously been required.

There are two types of leases in GTC group that are subject to IFRS 16 and affect the financial statements.

- Leasing property to tenants - Primary activity of GTC Group.

For this leasing activity, GTC Group acts as a Lessor. As was mentioned previously, a lessor accounting under IFRS 16 is substantially unchanged, therefore we do not expect any influence on the Group.

- Leases of lands under perpetual usufruct where the Group acts as Lessee

Perpetual usage payments are payments, which are done in advance or in arrears on an annual or monthly basis within define period (from 33 to 87 years). Perpetual usage payments are done in Poland, Croatia, Romania and Serbia.

Due to the fact that perpetual usage payments, by substance, are treated as lease payments, payments are to be considered under IFRS 16.

In the consolidated financial position statements the Group recognized a Right-of-Use and Lease Liabilities in an amount of Euro 47 million as following:

Right of use of lands under perpetual usufruct in the amount of 46 million is presented as part of the Investment Property, with separate disclosure in a separate note.

Right of use of lands under perpetual usufruct in the amount of 1 million is presented as part of the residential landbank.

Lease Liabilities is in the amount of 47 million presented separately, as part of the Short term and Long term Liabilities, with a separate disclosure.

3. New standards and interpretations that have been issued but have not yet become effective, including impact of IFRS 16 implementation (continued)

In the Consolidated Income Statement the Group used to present the lease payments for completed assets within the Operating expenses and for landbank within Other expenses. Under IFRS 16 the Group presents the amortization of Right-of-Use or the change in fair value of Right-of-Use within the profit (loss) on Revaluations. Interest embedded within land leases is presented as Finance expenses.

The Right of Use of lands under perpetual usufruct is amortized over the lease period (for cost method) or valued using the fair value approach (for investment properties valued in fair value).

The Group transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior year figures were not adjusted.

The Group entered into several other leases. Those leases are immaterial, thus are not treated in accordance with IFRS 16. Additionally, the Group has decided not to apply the new guidelines to leases whose term will end within twelve months of the date of initial application. In such cases the lease is accounted as short term lease.

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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 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;
- *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;
- Amendment to IFRS 3 *Business Combinations* (issued on 22 October 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;
- Amendments to IAS 1 and IAS 8: *Definition of Material* (issued on 31 October 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.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

(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 2019	31 December 2018
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. (1)	GTC S.A.	Poland	100%	100%
Jowett Sp. z o.o. (1)	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%

(1) Under liquidation

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	31 March 2019	31 December 2018
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%
GTC Seven Gardens 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.") (1)	GTC S.A.	Romania	-	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%
Cascade Building S,R,L	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	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.	GTC S.A.	Romania	100%	100%
City Rose Park SRL (previously Complexul Residential Colentina S.R.L.)	GTC S.A.	Romania	100%	100%
Deco Intermed S.R.L.	GTC S.A.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%

(1) Sold

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	31 March 2019	31 December 2018
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%
Dorado 1 EOOD	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 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 2019	31 December 2018
CID Holding S.A. (“CID”) (1)	GTC S.A.	Luxembourg	35%	35%

(1) 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. Sofia
g. Other

Segment analysis of rental income and costs for the three month period ended 31 March 2019 and 31 March 2018 is presented below:

	2019			2018		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	18,970	(4,929)	14,041	22,378	(8,004)	14,374
Belgrade	4,906	(1,284)	3,622	4,790	(1,124)	3,666
Budapest	6,187	(1,519)	4,668	5,296	(1,126)	4,170
Bucharest	4,250	(803)	3,447	4,278	(851)	3,427
Zagreb	2,638	(897)	1,741	2,728	(881)	1,847
Sofia	2,509	(477)	2,032	-	-	-
Total	**39,460**	**(9,909)**	**29,551**	**39,470**	**(11,986)**	**27,484**

(in thousands of Euro)

5. Segmental analysis (continued)

Segment analysis of assets and liabilities for the years ended 31 March 2019 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and lease liability	Deferred tax liability	Other	Total liabilities
Poland	1,041,666	42,737	6,673	1,091,076	538,229	72,951	17,589	628,769
Belgrade	385,056	39,040	3,500	427,596	200,238	14,649	24,433	239,320
Budapest	355,554	11,699	1,996	369,249	111,552	11,435	10,270	133,257
Bucharest	218,165	9,140	1,401	228,706	115,003	11,344	5,332	131,679
Zagreb	142,149	3,489	11,053	156,691	53,832	16,994	7,638	78,464
Sofia	135,480	6,336	2,149	143,965	66,651	7,422	4,876	78,949
Other	12,162	24	410	12,596	-	-	1,184	1,184
Non allocated	-	48,658	380	49,038	134,844	6,388	6,810	148,042
	2,290,232	**161,123**	**27,562**	**2,478,917**	**1,220,349**	**141,183**	**78,132**	**1,439,664**

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

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,003,436	13,557	6,544	**1,023,537**	493,664	72,078	16,555	**582,297**
Belgrade	359,089	11,984	2,468	**373,541**	142,242	14,279	17,486	**174,007**
Budapest	354,760	14,096	1,269	**370,125**	113,132	11,304	11,855	**136,291**
Bucharest	214,450	13,030	6,176	**233,656**	109,685	11,082	9,955	**130,722**
Zagreb	136,424	3,995	11,029	**151,448**	48,000	16,776	8,896	**73,672**
Sofia	128,547	3,920	1,665	**134,132**	64,044	7,213	3,225	**74,482**
Other	10,910	11	-	**10,921**	-	-	1,184	**1,184**
Non allocated	-	58,972	592	**59,564**	150,951	6,388	6,135	**163,474**
Total	**2,207,616**	**119,565**	**29,743**	**2,356,924**	**1,121,718**	**139,120**	**75,291**	**1,336,129**

(in thousands of Euro)

6. Administrative expenses

Administrative expenses for the period of three-months ended 31 March 2019 and 31 March 2018 comprises the following amounts:

	Three-month period ended 31 March 2019	**Three-month period ended 31 March 2018**
	(unaudited)	(unaudited)
Administrative expenses	3,133	2,759
Expenses (income) arising from share base payments (*)	1,390	(1,361)
	4,523	1,398

(*) Non-cash fair value adjustment, influenced by the change of share price

7. Finance costs

Finance costs for the period of three-months ended 31 March 2019 and 31 March 2018 comprises the following amounts:

	Three-month period ended 31 March 2019	**Three-month period ended 31 March 2018**
	(unaudited)	(unaudited)
Finance costs related to loans and bonds	7,460	7,161
Finance costs related to lease liability	526	-
	7,986	7,161

(in thousands of Euro)

8. Investment Property

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

Investment property can be split up as follows:

	31 March 2019	31 December 2018
	(unaudited)	(audited)
Completed investment property	1,755,285	1,791,910
Investment property under construction	224,014	190,051
Investment property landbank at cost	133,023	131,107
Right of use of lands under perpetual usufruct	44,465	-
Total	**2,156,787**	**2,113,068**

(in thousands of Euro)

8. Investment Property (continued)

The movement in investment property for the periods ended 31 March 2019 (unaudited) and 31 December 2018 (audited) was as follows:

	Right of Use of land	Level 2	Level 3	Total
Carrying amount as of 1 January 2018	**-**	**1,381,290**	**555,551**	**1,936,841**
Hierarchy level reclassification	-	30,300	(30,300)	-
Capitalised subsequent expenditure	-	30,582	82,524	113,106
Purchase of completed buildings	-	6,799	9,649	16,448
Purchase of subsidiaries holding land plots	-	-	96,784	96,784
Adjustment to fair value / (impairment)	-	107	40,018	40,125
Land Disposals	-	-	(11,694)	(11,694)
Classified to assets held for sale	-	(70,000)	(6,884)	(76,884)
Foreign exchange differences	-	(1,761)	103	(1,658)
Carrying amount as of 31 December 2018	**-**	**1,377,317**	**735,751**	**2,113,068**
Capitalised subsequent expenditure	**-**	2,610	32,025	34,635
Recognition of right of use of lands under perpetual usufruct	45,362			45,362
Prepaid right of use of lands under perpetual usufruct	(718)	-	-	(718)
Adjustment to fair value / (impairment)	-	1,881	3,812	5,693
Amortization of right of use of lands under perpetual usufruct	(109)	-	-	(109)
Classified to assets for own use, net	-	(899)	-	(899)
Classified to assets held for sale (Neptun Office Center)	(232)	(40,000)	-	(40,232)
Foreign exchange differences	162	(218)	43	(13)
Carrying amount as of 31 March 2019	**44,465**	**1,34,691**	**771,631**	**2,156,787**

Fair value and impairment adjustment consists of the following:

	Three-month period ended 31 March 2019	**Three-month period ended 31 March 2018**
	(unaudited)	(unaudited)
Adjustment to fair value of completed assets	1,373	(1,526)
Adjustment to fair value of property under construction	4,320	11,433
Adjustment of assets held for sale (*)	1,145	-
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(119)	-
Reverse of impairment adjustment of IPUC at cost	-	2,627
Total	**6,719**	**12,534**

(*) Galeria Bucharest land in Romania

(in thousands of Euro)

8. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 March 2019 (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	517,000	113	94%	20.9	22.0	2
Poland office	396,706	196	92%	14.1	14.1	2
Belgrade office	211,781	97	96%	16.2	16.5	3
Budapest office	236,955	126	98%	12.4	12.9	2
Bucharest office	190,031	67	94%	18.7	19.4	2
Zagreb retail	104,812	34	97%	20.5	20.3	2
Sofia retail	98,000	33	99%	19.7	20.4	3
Total	**1,755,285**	**666**	**95%**	**16.3**	**16.7**	

Assumptions used in the valuations of completed assets as of 31 December 2018 (audited) 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	516,930	113	94%	21.1	22.0	2
Poland office	432,610	212	89%	14.2	14.1	2
Belgrade office	211,782	97	94%	16.0	16.5	3
Budapest office	237,740	126	98%	12.3	12.5	2
Bucharest office	190,036	67	94%	18.8	19.4	2
Zagreb retail	104,812	34	95%	20.6	20.3	2
Sofia retail	98,000	33	98%	19.8	20.4	3
Total	**1,791,910**	**682**	**93%**	**16.3**	**16.6**	

Information regarding investment properties under construction as of 31 March 2019 (unaudited) is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada Mall, Green Heart)	162,720	59
Sofia (ABC I, ABC II)	37,480	33
Zagreb (Matrix I, Matrix II)	23,814	21
Total	**224,014**	**113**

(in thousands of Euro)

8. Investment Property (continued)

Information regarding to investment properties under construction as of 31 December 2018 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada Mall, Green Heart)	140,980	59
Sofia (ABC I, ABC II)	30,547	33
Zagreb (Matrix I, Matrix II)	18,524	21
Total	**190,051**	**113**

Information regarding book value of investment property landbank for construction as of 31 March 2019 and 31 December 2018 is presented below:

	31 March 2019 (unaudited)	31 December 2018 (audited)
Poland	38,983	39,270
Serbia	6,066	5,510
Hungary	39,423	38,921
Romania	14,540	13,895
Croatia	13,057	12,600
Total	**112,069**	**110,196**

Information regarding book value of investment property landbank (long term pipeline) as of 31 March 2019 and 31 December 2018 is presented below:

	31 March 2019 (unaudited)	31 December 2018 (audited)
Poland	12,351	
Hungary	4,500	4,500
Bulgaria	1,800	1,800
Ukraine	2,304	2,260
Total	**20,955**	**20,911**
Grand Total	**133,024**	**131,107**

(in thousands of Euro)

9. Non-controlling interest

The Company's subsidiary that holds Avenue Mall (Euro Structor d.o.o.) has granted in year 2018 its shareholders a loan, pro-rata to their stake in the subsidiary. 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 against the loan. In case a shareholder will 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 2019 (unaudited) is presented below:

	Avenue Mall	Non-core projects	Total
NCI share in equity	23,267	(18,485)	4,782
Loans received from NCI	-	9,842	9,842
Loans granted to NCI	(10,348)	-	(10,348)
Total as of 31 March 2019	**12,919**	**(8,643)**	**4,276**
NCI share in profit / (loss)	**320**	**(154)**	**166**

(in thousands of Euro)

10. 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 March 2019, an amount of Euro 28.1 million was drawn from the construction loan related to Ada Mall (Belgrade), and deposited in order to settle contractual commitments related to the construction of this project.

11. Assets held for sale

As of 31 March 2019, assets held for sale include GTC White House office building in Hungary, and Neptun Office Center in Poland, and non-core landbank in Budapest.
.

	31 March 2019	31 December 2018
Neptun Office Center in Gdansk	40,232	-
GTC Whitehouse office building Budapest	70,000	70,000
Spiral 2 land plot in Budapest	2,630	2,630
Galeria Bucharest land plot	-	3,566
Balance as of 31 December	**112,862**	**76,196**

12. VAT and other tax receivable

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

13. Trade and other payables

The movement in trade and other payables for three-month period ended 31 March 2019 (unaudited) and the year ended 31 December 2018 (audited) was as follows:

	31 March 2019	31 December 2018
Balance as of 1 January	**(50,499)**	**(50,505)**
Charges related to investing activity	(2,882)	456
Charges related to sale of investments	983	(983)
Charges related to operating activity	(384)	618
Charges related to Finance activity	-	(85)
Balance as of 31 December	**(52,782)**	**(50,499)**

As of 31 March 2019 an amount of Euro 43 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 2018 amounted to Euro 41 million)

(in thousands of Euro)

14. Long-term loans and bonds

	31 March 2019	31 December 2018
Bonds mature in 2018-2019	-	15,799
Bonds 1019	29,225	28,959
Schuldschein 1219	15,143	15,023
Bonds 0320	18,498	18,673
Bonds 0620	40,440	40,070
Bonds 1220	10,204	10,117
Bonds 0321	20,548	20,737
Loan from OTP (GTC)	786	1,573
Loan from Santander (Globis Poznan)	14,991	15,084
Loan from Santander (Korona Business Park)	44,408	44,756
Loan from PKO BP (Pixel)	20,408	20,577
Loan from Santander (Globis Wroclaw)	22,580	22,754
Loan from ING (Nothus and Zephirus)	9,332	9,332
Loan from Berlin Hyp (Corius)	10,635	10,721
Loan from Pekao (Sterlinga)	16,056	16,188
Loan from Pekao (Neptun Office Center)	20,246	20,411
Loan from Pekao (Galeria Polnocna)	193,654	194,904
Loan from PKO BP (Artico)	14,523	-
Loan from Pekao (Galeria Jurajska)	86,801	87,680
Loan from Berlin Hyp (UBP)	28,909	29,140
Loan from ING (Francuska)	21,982	22,117
Loan from OTP (Centre Point)	41,536	42,042
Loan from CIB (Metro)	15,281	15,554
Loan from Erste (Spiral)	22,288	22,586
Loan from Erste (GTC White House)	7,701	7,904
Loan from OTP (Duna)	24,746	25,046
Loan from Erste (GTC House)	11,523	11,718
Loan from Erste (19 Avenue)	23,250	23,499
Loan from Societe General (BBC)	22,394	22,595
Loan from Intesa Bank (Green Heart)	36,678	31,812
Loan from Raiffeisen Bank (Forty one)	39,537	26,075
Loan from Intesa Bank (Ada Mall)	63,150	26,543
Loan from Erste (Citygate)	77,422	78,204
Loan from Banca Transilvania (Cascade)	4,495	4,612
Loan from Alpha Bank (Premium)	16,642	17,101
Loan from OTP (Mall of Sofia)	58,968	59,582
Loan from Erste (Matrix)	5,143	-
Loan from UniCredit (ABC)	7,683	4,462
Loan from Zagrabecka Banka (AMZ)	47,500	48,000
Loans from NCI	9,842	9,768
Deferred issuance debt expenses	(6,510)	(6,371)
	1,168,638	**1,115,347**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

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

	31 March 2019	31 December 2018
Current portion of long term loans and bonds:		
Bonds mature in 2018-2019	-	15,799
Bonds 1019	29,225	28,959
Schuldschein 1219	15,143	15,023
Bonds 0320	18,498	175
Bonds 0620	440	70
Bonds 1220	100	13
Bonds 0321	54	243
Loan from OTP (GTC)	786	1,573
Loan from Santander (Globis Poznan)	14,991	15,084
Loan from Santander (Korona Business Park)	1,395	1,395
Loan from PKO BP (Pixel)	677	677
Loan from Berlin Hyp (UBP)	930	930
Loan from Pekao (Galeria Jurajska)	86,801	3,544
Loan from Santander (Globis Wroclaw)	693	693
Loan from ING (Nothus and Zephirus)	9,332	9,332
Loan from Berlin Hyp (Corius)	342	342
Loan from Pekao (Sterlinga)	525	525
Loan from Pekao (Neptun Office Center)	662	662
Loan from PKO BP (Artico)	219	-
Loan from Pekao (Galeria Polnocna)	5,000	5,000
Loan from ING (Francuska)	540	540
Loan from OTP (Centre Point)	2,038	2,033
Loan from Erste (GTC White House)	354	476
Loan from OTP (Duna)	1,215	1,211
Loan from CIB (Metro)	1,128	1,115
Loan from Erste (Spiral)	1,436	1,415
Loan from Erste (GTC House)	781	781
Loan from Erste (19 Avenue)	994	994
Loan from Intesa Bank (Green Heart)	1,308	914
Loan from Societe General (BBC)	805	805
Loan from Raiffeisen Bank (Forty one)	1,853	1,302
Loan from Intesa Bank (Ada Mall)	2,368	664
Loan from OTP (Mall of Sofia)	2,457	2,457
Loan from UniCredit (ABC)	1,003	804
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	2,000	2,000
Loan from Erste (Matrix)	228	-
Loan from Alpha Bank (Premium)	1,025	1,025
Loan from Banca Transilvania (Cascade)	311	240
Loan from Erste (City Gate)	3,096	3,079
	210,753	**121,894**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

	31 March 2019	31 December 2018
Long term portion of long term loans and bonds:		
Bonds 0320	-	18,498
Bonds 0620	40,000	40,000
Bonds 1220	10,104	10,104
Bonds 0321	20,494	20,494
Loan from Santander (Korona Business Park)	43,013	43,361
Loan from PKO BP (Pixel)	19,731	19,900
Loan from Santander (Globis Wroclaw)	21,887	22,061
Loan from Berlin Hyp (Corius)	10,293	10,379
Loan from Pekao (Sterlinga)	15,531	15,663
Loan from Pekao (Neptun Office Center)	19,584	19,749
Loan from Pekao (Galeria Polnocna)	188,654	189,904
Loan from PKO BP (Artico)	14,304	-
Loan from Pekao (Galeria Jurajska)	-	84,136
Loan from Berlin Hyp (UBP)	27,979	28,210
Loan from ING (Francuska)	21,442	21,577
Loan from OTP (Centre Point)	39,498	40,009
Loan from CIB (Metro)	14,153	14,439
Loan from OTP (Duna)	23,531	23,835
Loan from Erste (Spiral)	20,852	21,171
Loan from Erste (GTC White House)	7,347	7,428
Loan from Erste (GTC House)	10,742	10,937
Loan from Erste (19 Avenue)	22,256	22,505
Loan from Intesa Bank (Green Heart)	35,370	30,898
Loan from Intesa Bank (Ada mall)	60,782	25,879
Loan from Societe General (BBC)	21,589	21,790
Loan from Raiffeisen Bank (Forty one)	37,684	24,773
Loan from Erste (City Gate)	74,326	75,125
Loan from Banca Transilvania (Cascade)	4,184	4,372
Loan from Alpha Bank (Premium)	15,617	16,076
Loan from OTP (Mall of Sofia)	56,511	57,125
Loan from UniCredit (ABC)	6,680	3,658
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	45,500	46,000
Loan from Erste (Matrix)	4,915	-
Loans from NCI	9,842	9,768
Deferred issuance debt expenses	(6,510)	(6,371)
	957,885	**993,453**

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)

14. 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.

The movement in long term loans and bonds for the years ended 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019	31 December 2018
Balance as of the beginning of the year (excluding deferred debt expenses)	**1,121,718**	**1,040,979**
Drawdowns	103,970	191,224
Repayments	(51,360)	(162,104)
First to be consolidated	-	53,052
Change in accrued interest	251	(169)
Capitalization of interest	541	1,554
Foreign exchange differences	28	(2,818)
Balance as of end of the year (excluding deferred debt expenses)	**1,175,148**	**1,121,718**

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

	31 March 2019 (unaudited)	31 December 2018 (audited)
First year	237	148
Second year	209	268
Third year	162	219
Fourth year	151	142
Fifth year	191	133
Thereafter	321	300
	1,271	**1,210**

(in thousands of Euro)

15. Lease liability and Right of Use of land

Lease liabilities includes lease payments for land under perpetual usufruct for land under investment property and residential landbank.

The balance of Right of Use of land as of 31 March 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Assets held for sale	Total
Country						
Poland	11,185	-	22,973	-	232	34,390
Romania	6,601	-	-	-	-	6,601
Serbia	3,246	460	-	-	-	3,706
Croatia	-	-	-	1,208	-	1,208
Balance as of 31 March 2019	**21,032**	**460**	**22,973**	**1,208**	**232**	**45,905**

The balance of lease liability as of 31 March 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Assets held for sale	Total	Discount rate
Country							
Poland	11,185	-	22,261	-	232	33,678	4.2%
Romania	6,601	-	-	-		6,601	5.7%
Serbia	3,246	460	-	-		3,706	7.6%
Croatia	-	-	-	1,218		1,218	4.4%
Balance as of 31 March 2019	**21,032**	**460**	**22,261**	**1,218**	**232**	**45,203**	

The lease liabilities were discounted using discount rates applicable to long term borrowing in local currencies in the countries of where the assets are located.

(in thousands of Euro)

15. Lease liability and Right of Use of land (continued)

The movement in Right of Use of land for the years ended 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019	31 December 2018
Balance as of 31 December 2018	**-**	**-**
Recognition of Right of Use for lands under perpetual usufruct (*)	46,580	-
Amortization of right of use of lands under perpetual usufruct	(119)	-
Prepaid right of use of lands under perpetual usufruct	(718)	-
Foreign exchange differences	162	-
Balance as of 31 March 2019	**45,905**	**-**

The movement in lease liability for the years ended 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019	31 December 2018
Balance as of 31 December 2018	**-**	**-**
Recognition of lease liability for lands under perpetual usufruct (*)	46,580	-
Payments of perpetual usufruct	(1,730)	-
Change in provision for disputable amounts of perpetual usufruct	(352)	-
Change in accrued interest	526	-
Foreign exchange differences	179	-
Balance as of 31 March 2019	**45,203**	**-**

(*) IFRS 16 was adopted on 1 January 2019

(in thousands of Euro)

16. Advance received

Advances received comprises the following amounts:

	31 March 2019 (unaudited)	31 December 2018 (audited)
Sale of investment properties landbank	-	3,817
Rental income received in advance	2,441	1,020
	2,441	**4,837**

17. Receivables related to expropriation of land

An amount of Euro 4.9 million was approved by the Romanian State to be paid to the Group as compensation for expropriated land in Bucharest and recognized as receivable as of December 31, 2018. The amount was paid to the Group on January 11, 2019.

18. 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)

19. Capital and Reserves

Shareholders who as at 31 March 2019 held above 5% of the Company shares were as follows:

- GTC Dutch Holdings B.V
- OFE PZU Zlota Jesien
- OFE AVIVA Santander

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
6.48	2,011,800	5,868,800	7,880,600
7.39	37,476	100,000	137,476
9.33	50,172	35,000	85,172
Total	**2,099,448**	**6,003,800**	**8,103,248**

As at 31 March 2019, phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Number of phantom shares
30/06/2019	6.48	460,800
31/12/2020	7.39	137,477
30/06/2021	6.48	2,554,989
15/08/2021	6.48	2,766,052
31/12/2021	6.48	1,123,900
31/12/2021	9.33	71,388
30/06/2022	6.48	974,859
30/06/2022	9.33	13,783
Total		**8,103,248**

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)

20. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Three-month period ended 31 March 2019	**Three-month period ended 31 March 2018**
	(unaudited)	(unaudited)
Profit for the period attributable to equity holders (Euro)	19,583,000	24,058,000
Weighted average number of shares for calculating basic earnings per share	483,536,996	470,303,504
Basic earnings per share (Euro)	0.04	0.05

There have been no potentially dilutive instruments as at 31 March 2019, 31 March 2018.

21. Restatement

The Company changed the presentation of investment property in its statement of financial position as of 31 December 2018 as following:

	31 December 2018	**31 December 2018**
	(restated)	(reported)
Investment property	2,113,068	1,981,961
Investment property landbank	-	131,107

22. Subsequent events

In April 2019, the Company subscribed new bonds denominated in Euro with a total amount of Euro 9.4 million to be repaid in April 2022.

On 14 May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend out of the profit for the period between 1 January 2018 and 31 December 2018 in the amount of PLN 178.9 million (Euro 41.6 million), PLN 0.37 per share, and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares instead of cash.

By the same resolution dated 14 May 2019, it has been approved that the remaining profit for the year ended 31 December 2018 in the amount of PLN 210.5 million shall not be distributed.

23. Release date

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 14 May 2019.

Ernst & Young Audyt Polska
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Independent Auditor's Report
on review of interim condensed consolidated financial statements

To the Shareholders and the 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 2019 including the interim condensed consolidated statement of financial position as at 31 March 2019, 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 2019 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.

Other matters

On 14 May 2019 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

Podpisany certyfikatem wystawionym dla
Jarosław Dac (Certyfikat kwalifikowany).
Utworzony w dniu: 2019-05-14 19:30:07 +0200

Jaroslaw Dac
Certified Auditor
No. 10138

Warsaw, 14 May 2019