CONSOLIDATED QUARTERLY REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2016

Place and date of publication: Warsaw, 28 November 2016

GLOBE TRADE CENTRE S.A.

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF CAPITAL GROUP FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2016

Table of content

Item 1. Introduction

The GTC Group is a leading developer and commercial real estate manager in CEE and SEE, operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine and Russia through its associates and joint ventures. The Group was established in 1994 and has been present in the real estate market since then.

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

Since its establishment and as at 30 September 2016 the Group: (i) has developed approximately 980 thousand sq. m of commercial space and approximately 300 thousand sq. m of residential space; (ii) has sold approximately 430 thousand sq. m of commercial space in completed commercial properties and approximately 299 thousand sq. m of residential space; and (iii) has acquired approximately 90 thousand sq. m of commercial space in completed commercial properties.

As of 30 September 2016, the Group`s property portfolio comprised the following properties:

- 31 completed commercial properties, including 27 office properties and 4 retail properties with a combined commercial space of approximately 592 thousand sq. m, of which the Group's proportional interest amounts to approximately 575 thousand sq. m of NRA;
- 4 commercial projects under construction, including 3 office projects and 1 retail project with total NRA of approximately 106 thousand sq. m, of which the Group's proportional interest amounts to 106 thousand sq. m of NRA;
- commercial landbank designated for future development, with approximately 860 thousand sq. m NRA;
- 1 residential project under construction with 4 thousand sq. m area designated for residential use;
- residential projects and landbank designated for residential use; and
- 3 assets held for sale: land plots in Romania, Hungary and Slovakia.

The Group also holds a land plot located in Russia, and a land plot designated for Ana Tower located in Romania through its associates and joint ventures.

As of 30 September 2016, the book value of the Group's portfolio amounts to €1,543,772 with: (i) the Group's completed commercial properties accounting for 79% thereof; (ii) commercial properties under construction – 11%; (iii) a commercial landbank intended for future development or for sale – 8%; (iv) residential projects and landbank accounting for 1% and (v) assets held for sale accounting for 1%. Based on the Group's assessment approximately 96% of the portfolio is core and remaining 4% is non-core assets, including assets held for sale and residential projects.

As of 30 September 2016, the Group's completed properties in its three most significant markets, i.e. Poland, Hungary and Romania, constitute 44%, 17% and 15% of the total book value of all completed properties.

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

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

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

In the Management Board's report references to the Company or GTC are to Globe Trade Centre S.A. and all references to the Group or the GTC Group are references to Globe Trade Centre S.A. and its consolidated subsidiaries. Expressions such as: "Shares" relate to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code and 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 and PLGTC0000177; „the Report" refers to the consolidated quarterly report prepared pursuant to art. 87 of the Decree of the Finance Minister of 19 February 2009 on current and periodical information published by issuers of securities and conditions of qualifying as equivalent the information required by the provisions of law of a country not being a member state; "CEE" refers to the group of countries that are within the region of Central and Eastern Europe (Hungary, Poland); "SEE" refers to the group of countries that are within the region of South-eastern Europe (Bulgaria, Croatia, Romania and Serbia); "net rentable area", "NRA", or "net leasable area", "NLA" refer to the metric of the area of a given property as indicated by the real property appraisal experts for the purposes of the preparation of the relevant real property valuations. With respect to commercial properties, net leasable (rentable) area is all the leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to different methodologies and standards applicable in the various geographic markets on which the Group operates; "Commercial properties" refer to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties; "EUR", "€" or "euro" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; "PLN" or "zloty" refers to the lawful currency of Poland.

Presentation of financial information

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

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

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

Forward-looking statements

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

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

The Group discloses important risk factors that could cause its actual results to differ materially from its expectations under Item 5. "Operating and financial review" and under Item 12. "Key risk factors" in interim consolidated report for the six-month period ended 30 June 2016. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on behalf of the Group. When the Group indicates that an event, condition or circumstance could or would have an adverse effect on the Group, it means to include effects upon its business, financial situation and results of operations.

Item 2. Selected financial data

The following tables present the Group's selected historical financial data for the three and nine-month periods ended 30 September 2016 and 2015. The historical financial data should be read in conjunction with Item 5. "Operating and Financial Review" and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2016 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the reviewed unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2016.

Selected financial data presented in PLN is derived from the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2016 presented in accordance with IAS 34 Interim Financial Reporting as adopted by EU and prepared in the Polish language and based on the Polish zloty.

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

	For the three-month period ended 30 September				For the nine-month period ended 30 September			
	2016		2015		2016		2015	
(in thousands)	EUR	PLN	EUR	PLN	EUR	PLN	EUR	PLN
Interim Condensed Consolidated Income Statement								
Revenues from operations	31,639	137,373	27,980	117,249	90,465	394,237	88,011	365,897
Cost of operations	(8,690)	(37,731)	(8,510)	(35,685)	(24,916)	(108,582)	(28,387)	(118,016)
Gross margin from operations	22,949	99,642	19,470	81,564	65,549	285,655	59,624	247,881
Selling expenses	(907)	(3,941)	(610)	(2,555)	(2,304)	(10,041)	(1,840)	(7,650)
Administrative expenses	(3,685)	(16,016)	(2,597)	(10,873)	(8,682)	(37,835)	(7,536)	(31,330)
Profit/(loss) from revaluation/impairment of assets, and impairment of residential projects	15,318	66,051	(408)	(1,810)	39,385	171,391	(2,234)	(9,469)
Share of profit in associates	(375)	(1,601)	(102)	(479)	(4,178)	(18,207)	(3,683)	(15,312)
Financial income/(expense), net	(7,722)	(33,542)	(5,952)	(24,990)	(20,448)	(89,110)	(21,927)	(91,159)
Net profit /(loss)	71,405	310,251	10,768	44,774	106,612	464,234	16,832	69,839
Basic and diluted earnings per share (not in thousands)	0.16	0.67	0.03	0.12	0.23	1,00	0.05	0.20
Weighted average number of issued ordinary shares (not in thousands)	460,216,478	460,216,478	351,310,288	351,310,288	460,216,478	460,216,478	351,310,288	351,310,288

Consolidated Cash Flow Statement	For the nine-month period ended 30 September			
	2016		2015	
	EUR	PLN	EUR	PLN
(in thousands)				
Net cash from operating activities	56,101	244,479	51,222	212,951
Net cash used in investing activities	(201,937)	(879,807)	41,192	171,191
Net cash from/(used in) financing activities	82,800	360,839	(102,219)	(425,033)
Cash and cash equivalents at the end of the period	107,303	462,691	72,194	306,001

Consolidated statement of financial position

	As of 30 September 2016		As of 31 December 2015	
(in thousands)	EUR	PLN	EUR	PLN
Investment property and Investment property landbank	1,513,413	6,525,837	1,288,529	5,491,066
Inventory	4,107	17,709	3,161	13,471
Cash and cash equivalents	107,303	462,691	169,472	722,205
Total assets	1,725,330	7,439,622	1,559,550	6,646,024
Non-current liabilities	843,018	3,635,093	806,969	3,438,897
Current liabilities	139,963	603,521	131,379	559,871
Equity	736,104	3,174,080	621,202	2,647,256
Share capital	10,410	46,022	10,410	46,022

Item 3. Presentation of the Group

Item 3.1. General information about the Group

The GTC Group is a leading developer and commercial real estate manager in CEE and SEE, operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine and Russia through its associates and joint ventures. The Group was established in 1994 and has been present in the real estate market since then.

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- commercial landbank designated for future development, with approximately 860 thousand sq. m NRA;

- 1 residential project under construction with 4 thousand sq. m area designated for residential use;

- residential projects and landbank designated for residential use; and

- 3 assets held for sale: land plots in Romania, Hungary and Slovakia.

The Group also holds a land plot located in Russia, and a land plot designated for Ana Tower located in Romania through its associates and joint ventures.

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

The Company's shares are listed on the WSE and on the Johannesburg Stock Exchange. The Company's shares are included in WIG30, the Dow Jones STOXX Eastern Europe 300.

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

Item 3.2. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group is presented in the Consolidated Financial Statements for the nine-month period ended 30 September 2016 in Note 4 "Investment in subsidiaries, associates and joint ventures".

The following changes in structure of the Group occurred in the nine-month period ended 30 September 2016:

- GTC S.A purchased the minority stake in GTC Real Estate Investments Ukraine B.V.

- Immo Buda Kft and Szemi Ingatlan Ltd were merged into Albertfalva Kft (Hungary)

- GTC Renaissance Plaza Kft changed its name to GTC White House Kft (Hungary)

- VRK Tower Kft. was established (Hungary)

- Galeria Ikonomov GmbH (Austria) was liquidated

- Mars Commercial Center S.R.L. was sold

- GTC Real Estate Investments Ukraine B.V and GTC RH B.V. were merged into GTC SA

- GTC Group purchased the minority stake in Galeria Stara Zagora AD
- GTC S.A purchased Artico Sp. z o.o.

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

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

Item 4. Main events

Following events took place during the nine-month period ended 30 September 2016:

In January 2016, GTC Group acquired the remaining 10% in GTC Ukraine B.V, and the minority shareholder's loans granted to the project, for a consideration of €1 (not in thousand). Following the transaction GTC remained the sole owner of the subsidiary. As a result of the transaction, the negative non-controlling interest increased by €2,200 and the capital reserve increased by €400 and the non-controlling interest loans decreased by €2,600. Consequently, the total equity increased by €2,600.

On 28 January 2016, the Group acquired Pixel office building in Poznań. The office building is entirely leased to renowned tenants. The Group intends to hold the office building as part of the income-producing portfolio of the GTC Group. The net purchase price for the property and other rights and movable assets under the Agreement amounted to €32,200. The office building is entirely leased to renowned tenants. The Group intends to hold the office building as part of the income-producing portfolio of the GTC Group. The purchase of the Property was financed by the Group's own sources and a bank loan from PKO BP in the amount of €22,500.

On 30 March 2016, a common plan of a cross-border merger by acquisition of GTC S.A. with its subsidiary, a corporation under Dutch law under the name GTC RH B.V. with its registered office in Amsterdam, whose 100% shares are owned by the Company was drawn up. The signing of the merger plan by the Management Board of GTC S.A. is tantamount to taking a decision on the intention to carry out a cross-border merger of GTC S.A. with GTC RH B.V. by acquisition.

On 30 March 2016, a common plan of a cross-border merger by acquisition of GTC S.A. with its subsidiary, a corporation under Dutch law under the name GTC Real Estate Investments Ukraine B.V. with its registered office in Amsterdam, whose 100% shares are owned by the Company was drawn up. The signing of the merger plan by the Management Board of GTC S.A. is tantamount to taking a decision on the intention to carry out a cross-border merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V.by acquisition.

In April 2016, the Group purchased two office buildings in Bucharest (Premium Plaza and Premium Point), consisting of approximately 15,000 sq. m of the total leasable area for a total purchase price of €32,000. Property acquisition was financed by the Group's own sources.

In April 2016, the second phase of University Business Park in Łódź received occupancy permit, marking the completion of the investment. The University Business Park complex comprises two A-class office buildings and the total leasable area of the complex is aprox. 39,000 sq. m.

In April 2016, GTC Group acquired the remaining 49.9% in Complexul Residential Colentina S.R.L, (Rose Garden) and the minority shareholder's loans granted to the project, for a consideration of €12.5. Following the transaction GTC remained the sole owner of the subsidiary.

In June 2016, the Company in its capacity as creditor, filed a petition in the Bulgarian Court to determine whether Galleria Stara Zagora AD ("GSZ") is over indebted. Subsequently, in September 2016, the Company signed an agreement to buy out the minority stake in GSZ. According to the agreement, the seller shall sell its shares in

GSZ and the related shareholders loans to the Company for €400 (such amount may be increased contingently upon increase in the project value within an agreed time frame).

On 1 July 2016, the Group acquired two office buildings in Poland: Neptun Office Center and Sterlinga Business Center, located in Gdansk and Lodz respectively. These two Class A office buildings, featuring modern design and a total of 30,000 sq. m GLA of office space and 364 parking places, will enrich the Group's Polish investment portfolio. Additionally, the Company has signed a loan agreements for financing of these projects with Pekao S.A. in the amount of €39.000, and loan agreements for financing the VAT of these projects.

In July 2016 the Group has signed a loan agreement for financing of the Duna Tower office project in Budapest with OTP Bank Nyrt. The total nominal amount of the new loan is €28,000. Furthermore, the Company and the bank undertook to refinance €38,900 of Center Point loans currently financed by MKB Bank Zrt. with a new €47,000 loan facility.

In July 2016, the Group sold a major part of the land known as Konstancja Commercial land consisting of 9 hectare for approx. €6,900 (PLN 30,600).

In July 2016, the Group has acquired an SPV Artico Sp. z o.o. that develops an office building in Warsaw. The building will consist of aprox. 7,600 sq. m. of leasable area and is almost fully pre-leased. The building is scheduled to be completed during 2017.

In June 2016, CID Holding S.A. sold the Galerie Harfa shopping centre in Prague. In July 2016, it repaid GTC's loan in the amount of €11,300.

In August 2016, the Group sold its shares in Lighthouse for €1.300.

In July 2016, Johannesburg Stock Exchange Limited ("JSE") has approved The Company's inward listing on the bourse's main board. Listing commenced on 18 August 2016.

In August and September 2016, the Group sold the companies which holds Piatra and Arad shopping Centers in Romania for €2,700 and €2,100 respectively.

On 12 August 2016, the Group signed an extension of the loan agreement with MKB regarding Sasad project. According to the agreement the loan will be extended by three years until 30 June 2019, and will be amortized in 4 equal annual payments starting upon signing.

In order to (i) to enable a fastest and most effective way to control Group companies and bring optimization of management processes within the Group, (ii) reduction of operating and administrative costs and (iii) increased transparency for owners and investors, on 30 March 2016, the Management of GTC S.A. announced a plan for a cross-border merger of GTC S.A. and two of its subsidiaries. In May 2016, the merger plan was approved by the Shareholders of GTC S.A. and finalized on 30 September 2016.

Events that took place after 30 September 2016:

In November 2016, the Company has issued 3 year bonds in the total amount of €28,781. The bonds bear a fixed 6-month coupon of 3.75% p.a.

In November 2016, GTC purchased shares in a Serbian company for the total amount of €4,600. The Serbian company owns a land in Belgrade. It intends to build an office building on this land.

In November 2016, GTC Group signed a loan agreement with Alfa Bank in the amount of € 19,000 for the finance of Premium office buildings in Romania.

Item 5. Operating and financial review

Item 5.1. General factors affecting operating and financial results

General factors affecting operating and financial results

The key factors affecting the Group's financial and operating results are discussed below. The Management believes that the following factors and important market trends have significantly affected the Group's results of operations since the end of period covered by the latest published audited financial statements, and the Group expects that such factors and trends will continue to have a significant impact on the Group's results of operations in the future.

Economic conditions in CEE and SEE

The Group's business results have been affected by the global financial crisis, which started in 2008/2009. The global crisis on the financial markets impacted the condition of many financial institutions, and governments were often forced to intervene on the capital markets on an unprecedented scale. Such turbulence resulted in businesses having restricted access to bank financing, an increase in interest rates charged on bank loans and a decrease in consumer spending with many tenants making requests for temporary or permanent rent reduction or downsizing of rental space. All these factors impacted the real estate market as well as resulted in a decrease in the value of real estate.

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

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

Real estate market in CEE and SEE

The Group derives the majority of its revenue from operations from rental activities, including rental and service revenue. For the nine month period ended 30 September 2016 and for the nine month period ended 30 September 2015, the Group derived 71% and 68% of its revenues from operations as rental revenue, which greatly depends on the rental rates per sq. m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favorable rent levels. Moreover, for the nine month period ended 30 September 2016 and for the nine month period ended 30 September 2015, the Group derived 23% and 21% of its revenues from operations as service revenue, which reflects certain costs the Group passes on to its tenants.

The vast majority of the Group's lease agreements are concluded in Euro and include a clause that provides for the full indexation of the rent linked to the European Index of Consumer Prices. When a lease is concluded in another currency, it is typically linked to the consumer price index of the relevant country of the currency.

To a certain extent, the Group's operational results are influenced by its ability to sell residential units, which for the nine month period ended 30 September 2016 and for the nine month period ended 30 September 2015, amounted for 6% and 11% of the Group's total revenues, respectively. The supply of new apartments in the different markets in which the Group operates and the demand on such markets affect apartment prices. The demand for apartments is further impacted by fluctuations in interest rates, the availability of credit and the mortgage market in general. For example, the Group's residential revenues decreased steadily over the last few years due to the slowdown in the sale of residential properties coupled with an increase in discounts which had to be granted to purchasers of the Group's apartments in order to facilitate sales.

Real estate valuation

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

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

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

Moreover, the valuation of the Group's landbank additionally depends on among others the building rights and the expected timing of the projects. The value of landbank which is assessed using a comparative method is determined by referring to the market prices applied in transactions relating to similar properties.

The Group recognized net profit from revaluation and impairment of assets and residential projects of €39,385 and loss of €2,234 in the nine month period ended 30 September 2016 and in nine month period ended 30 September 2015, respectively.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. The bonds issued by the Company are denominated in PLN and bear interest connected to WIBOR. Increases in interest rates generally increase the Group's financing costs. As of 30 September 2016 and 31 December 2015 approximately 65% and 58% of the Group's loans were hedged or partially hedged. For example, an interest rate increase of 50 basis points for the year ended 31 December 2015 would have increased the Group's interest expense for the year ended 31 December 2015 by approximately €1,115. 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 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the nine month period ended 30 September 2016 and for the nine month period ended 30 September 2015 a vast majority of the Group's revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against euro of the local currencies of the countries in which the Group operates are an important factor as the credit facilities that are obtained may be denominated in either euro or local currencies.

The Group reports its financial statements in euro, its operations, however, are based locally in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria, and other countries. The Group receives the majority of its revenue from rent denominated in euro, however, it receives a certain portion of its income (including the proceeds from the sales of residential real estate) and incurs most of its costs (including the vast majority of its selling expenses and administrative expenses) in local currencies, including the Polish zloty, Bulgarian leva, Czech korunas, Croatian cunas, Hungarian forints, Romanian lei and Serbian dinars. In particular, the significant portion of the financial costs incurred by the Group includes: (i) the interest on the bonds issued by the Group in Polish zloty and (ii) the interest on the loan taken by the Group in Hungarian forints. The exchange rates between local currencies and euro have historically fluctuated.

The income tax expense (both actual and deferred) in the jurisdictions in which the Group conducts its operations is incurred in such local currencies. Consequently, such income tax expense was and may continue to be materially affected by foreign exchange rate movements.

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

Availability of financing

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

In the past, the principal sources of financing for the Group's core business included, apart from proceeds from asset disposals, bank loans and proceeds from bonds issued by the Company**.**

Item 5.2. Specific factors affecting financial and operating results

In November 2015, the Group acquired Duna Tower office building in Budapest, Hungary, the total acquisition cost amount to €53,080. Duna Tower office building is located in the 13th District of Budapest and is leased to international tenants.

In December 2015, the Group acquired remaining 41.1% in BCG (owner of a company, which owns City Gate office building in Bucharest) for the total amount of €18,108 which was paid in 2016. The impact of on the equity attributable to equity holders of the parent amounted to an increase of €5,400.

On 28 January 2016, the Group acquired Pixel office building in Poznań. The office building is entirely leased to renowned tenants. The Company intends to hold the office building as part of the income-producing portfolio of the GTC Group. The net purchase price for the property and other rights and movable assets under the Agreement amounted to €32,200.

In April 2016, the Group purchased two office buildings in Bucharest (Premium Plaza and Premium Point) for €32,000, consisting of approximately 15,000 sq. m of the total leasable area.

In April 2016, the second phase of University Business Park in Łódź received occupancy permit, marking the completion of the investment. The UBP complex comprises two A-class office buildings and the total leasable area of the complex is aprox. 39,000 sq. m.

In April 2016, GTC Group acquired the remaining 49.9% in Complexul Residential Colentina S.R.L, and the minority shareholder's loans granted to the project, for a consideration of €12.5. Following the transaction GTC remained the sole owner of the subsidiary.

On 1 July 2016, the Group acquired two office buildings: Neptun Office Center and Sterlinga Business Center, located in Gdansk and Lodz respectively. These two Class A office buildings, featuring modern design and a total of 30,000 sq. m GLA of office space and 364 parking places, will enrich the Group's Polish investment portfolio. Additionally, the Company has signed a loan agreements for financing of these projects with Pekao S.A. in the amount of €39.000, and loan agreements for financing the VAT of these projects.

In July 2016 the Group has signed a loan agreement for financing of the Duna Tower office project in Budapest with OTP Bank Nyrt (the "Bank"). The total nominal amount of the new loan is €28,000. Furthermore, the Company and the Bank undertook to refinance the €38,900. Center Point loans currently financed by MKB Bank Zrt. with a new €47,000 loan facility.

In July 2016 the Group has acquired an SPV Artico Sp.z o.o. that develops an office building in Warsaw. The building will consist of aprox. 7,600 sq. m. of leasable area and is almost fully pre-leased. The building is scheduled to be completed during 2017.

In June 2016, CID sold the Galerie Harfa shopping centre in Prague. In July 2016, it repaid GTC's loan in the amount of €11,300.

In August and September 2016, the Group sold the companies which holds Piatra Neamt and Arad shopping Centers in Romania for €2,700 and €2,100 respectively.

In order to (i) to enable a fastest and most effective way to control Group companies and bring optimization of management processes within the Group, (ii) reduction of operating and administrative costs and (iii) increased transparency for owners and investors, on 30 March 2016, the Management of GTC S.A. announced a plan for a cross-border merger of GTC S.A. and two of its subsidiaries (the "Merger"). In May 2016, the Merger plan was approved by the Shareholders of GTC S.A. and finalized on 30 September 2016. As a consequence of the Merger, deferred tax liabilities on positive temporary differences related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized in the amount of €48,000 in the nine month period ended 30 September 2016.

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

The Group did not present forecasts for first nine months or full year 2016.

Item 5. 4. Statement of financial position

Item 5.4.1. Key items of the statement of financial position

Investment property

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

Residential landbank

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

Investment in associates and joint ventures

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

Assets held for sale

Assets held for sale comprise office or retail space and land plots that are designated for sale.

Inventory

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

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

Short-term deposits

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

Derivatives

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

Item 5.4.2. Financial position as of 30 September 2016 compared to 31 December 2015

Total assets increased by €165,780 (11%) to €1,725,330 as of 30 September 2016. This increase was mainly due to an increase in investment property which is driven by acquisitions and development activity.

Assets

The value of investment property and investment property landbank increased by €224,884 (15%) to €1,513,413 as of 30 September 2016 from €1,288,529 as of 31 December 2015 mainly as a result of an investment of €133,551 in acquisition of Pixel (an office building in Poznań), Premium Plaza and Premium Point (office buildings in Bucharest), Sterlinga Business Center (an office building in Łódź), Neptun Office Center (an office building in Gdańsk), Artico (office project in Warsaw) and a land plot in Budapest as well as an investment of €60,854 into assets under construction mainly in Galeria Północna (shopping centre in Warsaw), Artico, University Business Park B (an office building in Łódź) and Fortyone II&III (an office buildings in Belgrade) as well as revaluation gain attributed to these projects.

The value of assets held for sale amounted to €11,959 as of 30 September 2016 and included land plots in Hungary, Slovakia, and Romania that were under preliminary sale agreements as of 30 September 2016.

The value of investment in associates and joint ventures decreased by €18,222 (79%) to €4,845 as of 30 September 2016 from €23,067 as of 31 December 2015, mainly as a result of sale of Galerie Harfa, Harfa Office and Prague Marine Office.

The value of VAT and other tax receivable increased by €15,133 to €20,118 as of 30 September 2016 from 4,985 as of 31 December 2015, mainly as a result of VAT paid for the acquisition in Q3 2016 of Neptun Office Center and Sterlinga Business Center as well as VAT related to the construction activity.

The value of cash and cash equivalents decreased by €62,169 (37%) to €107,303 as of 30 September 2016 from 169,472 as of 31 December 2015, mainly as a result of the investment activities mentioned above.

Liabilities

The value of loans and bonds increased by €94,122 (13%) to €833,234 as of 30 September 2016 from €739,112 as of 31 December 2015. This increase comes mainly from drawdowns of €39,000 under new loan facilities related to newly acquired Sterlinga Business Center and Neptun Office Center office buildings, €28,000 under new loan facilities related to Duna Tower office building and €22,500 under new loan facility related to Pixel office building.

Provision for deferred tax decreased by €35,646 (27%) to €97,809 as of 30 September 2016 from €133,455 as of 31 December 2015. The decrease is related to a cross-border merger of GTC S.A., as the acquiring company, with its 100% subsidiaries GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. As a consequence, temporary deferred tax differences in the amount of €48,000 related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized. The decrease was partially offset by a net increase of €12,508 related to profit from operations and developer's profit recognized on projects under construction.

Payables related to purchase of non-controlling interest decreased by €17,708 (100%) to €400 as of 30 September 2016 from €18,108 as of 31 December 2015 as a result of payment for buyout of the minority partner in City Gate, Romania (in the first quarter of 2016).

Equity

Total equity increased by €114,902 (18%) to €736,104 as of 30 September 2016 from €621,202 as of 31 December 2015 mainly due to an increase in accumulated profit by €106,670 to €263,317 as of 30 September 2016 and an increase of €8,142 as a result of buying out minority shares and loans in certain subsidiaries.

Item 5.5. Consolidated income statement

Item 5.5.1. Key items of the consolidated income statement

Revenues from operations

Revenues from operations consist of:

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

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

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

Cost of operations

Costs of operations consist of:

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

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

Gross margin from operations

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

Selling expenses

Selling expenses include:

- brokerage and similar fees incurred to originate the lease or sale of space;

- marketing and advertising costs; and

- payroll and related expenses directly related to leasing or sales personnel.

Administrative expenses

Administration expenses include:

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

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

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

Financial income/(expense), net

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

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

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

Taxation

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

Item 5.5.2. Comparison of financial results for the three-month period ended 30 September 2016 with the result for the corresponding period of 2015

Revenues from operations

Revenues from operations increased by €3,659 to €31,639 in the three-month period ended 30 September 2016. Residential revenues decreased by €509 to €1,530 due to completion of sale of almost all residential projects. Rental and service revenues increased by €4,168 to €30,109 due to acquisition of Duna Tower, Pixel, Premium Point, Premium Plaza, Sterlinga Business Center and Neptun Office Center.

Cost of operations

Cost of operations increased by €180 to €8,690 in the three-month period ended 30 September 2016. Residential costs decreased by €386 to €1,430 resulting from completion of sale of almost all residential projects. Cost of rental operations increased by €566 to €7,260 as a result of acquisition of properties.

Gross margin from operations

Gross margin (profit) from operations increased by €3,479 to €22,949 in the three-month period ended 30 September 2016. The gross margin (profit) on rental activities increased by €3,602 to €22,849. Gross margin on rental activities in the three-month period ended 30 September 2016 was 76% compared to 74% in the corresponding period of 2015. The gross margin (profit) on residential activities decreased by €123 to €100.

Selling expenses

Selling expenses increased by €297 to €907 in the three-month period ended 30 September 2016 from €610 in the corresponding period of 2015.

Administrative expenses

Administrative expenses (before provision for stock based program) increased by €351 to €7,211 in the three-month period ended 30 September 2016. In addition, mark-to-market of Phantom Shares program resulted in recognition of €957 expenses in the three-month period ended 30 September 2016 compared to €220 expenses in the corresponding period of 2015.

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

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €15,318 in the three-month period ended 30 September 2016, as compared to a loss of €408 in the corresponding period of 2015. Net profit from the revaluation of the investment properties and impairment of residential reflects mainly progress in the construction of Galeria Północna, and Fortyone II.

Other expenses, net

Other expenses (net of other income) related amongst others to landbank properties and project initiations costs were at €511 in the three-month period ended 30 September 2016 as compared to an expenses of €414 in the corresponding period of 2015.

Foreign exchange gain/(loss)

Foreign exchange loss amounted to €547 in the three-month period ended 30 September 2016, as compared to a foreign exchange gain amounting to €1,410 in the corresponding period of 2015, mostly due to the impact of the Euro exchange rate versus monetary balances in other currencies which the company operate in.

Financial income/(cost), net

Net financial cost amounted to €7,722 in the three-month period ended 30 September 2016 as compared to €5,952 in the corresponding period of 2015 mainly due to increase in loan balances, through increased refinance and hedging activities that resulted in a decrease in average borrowing cost from 3.4% in the nine-month period ended 30 September 2015 to 3.2% in the nine-month period ended 30 September 2016.

Share of loss of associates

Share of loss of associates was €375 in the three-month period ended 30 September 2016 as compared to a share of loss of €102 in the corresponding period of 2015 mainly due to impairment on CID Holding S.A.

Taxation

Tax benefit amounted to €46,885 the three-month period ended 30 September 2016. Tax benefit results mainly form a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. which impacted the temporary differences related to Euro denominated loans granted by GTC S.A. to GTC RH B.V.

Net profit/ (loss)

Net profit amounted to €71,405 in the three-month period ended 30 September 2016, as compared to €10,768 in the corresponding period of 2015, mostly due to improvement in operating results, recognition of profit from the revaluation of the investment properties and reversal of impairment of residential projects of €15,318 combined with recognition of tax benefit, following a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V.

Item 5.5.3. Comparison of financial results for the nine-month period ended 30 September 2016 with the result for the corresponding period of 2015

Revenues from operations

Revenues from operations increased by €2,454 to €90,465 in the nine-month period ended 30 September 2016. Residential revenues decreased by €3,948 to €5,306 due to completion of sale of almost all residential projects. Rental and service revenues increased by €6,402 to €85,159 due to acquisition of Duna Tower, Pixel, Premium Plaza, Premium Point, Sterlinga Business Center and Neptun Office Center .

Cost of operations

Cost of operations decreased by €3,471 to €24,916 in the nine-month period ended 30 September 2016. Residential costs decreased by €4,232 to €4,383 resulting from completion of sale of almost all residential projects. Cost of rental operations increased by €761 to €20,533 as a result of acquisition of properties.

Gross margin from operations

Gross margin (profit) from operations increased by €5,925 to €65,549 in the nine-month period ended 30 September 2016. The gross margin (profit) on rental activities increased by €5,641 to €64,626. Gross margin on rental activities in the nine-month period ended 30 September 2016 was 76% compared to 75% in the corresponding period of 2015. The gross margin (profit) on residential activities increased by €284 to €923.

Selling expenses

Selling expenses increased by €464 to €2,304 in the nine-month period ended 30 September 2016 from €1,840 in the corresponding period of 2015.

Administrative expenses

Administrative expenses (before provision for stock based program) increased by €632 to €7,843 in the nine-month period ended 30 September 2016. In addition, mark-to-market of Phantom Shares program resulted in recognition of €839 expenses in the nine-month period ended 30 September 2016 compared to €325 expenses in the corresponding period of 2015.

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

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €39,385 in the nine-month period ended 30 September 2016, as compared to a loss of €2,234 in the corresponding period of 2015. Net profit from the revaluation of the investment properties and impairment of residential projects reflects mainly progress in the construction of Galeria Północna, University Business Park B and Fortyone II&III as well as profit from the revaluation of Galeria Jurajska and Galleria Burgas following an improvement in their operating results.

Other expenses, net

Other expenses (net of other income) related amongst others to landbank properties and project intiations costs were at €1,330 in t the nine-month period ended 30 September 2016 as compared to an expenses of €142 in the corresponding period of 2015.

Foreign exchange gain/(loss)

Foreign exchange gain amounted to €2,589 in the nine-month period ended 30 September 2016, as compared to a foreign exchange loss amounting to €224 in the corresponding period of 2015, mostly due to the impact of the Euro exchange rate versus monetary balances in other currencies which the company operate in.

Financial income/(cost), net

Net financial cost amounted to €20,448 in the nine-month period ended 30 September 2016 as compared to €21,927 in the corresponding period of 2015 mainly due to increase in loan balances, through increased refinance and hedging activities that resulted in a decrease in average borrowing cost from 3.4% in the nine-month period ended 30 September 2015 to 3.2% in the nine-month period ended 30 September 2016.

Share of loss of associates

Share of loss of associates was €4,178 in the nine-month period ended 30 September 2016 as compared to a share of loss of €3,683 in the corresponding period of 2015 mainly due to repayment of loans by CID Holding S.A (as a result of sale of property) and impairment on CID Holding S.A.

Taxation

Tax benefit amounted to €36,031 the nine-month period ended 30 September 2016. Tax benefit results mainly form a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. which impacted the temporary differences related to Euro denominated loans granted by GTC S.A. to GTC RH B.V.

Net profit/ (loss)

Net profit amounted to €106,612 in the nine-month period ended 30 September 2016, as compared to €16,832 in the corresponding period of 2015, mostly due to improvement in operating results, recognition of profit from the revaluation of the investment properties and reverse of impairment of residential projects of €39,385 combined with recognition of tax benefit, following a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V.

Item 5. 6. Consolidated cash flow statement

Item 5.6.1. Key items from consolidated cash flow statement

Net cash from (used in) operating activities

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

Net cash used in investing activities

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

Net cash from (used in) financing activities

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

Cash and cash equivalents

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

Item 5.6.2. Cash flow analysis

The table below presents an extract of the cash flow for the period of nine month ended on 30 September 2016 and 2015:

	Nine-month period ended 30 September	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**56,101**	**51,222**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(63,823)	(16,517)
Purchase of completed assets and land	(133,551)	-
Purchase of subsidiary	(5,601)	-
Sale of investment property	9,614	51,280
Sale of subsidiaries	4,800	6,386
Liquidation of joint venture		3,890
Purchase of minority	(18,108)	(800)
Sale of share in associate	3,334	
VAT/tax on sale of investment property	(10,145)	(4,034)
Interest received	319	888
Loans granted	(123)	(38)
Loans repayments	11 347	137
Net cash from (used in) investing activities	**(201,937)**	**41,192**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	174,116	22,023
Repayment of long-term borrowings	(67,572)	(104,474)
Repayment of hedge		(1,489)
Interest paid	(18,377)	(20,559)
Loans origination cost	(959)	
Decrease (increase) in short term deposits	(4,408)	2,280
Net cash from (used in) financing activities	**82,800**	**(102,219)**
Effect of foreign currency translation	867	936
Net increase/(decrease) in cash and cash equivalents	(62,169)	(8,869)
Cash and cash equivalents, at the beginning of the year	**169,472**	**81,063**
Cash and cash equivalents, at the end of the year	**107,303**	**72,194**

Cash flow from operating activities was €56,101 in the nine-month period ended 30 September 2016 compared to €51,222 in the nine-month period ended 30 September 2015 mainly due to an increase of revenue from rental activity by €6,402 which was partially offset by an increase in operation costs.

Cash flow used in investing activities amounted to €201,937 in the nine-month period ended 30 September 2016 compared to €41,192 cash flow from investing in the nine-month period ended 30 September 2015. Cash flow used in investing activities mostly composed of acquisition of completed assets, an asset under construction and land of €133,551 in the nine-month period ended 30 September 2016 related mainly to purchase of three office buildings in Poland (Pixel, Neptun Office Center, Sterlinga Business Center) and two office buildings in Romania (Premium Point and Premium Plaza) and one office project under construction in Warsaw (Artico); expenditure on investment property of €63,823 are related mainly to investment in Fortyone II (Belgrade, Serbia), University

Business Park (Łódź, Poland), Artico and Galeria Północna (Warsaw, Poland) and expenditure on investment in buyout of minority partner in City Gate of €18,108.

Cash flow from financing activities amounted to €82,800 in the nine-month period ended 30 September 2016, compared to €102,219 of cash flow used in financing activities in the nine-month period ended 30 September 2015. Cash flow from financing activities mostly composed of proceeds from long-term borrowings of €174,116 coming mainly from a loan related to Duna Tower and Center Point in the amount of € 37,000 a loan related to Neptun Office Centre (including VAT) in amount of €29,400, a loan related to Sterlinga Business Centre (including VAT) in amount of €23,300, a loan related to Pixel in amount of €22,600 and a drown dawn related to Galeria Północna in amount of €25,100, GTC House €13,500 offset partially by repayment of long term borrowings of €67,572 coming mainly from amortization of investment loans and partial repayment of loans related to Galleria Arad and Galleria Stara Zagora following the restructuring of certain loans that we completed last year, and refinance of GTC House in the amount of €9,500.

Cash and cash equivalents as of 30 September 2016 amounted to €107,303 compared to €72,472 as of 30 September 2015. The Group keeps its cash in the form of bank deposits, mostly in Euro, with various international banks.

Item 5.7. Future liquidity and capital resources

As of 30 September 2016, the Group holds cash and cash equivalent in the amount of approximately €107,303. The Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) development and acquisition of commercial properties, (ii) debt servicing of its existing assets portfolio and (iii) capex. Such funding will be sourced through available cash, operating income, sales of assets and refinancing.

As of 30 September 2016, the Group's non-current liabilities amounted to €843,018 compared to €806,969 as of 31 December 2015.

The Group's total debt from long and short-term loans and borrowings as of 30 September 2016 amounted to €833,234 as compared to €739,112 as of 31 December 2015. The Group's loans and borrowings are mainly denominated in Euro, whilst the corporate bonds issued until 30 September 2016 are denominated in PLN.

The Group's loan-to-value ratio amounted to 45% as of 30 September 2016, as compared to 39% as of 31 December 2015. The Group's strategy is to keep its loan-to-value ratio at the level of around 50%.

As of 30 September 2016, 65% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate cap and swaps.

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

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

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

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

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

The following table presents the Company's shareholders, who had no less than 5% of votes at the Ordinary Shareholders Meeting of GTC S.A., as of the date of publication of this Report. The table is prepared based on information received directly from the shareholders and takes into consideration the changes in the shareholding structure arising from, inter alia:

- deposit certificate attached to statement of OFE PZU "Złota Jesień". (see: Current report no 15/2016);
- deposit certificate attached to statement of LSREF III GTC Investments B.V and Lone Star Real Estate Partners III L.P. (see: Current report no 14/2016) and
- deposit certificate attached to statement of AVIVA OFE Aviva BZ WBK (see: Current report no 10/2016).

Shareholder	Number of shares and rights to the shares held	% of share capital	Number of votes	% of votes
LSREF III GTC Investments B.V.[1]	278,849,657	60,59%	278,849,657	60,59%
OFE PZU Złota Jesień	47,847,000	10.40%	47,847,000	10.40%
AVIVA OFE Aviva BZ WBK	32,922,000	7.15%	32,922,000	7.15%
Other shareholders	100,597,821	21.86%	100,597,821	21.86%
Total	**460,216,478**	**100.00%**	**460,216,478**	**100.00%**

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

Item 9. Shares in GTC held by members of the Management Board and the Supervisory Board

Shares held by members of the Management Board

The following table presents shares owned directly or indirectly by members of the Company's Management Board as of 28 November 2016, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the six-month period ended 30 June 2016) on 24 August 2016.

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 28 November 2016 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 24 August 2016 (not in thousand)
Thomas Kurzmann	0	0	No change
Erez Boniel	143,500	14,350	No change
Total	**143,500**	**14,350**	

Phantom Shares held by members of the Management Board

The following table presents Phantom Shares owned directly or indirectly by members of the Company's Management Board as of 30 September 2016 and changes since 30 June 2016.

Management Board Member	Balance as of 30 September 2016 (not in thousand)	Change since 30 June 2016 (not in thousand)
Thomas Kurzmann	512,000	No change
Erez Boniel	204,800	No change

Shares of GTC held by members of the Supervisory Board

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 28 November 2016, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the six-month period ended 30 June 2016) on 24 August 2016.

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 28 November 2016 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 24 August 2016
Alexander Hesse	0	0	No change
Philippe Couturier	0	0	No change
Ryszard Koper	0	0	No change
Jan Düdden	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Tomasz Styczyński	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade	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 arms length basis.

Item 11. Proceedings before a court or public authority involving Globe Trade Centre SA or its subsidiaries the total value of the liabilities or claims of which amount to at least 10% of the Group's equity

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

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016 TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 September 2016
(in thousands of Euro)

	Note	30 September 2016 (unaudited)	31 December 2015 (audited)
ASSETS			
Non-current assets			
Investment property	9	1,394,059	1,163,732
Investment property landbank	9	119,354	124,797
Residential landbank	10	14,293	26,773
Investment in associates and joint ventures	8	4,845	23,067
Property, plant and equipment		5,794	1,070
Deferred tax asset		1,254	647
Other non-current assets		189	386
		1,539,788	**1,340,472**
Assets held for sale	11	**11,959**	**5,950**
Current assets			
Residential inventory	10	4,107	3,161
Accounts receivables		4,647	5,505
Receivables from sale of assets	4	2,743	-
Accrued income		566	1,655
VAT and other tax receivable		20,118	4,985
Income tax receivable		513	316
Prepayments and deferred expenses		2,511	1,323
Short-term deposits		31,075	26,711
Cash and cash equivalents		107,303	169,472
		173,583	**213,128**
TOTAL ASSETS		**1,725,330**	**1,559,550**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 September 2016
(in thousands of Euro)

	Note	30 September 2016 (unaudited)	31 December 2015 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		10,410	10,410
Share premium		499,288	499,288
Capital reserve		(35,652)	(20,646)
Hedge reserve		(4,715)	(4,563)
Foreign currency translation reserve		1,647	1,405
Accumulated profit		263,317	156,647
		734,295	**642,541**
Non-controlling interest		1,809	(21,339)
Total Equity		**736,104**	**621,202**
Non-current liabilities			
Long-term portion of long-term loans and bonds	12	728,796	658,744
Deposits from tenants		8,124	6,242
Long term payable		2,669	4,621
Provision for share based payment		1,991	1,152
Derivatives		3,629	2,755
Provision for deferred tax liability	13	97,809	133,455
		843,018	**806,969**
Current liabilities			
Trade and other payables and provisions		29,391	28,774
Payables related to purchase of non-controlling interest		400	18,108
Current portion of long-term loans and bonds	12	104,438	80,368
VAT and other taxes payable		1,782	1,572
Income tax payable		490	363
Derivatives		2,519	2,194
Advances received from buyers		943	-
		139,963	**131,379**
Liabilities related to asset held for sale	12	**6,245**	**-**
TOTAL EQUITY AND LIABILITIES		**1,725,330**	**1,559,550**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the nine-month period ended 30 September 2016
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2016 (unaudited)	Three-month period ended 30 September 2016 (unaudited)	Nine-month period ended 30 September 2015 (unaudited)	Three-month period ended 30 September 2015 (unaudited)
Revenues from rental activity	5, 6	85,159	30,109	78,757	25,941
Residential revenue	5, 6	5,306	1,530	9,254	2,039
Cost of rental activity	6	(20,533)	(7,260)	(19,772)	(6,694)
Residential costs	6	(4,383)	(1,430)	(8,615)	(1,816)
Gross margin from operations		**65,549**	**22,949**	**59,624**	**19,470**
Selling expenses		(2,304)	(907)	(1,840)	(610)
Administration expenses	7	(8,682)	(3,685)	(7,536)	(2,597)
Profit (Loss) from revaluation/ impairment of assets	9	37,921	13,854	(833)	(387)
Reversal of Impairment (impairment) of residential projects		1,464	1,464	(1,401)	(21)
Other income		1,126	357	1,497	97
Other expenses		(2,456)	(868)	(1,639)	(511)
Profit from continuing operations before tax and finance income / (expense)		**92,618**	**33,164**	**47,872**	**15,441**
Foreign exchange differences gain/ (loss), net		2,589	(547)	(224)	1,410
Finance income		1,242	81	2,885	968
Finance cost		(21,690)	(7,803)	(24,812)	(6,920)
Share of profit/(loss) of associates and joint ventures		(4,178)	(375)	(3,683)	(102)
Profit before tax		**70,581**	**24,520**	**22,038**	**10,797**
Taxation	13	36,031	46,885	(5,206)	(29)
Profit for the period		**106,612**	**71,405**	**16,832**	**10,768**
Attributable to:					
Equity holders of the Company		106,670	71,406	16,834	10,449
Non-controlling interest		(58)	(1)	(2)	319
Basic earnings per share (in Euro)	16	0.23	0.16	0.05	0.03

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the nine-month period ended 30 September 2016
(in thousands of Euro)

	Nine-month period ended 30 September 2016 (unaudited)	Three-month period ended 30 September 2016 (unaudited)	Nine-month period ended 30 September 2015 (unaudited)	Three-month period ended 30 September 2015 (unaudited)
Profit for the period	**106,612**	**71,405**	**16,832**	**10,768**
Gain (loss) on hedge transactions	(181)	711	971	(1,100)
Income tax	29	(114)	(251)	195
Net gain (loss) on hedge transactions	**(152)**	**597**	**720**	**(905)**
Foreign currency translation	242	490	(25)	(340)
Total comprehensive income for the period, net of tax, to be reclassified to profit or loss in subsequent periods	**106,702**	**72,492**	**17,527**	**9,523**
Attributable to:				
Equity holders of the Company	106,760	72,512	17,529	9,491
Non-controlling interest	(58)	(20)	(2)	32

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the nine-month period ended 30 September 2016
(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 2016	**10,410**	**499,288**	**(20,646)**	**(4,563)**	**1,405**	**156,647**	**642,541**	**(21,339)**	**621,202**
Other comprehensive income	-	-	-	(152)	242	-	90	-	90
Profit / (loss) for the period ended 30 September 2016	-	-	-	-	-	106,670	106,670	(58)	106,612
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(152)**	**242**	**106,670**	**106,760**	**(58)**	**106,702**
Purchase of NCI shares	**-**	**-**	(14,234)	-	-	-	(14,234)	23,206	8,972
Other	**-**	**-**	(772)	-	-	-	(772)	-	(772)
Balance as of 30 September 2016 (unaudited)	**10,410**	**499,288**	**(35,652)**	**(4,715)**	**1,647**	**263,317**	**734,295**	**1,809**	**736,104**
Balance as of 1 January 2015	**7,849**	**364,228**	**8,392**	**(3,839)**	**1,128**	**111,455**	**489,213**	**(62,032)**	**427,181**
Other comprehensive income	-	-	-	510	185	-	695	-	695
Profit / (loss) for the period ended 30 September 2015	-	-	-	-	-	16,834	16,834	(2)	16,832
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**510**	**185**	**16,834**	**17,529**	**(2)**	**17,527**
Purchase of NCI shares	**-**	**-**	(35,768)	**-**	**-**	**-**	(35,768)	44,645	8,877
Balance as of 30 September 2015 (unaudited)	**7,849**	**364,228**	**(27,376)**	**(3,329)**	**1,313**	**128,289**	**470,974**	**(17,389)**	**453,585**

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the nine-month period ended 30 September 2016
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2016	Nine-month period ended 30 September 2015
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		70,581	22,038
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets		(39,385)	2,234
Share of loss (profit) of associates and joint ventures		4,178	3,683
Profit on disposal of assets		(5)	(1,039)
Foreign exchange differences loss/(gain), net		(2,589)	224
Finance income		(1,242)	(2,885)
Finance cost		21,690	24,812
Share based payment (income) / expenses	7	839	325
Depreciation and amortization		325	345
Operating cash before working capital changes		**54,392**	**49,737**
Increase in accounts receivables, prepayments and other current assets		723	(4,272)
Decrease in inventory and residential land bank		2,768	7,869
Increase/(decrease) in advances received		942	(317)
Increase in deposits from tenants		1,951	553
Decrease in trade and other payables		(1,492)	(230)
Cash generated from operations		**59,284**	**53,340**
Tax paid in the period		(3,183)	(2,118)
Net cash flows from operating activities		**56,101**	**51,222**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property		(63,823)	(16,517)
Purchase of completed assets and land	9	(133,551)	-
Purchase of subsidiary		(5,601)	-
Sale of investment property		9,614	51,280
Selling of subsidiaries		4,800	6,386
Liquidation of joint venture		-	3,890
Purchase of minority		(18,108)	(800)
Sale of shares in associate	8	3,334	-
VAT/tax on purchase/sale of investment property		(10,145)	(4,034)
Interest received		319	888
Loans granted to associates		(123)	(38)
Loans repayments from associates	8	11,347	137
Net cash flows from/(used in) investing activities		**(201,937)**	**41,192**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		174,116	22,023
Repayment of long-term borrowings		(67,572)	(104,474)
Repayment of hedge		-	(1,489)
Interest paid		(18,377)	(20,559)
Loans origination cost		(959)	-
Decrease/(increase) in blocked deposits		(4,408)	2,280
Net cash from/(used in) financing activities		**82,800**	**(102,219)**
Effect of foreign currency translation		**867**	**936**
Net increase / (decrease) in cash and cash equivalents		**(62,169)**	**(8,869)**
Cash and cash equivalents at the beginning of the period		**169,472**	**81,063**
Cash and cash equivalents at the end of the period		**107,303**	**72,194**

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

1. Principal activities

Globe Trade Centre S.A. (the "Company" or "GTC") and its subsidiaries ("GTC Group" or the "Group") are an international real-estate corporation. The Company was registered in Warsaw on 19 December 1996. The Company's registered office is in Warsaw, Poland at 17 Stycznia 45A. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies in Poland, Hungary, Romania, Serbia, Croatia, Ukraine, Slovakia, Bulgaria and Russia. There is no seasonality in the business of the Group companies.

The major shareholder of the Company is LSREF III GTC Investments B.V. ("LSREF III"), controlled by Lone Star, a global private equity firm, which held 278,849,657 shares 60.59% of total shares as of 30 September 2016.

Events in the period

Acquisition of Pixel office building in Poznan
In January 2016, the Group purchased Pixel office building in Poznan, Poland for EUR 32.2 million. The office building is entirely leased to renowned tenants. The Group intends to hold the office building as part of the income-producing portfolio of the GTC Group. The purchase of the Property was financed by the Group's own sources and a bank loan from PKO BP in the amount of EUR 22.5 million.

Purchase of non-controlling interest
In January 2016, the Group acquired the remaining 10% in GTC Ukraine B.V, and the minority shareholder's loans granted to the project, for a consideration of Euro 1. Following the transaction GTC remained the sole owner of the subsidiary. As a result of the transaction, the negative NCI increased by Euro 2.2 million, the capital reserve increased by Euro 0.4 million and the NCI loans decreased by Euro 2.6 million. Consequently, the total equity increased by Euro 2.6 million.

Acquisition of Premium office Buildings in Bucharest
In April 2016, the Group purchased two office buildings in Bucharest, Romania (Premium Plaza and Premium Point) for EUR 32 million, consisting of approximately 15,000 sq. m. NRA. Property acquisition was financed by the Group's own sources.

Completion of the second phase of University Business Park ("UBP II") in Lodz
In April 2016, the second phase of University Business Park in Łódź received occupancy permit, marking the completion of the investment. The UBP complex comprises two A-class office buildings and the total leasable area of the complex is 39 200 sq. m.

Purchase of non-controlling interest
In April 2016, the Group acquired the remaining 49.9% in Complexul Residential Colentina S.R.L. (Rose Garden) and the minority shareholder's loans granted to the project, for a consideration of Euro 12.5 thousand. Following the transaction GTC remained the sole owner of the subsidiary. As a result of the transaction, the negative NCI increased by Euro 3.9 million, the capital reserve increased by Euro 0.4 million, and the NCI loans decrease by Euro 4.3 million. Consequently, the total equity increased by Euro 4.3 million.

1. Principal activities (continued)

Galleria - Stara Zagora AD
In June 2016, the Company in its capacity as creditor, filed a petition in the Bulgarian Court to determine whether Galleria - Stara Zagora AD ("GSZ") is over indebted. Subsequently, in September 2016, the Company and the Minority Partner signed an agreement to buy out the minority interest in GSZ. According to the agreement, the Minority Partner sells its shares in GSZ and the related shareholders loans to the Company for Euro 0.4 million (such amount may be increased contingently upon increase in the project value within an agreed time frame).
As result of the transaction, the Company's total equity increased by Euro 2 million. This amount comprises elimination of a negative NCI in the amount of Euro 17 million, decrease in the capital reserve in the amount of Euro 15 million, decrease in loans from NCI in the amount of Euro 2.4 million and creating a liability in the amount of Euro 0.4 million, which was paid in November 2016.

Acquisition of two office buildings in Poland
On 1 July 2016, the Group acquired two office buildings: Neptun Office Center and Sterlinga Business Center, located in Gdansk and Lodz respectively. These two Class A office buildings, featuring modern design and a total of 30,000 sq. m GLA of office space and 364 parking places, will enrich the Group's Polish investment portfolio. The purchase of the two buildings was financed by the Group's own sources and a bank loan from bank Pekao in the amount of EUR 39 million.

Financing of Duna Tower and refinancing of Center Point projects in Budapest
In July 2016, the Group signed a loan agreement for financing of the Duna Tower office project in Budapest with OTP Bank Nyrt (the "Bank"). The total nominal amount of the new loan is EUR 28 million. Furthermore, the Group and the Bank undertook to refinance the EUR 38.9 million Center Point loans currently financed by MKB Bank Zrt. with a new EUR 47 million loan facility.

Sell of Konstancja land
In July 2016, the Group sold a major part of the land known as Konstancja Commercial land consisting of 9 hectare for EUR 6.9 million (PLN 30.5 million).

Acquisition of Artico Office Project
In July 2016, the Group has acquired Artico Sp. z o.o. that is developing an office building in Warsaw. The building will consist of approximately 7,600 sq.m. of leasable area and is almost fully pre-leased. The building is scheduled to be completed in 2017.

Listing on Johannesburg Stock Exchange
In July 2016, Johannesburg Stock Exchange ("JSE") has approved the Company's inward listing on the stock exchange main board. Listing was commenced in August 2016.

Sale of Piatra and Arad shopping centres in Romania
In August and September 2016, the Group sold subsidiaries which hold Piatra and Arad shopping Centers in Romania for Euro 2.7 million and 2.1 million, respectively.

Merger of BVs
In order to (i) enable a fastest and most effective way to control Group companies and bring optimization of management processes within the Group, (ii) reduction of operating and administrative costs and (iii) increased transparency for owners and investors, on 30 March 2016, the Management of GTC S.A. announced a plan for a cross-border merger of GTC S.A. and two of its subsidiaries (the "Merger"). In May 2016, the Merger plan was approved by the Shareholders of GTC S.A. and finalized on 30 September 2016.

1. Principal activities (continued)

As a consequence of the Merger, deferred tax liabilities on positive temporary differences related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized in the amount of EUR 48 million in the nine month period ended 30 September 2016.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the nine months period ended 30 September 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these Interim Condensed Consolidated Financial Statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union.

The 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 2015, which were authorized for issue on 16 March 2016. The interim financial results are not necessarily indicative of the full year results.

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

The financial statements of those entities prepared in their functional currencies are included in the Interim Condensed Consolidated Financial Statements by translation into Euro using appropriate exchange rates outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as “Foreign currency translation” without affecting earnings for the period. As of 30 September 2016, the Euro/PLN exchange rate was 4.312 .

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

3. Significant accounting policies, estimates and judgments

The accounting policies and calculation methods applied in the preparation of these Interim condensed consolidated financial statements are the same as those used in the preparation of the consolidated financial statements for 2015 (see Note 6 to the consolidated financial statements for 2015), and no changes to comparative data or error corrections were made.

Standards issued but not yet effective

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

- IFRS 9 Financial Instruments, issued on 24 July 2014 (effective for annual periods beginning on or after 1 January 2018);
- IFRS 14 Regulatory Deferral Accounts, issued on 30 January 2014 (effective for annual periods beginning on or after 1 January 2016);
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective Date of IFRS 15, issued on 11 September 2015 − effective for annual periods beginning on or after 1 January 2018;
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) − effective for annual periods beginning on or after 1 January 2018;
- IFRS 16 Leases (issued on 13 January 2016) − effective for annual periods beginning on or after 1 January 2019;
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; issued on 11 September 2014 − work on approval of the amendments has been postponed by the EU for an indefinite term; thus, the effective date of the amendments has been postponed by the IASB for an indefinite term;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses, issued on 19 January 2016 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 7 Disclosure Initiative, issued on 29 January 2016 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4: Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) – effective for annual periods beginning on or after 1 January 2018;
- Amendments to IFRS 2: Share-based Payment (issued on 20 June 2016) − effective for annual periods beginning on or after 1 January 2018.

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

(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	30 September 2016	31 December 2015
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. (formerly GTC Ogrody Galileo Sp. z o.o.)	GTC S.A.	Poland	100%	100%
GTC GK Office Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Sterlinga Sp. z o.o. (formerly GTC Com 1 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. (formerly GTC Wilson Park)	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
CH 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 (1)	GTC S.A.	Poland	100%	-
Havern Investments sp. z o.o.	GTC S.A.	Poland	100%	100%

(1) Purchased in 2016

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2016	31 December 2015
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
Commercial Properties B.V. (formerly Budapest Offices B.V.)	GTC Hungary	Netherland	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartments Kft. ("Riverside")	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral Holding Kft.	GTC Hungary	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
Spiral II. Kft.	GTC Hungary	Hungary	100%	100%
River Loft Ltd.	GTC Hungary	Hungary	100%	100%
SASAD Resort Kft. ("Sasad")	GTC Hungary	Hungary	100%	100%
Albertfalva Kft. ("formerly Szeremi Gate")	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
SASAD Resort Offices Kft.	GTC Hungary	Hungary	100%	100%
Mastix Champion Kft.	GTC Hungary	Hungary	100%	100%
GTC White House Kft. ("formerly GTC Renaissance Plaza Kft.")	GTC Hungary	Hungary	100%	100%
VRK Tower Kft (3)	GTC Hungary	Hungary	100%	-
SASAD II Kft.	GTC Hungary	Hungary	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%
Abritus Kft.	GTC Hungary	Hungary	100%	100%
Immo Buda Kft. (1)	GTC Hungary	Hungary	-	100%
Szemi Ingatlan Ltd.(1)	GTC Hungary	Hungary	-	100%
Preston Park Kft.(4)	GTC Hungary	Hungary	-	100%
GTC Real Estate Investments Ukraine B.V. ("GTC Ukraine") (2)	GTC S.A.	Netherlands	-	90%
GTC Slovakia Real Estate s.r.o.	GTC S.A.	Slovakia	100%	100%
GTC Real Estate Vinohrady s.r.o.	GTC S.A.	Slovakia	100%	100%

(1) Merged into Albertfalva Kft

(2) NCI was purchased in January 2016, merged into GTC S.A on 30 September 2016

(3) Company was incorporated in 2016

(4) Subsidiary was sold. An amount of Euro 2.7 million is presented as receivable from sale of asset

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2016	31 December 2015
GTC Nekretnine Zagreb d.o.o.("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o	Croatia	80%	80%
GTC Nekretnine Jug. d.o.o. (under liquidation)	GTC S.A.	Croatia	100%	100%
GTC Sredisnja tocka d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Nekretnine Zapad d.o.o. (under liquidation)	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.")	GTC S.A.	Romania	100%	100%
BCG Investment B.V.	GTC S.A.	Netherlands	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L	GTC S.A.	Romania	71.5%	71.5%
Bucharest City Gate B.V. ("BCG")	GTC S.A.	Netherlands	100%	100%
City Gate Bucharest S.R.L.	BCG	Romania	100%	100%
Mablethompe Investitii S.R.L.	GTC S.A.	Romania	100%	100%
Mercury Commercial Center S.R.L. ("Galeria Arad") (1)	GTC S.A.	Romania	-	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Mars Commercial Center S.R.L. ("Galeria Piatra Neamt") (1)	GTC S.A.	Romania	-	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	BCG	Romania	100%	100%
Brightpoint Investments Limited	GTC S.A.	Cyprus	50.1%	50.1%
Complexul Residential Colentina S.R.L.	GTC S.A.	Romania	100%	50.1%
Operetico Enterprises Ltd.	GTC S.A.	Cyprus	66.7%	66.7%
Deco Intermed S.R.L.	Operetico Enterprises Ltd.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%

(1) Sold in 2016

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 2016	31 December 2015
GTC RH B.V. (3)	GTC S.A.	Netherlands	-	100%
Galeria Stara Zagora AD ("Stara Zagora") (4)	GTC S.A.	Bulgaria	100%	75%
Galeria Burgas AD	GTC S.A.	Bulgaria	80%	80%
GTC Business Park EAD	GTC S.A.	Bulgaria	100%	100%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Galeria Ikonomov GmbH (2)	GTC S.A.	Austria	-	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o.	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o.	GTC S.A.	Serbia	100%	100%
GTC Commercial and Residential Ventures d.o.o.	GTC S.A.	Serbia	100%	100%
GTC Real Estate Developments d.o.o.	GTC Commercial Development d.o.o.	Serbia	95%	95%
Demo Invest d.o.o.	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o.	GTC S.A.	Serbia	100%	100%
GTC Commercial Development d.o.o.	GTC S.A.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited (1)	GTC S.A.	Cyprus	100%	95%
Black Sea Management LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	95%
Europort Ukraine Holdings 1 LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	95%
Europort Ukraine Holdings 2 LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	95%
Europort Ukraine LL (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	95%
Europort Project Ukraine 1 LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	95%

(1) NCI was purchased in January 2016

(2) Liquidated

(3) Company merged into GTC S.A on 30 September 2016

(4) NCI was purchased in September 2016

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	30 September 2016	31 December 2015
Yatelsis Viborgskaya Limited of Nicosia ("YVL")	GTC S.A.	Cyprus	50%	50%
Ana Tower Offices S.R.L.	GTC S.A.	Romania	50%	50%
Lighthouse Holdings Limited S.A. ("Lighthouse") (1)	GTC S.A.	Luxembourg	-	35%
CID Holding S.A. ("CID")	GTC S.A.	Luxembourg	35%	35%
Europort LTD (1)	GTC S.A.	Israel	-	9.9%

(1) Sold in 2016

(in thousands of Euro)

5. Revenue from operations

	Nine-month period ended 30 September 2016	**Three-month period ended 30 September 2016**	**Nine-month period ended 30 September 2015**	**Three-month period ended 30 September 2015**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental revenue	64,499	22,782	60,106	19,908
Service revenue	20,660	7,327	18,651	6,033
Residential revenue	5,306	1,530	9,254	2,039
	90,465	**31,639**	**88,011**	**27,980**

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

(in thousands of Euro)

6. Segmental analysis

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

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

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

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

Segment analysis for the nine-month periods ended 30 September 2016 (unaudited) and 30 September 2015 (unaudited) is presented below:

	Poland and Hungary		**Capital cities in SEE countries**		**Bulgaria-secondary cities**		**Croatia-secondary cities**		**Romania-secondary cities (1)**		**Consolidated**	
	30 September 2016	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**
Rental and service income	49,219	43,626	28,270	26,316	6,432	5,849	-	705	1,238	2,261	85,159	78,757
Contract income	-	3,634	5,306	5,620	-	-	-	-	-	-	5,306	9,254
Total income	**49,219**	**47,260**	**33,576**	**31,936**	**6,432**	**5,849**	**-**	**705**	**1,238**	**2,261**	**90,465**	**88,011**
		-										
Rental and service costs	11,217	9,248	6,800	6,437	1,600	1,491	-	695	916	1,901	20,533	19,772
Contract costs	-	3,110	4,383	5,505	-	-	-	-	-	-	4,383	8,615
Total costs	**11,217**	**12,358**	**11,183**	**11,942**	**1,600**	**1,491**	**-**	**695**	**916**	**1,901**	**24,916**	**28,387**
		-										
Rental result	38,002	34,378	21,470	19,879	4,832	4,358	-	10	322	360	64,626	58,985
Contract result	-	524	923	115	-	-	-	-	-	-	923	639
Segment result	**38,002**	**34,902**	**22,393**	**19,994**	**4,832**	**4,358**	**-**	**10**	**322**	**360**	**65,549**	**59,624**

(1) Sold in Q3 2016

(in thousands of Euro)

Segment analysis for the three-month periods ended 30 September 2016 (unaudited) and 30 September 2015 (unaudited) is presented below:

	Poland and Hungary		**Capital cities in SEE countries**		**Bulgaria-secondary cities**		**Romania-secondary cities(1)**		**Consolidated**	
	30 September 2016	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**	**30 September 2016**	**30 September 2015**
Rental and service income	17,417	14,079	9,989	9,006	2,468	2,194	235	662	30,109	25,941
Contract income	-	1,459	1,530	580	-	-	-	-	1,530	2,039
Total income	**17,417**	**15,538**	**11,519**	**9,586**	**2,468**	**2,194**	**235**	**662**	**31,639**	**27,980**
Rental and service costs	4,094	3,155	2,433	2,304	513	612	220	623	7,260	6,694
Contract costs	-	1,285	1,430	531	-	-	-	-	1,430	1,816
Total costs	**4,094**	**4,440**	**3,863**	**2,835**	**513**	**612**	**220**	**623**	**8,690**	**8,510**
Rental result	13,323	10,924	7,556	6,702	1,955	1,582	15	39	22,849	19,247
Contract result	-	174	100	49	-	-	-	-	100	223
Segment result	**13,323**	**11,098**	**7,656**	**6,751**	**1,955**	**1,582**	**15**	**39**	**22,949**	**19,471**

(1) Sold in Q3 2016

(in thousands of Euro)

7. Administrative expenses

	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016	Nine-month period ended 30 September 2015	Three-month period ended 30 September 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration expenses	7,843	2,728	7,211	2,377
Expenses related to provision for shares based liabilities	839	957	325	220
	8,682	**3,685**	**7,536**	**2,597**

8. Investment in associates and joint ventures

The investment in associates and joint ventures comprises the following:

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Czech Republic (3)	-	15,489
Russia (1)	3,849	4,598
Other (2)	996	2,980
Investment in associates and joint ventures	**4,845**	**23,067**

(1) Decrease in book value was due to impairments of investments. In September 2016, the company signed an agreement, in which the investment in Russia will be sold for Euro 3,849. Proceeds from sale will be received during two years.

(2) In April 2016, shares of Europort LTD were sold

(3) In June 2016, CID sold the Harfa shopping centre in Prague. In July 2016, it repaid GTC's loan in the amount of Euro 11.3 million. Post the sale CID's shareholders have decided to liquidate the company.
In August 2016, the Company sold its shares in Lighthouse for Euro 1.3 million. Additionally, during nine-months period ended 30 September 2016 the Group recognized impairment in the amount of EUR 2.9 million.

(in thousands of Euro)

9. Investment Property

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

Investment property can be split up as follows:

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Completed investment property	1,221,816	1,055,732
Investment property under construction	172,243	108,000
Total	**1,394,059**	**1,163,732**
Investment property landbank	119,354	124,797
Total	**1,513,413**	**1,288,529**

The movement in investment property for the periods ended 30 September 2016 (unaudited) was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2016	**771,232**	**517,297**	**1,288,529**
Capitalised expenditure	8,022	52,832	60,854
Reclassification after completion (1)	23,844	(23,844)	-
Purchase of assets (2)	122,251	11,300	133,551
Adjustment to fair value / impairment	2,803	36,758	39,561
Purchase of subsidiary (7)	-	8,707	8,707
Sale of subsidiary (6)	-	(2,700)	(2,700)
Disposals (5)	-	(6,975)	(6,975)
Reclassified to assets held for sale (3)	-	(3,878)	(3,878)
Reclassified to fixed assets (4)	(2,927)	(1,309)	(4,236)
Carrying amount as of 30 September 2016	**925,225**	**588,188**	**1,513,413**

(1) Completion of second phase of UBP office building in Lodz
(2) Purchase of Pixel, Sterlinaga and Neptun office buildings in Poland, Premium offices in Romania, and land plot in Hungary
(3) Bistrita land in Romania and Sasad land in Hungary
(4) Part of office buildings used by the Group
(5) Sale of Konstancja land in Konstancin, Poland
(6) Sale of Piatra shopping centre in Romania
(7) Acquisition of Artico office project

(in thousands of Euro)

9. Investment Property (continued)

The movement in investment property for the periods ended 30 September 2015 (unaudited) was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2015	**753,576**	**467,743**	**1,221,319**
Capitalised subsequent expenditure	3,832	16,517	20,349
Adjustment to fair value	(120)	(634)	(754)
Impairment adjustment	-	(859)	(859)
Disposals (1)	(41,576)	-	(41,576)
Reclassified as assets held for sale	(1,050)	-	(1,050)
Translation differences	207	22	229
Carrying amount as of 30 September 2015	**714,869**	**482,789**	**1,197,658**

(1) The amount relates to sale of Galeria Kazimiez office

(in thousands of Euro)

9. Investment Property (continued)

Fair value and impairment adjustment consists of the following:

	Nine-month period ended 30 September 2016	**Three-month period ended 30 September 2016**	**Nine-month period ended 30 September 2015**	**Three-month period ended 30 September 2015**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Adjustment to fair value of completed investment properties	3,704	1,982	(754)	(262)
Adjustment to fair value of properties under construction	34,325	12,592	-	-
Reversal of impairment/(Impairment) of assets held for sale	(1,640)	(512)	780	(125)
Reversal of impairment/(Impairment) adjustment	1,532	(208)	(859)	-
Total	**37,921**	**13,854**	**(833)**	**(387)**

Assumptions used in the valuations of completed assets as of 30 September 2016 (unaudited) are presented below:

Potfolio	**Book value**	**NRA thousand**	**Ocupancy**	**Actual rent**	**ERV**	**Fair Value Hierarchy Level**
	'000 Euro	sqm	%	Euro/ sqm	Euro/ sqm	
Poland retail	152,900	49	92%	19.7	19.7	2
Poland office	382,430	198	85%	13.9	13.9	2
Serbia office capital city	139,381	71	90%	16.4	15.2	3
Croatia retail capital city	101,610	36	97%	19.6	21.0	3
Hungary office capital city	210,005	117	95%	12.5	12.3	2
Romania office capital city	179,890	63	92%	18.0	16.9	2
Bulgaria retail secondary cities	55,600	58	96%	10.0	9.4	3
Total	**1,221,816**	**592**	**91%**	**14.8**	**14.5**	

(in thousands of Euro)

9. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2015 are presented below:

Potfolio	Book value	NRA thousand	Ocupancy	Actual rent	ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm	Euro/ sqm	
Poland retail	150,200	49	90%	19.3	19.7	2
Poland office	266,436	135	92%	14.3	14.0	2
Serbia office capital city	123,600	64	92%	14.7	15.0	3
Croatia retail capital city	102,100	36	97%	20.0	21.3	3
Hungary office capital city	208,496	117	95%	12.4	12.0	2
Romania retail secondary cities	3,900	13	95%	5.7	5.6	3
Romania office capital city	146,100	48	93%	19.0	17.4	2
Bulgaria retail secondary cities	54,900	61	82%	9.4	9.3	3
Total	**1,055,732**	**524**	**92%**	**14.4**	**14.2**	

Information regarding to investment properties under construction as of 30 September 2016 is presented below:

	Book value	Estimated area (NRA)	Average Book value/sqm
	'000 Euro	thousand sqm	Euro/sqm
Poland	156,238	72	2,170
Serbia	9,600	11	914
Hungary	6,405	23	279
Total	**172,243**	**106**	

Information regarding Investment property landbank as of 30 September 2016 is presented below:

	Book value	Estimated building rights (NRA)	Average Book value/sqm of building rights
	'000 Euro	thousand sqm	Euro/sqm
Poland	49,176	278	177
Serbia	26,530	31	854
Croatia	2,440	21	117
Hungary	23,598	286	82
Romania	11,403	66	173
Bulgaria	3,790	88	43
Ukraine	2,417	90	27
Total	**119,354**	**860**	**139**

(in thousands of Euro)

9. Investment Property (continued)

Information regarding Investment property landbank valued at the lower of cost or fair value as of 31 December 2015 is presented below:

	Book value	Estimated building rights (GLA)	Average Book value/sqm
	'000 Euro	thousand sqm	Euro/sqm
Poland	155,344	353	440
Serbia	36,369	48	758
Croatia	2,440	21	116
Hungary	19,010	286	66
Romania	13,367	66	203
Bulgaria	3,800	88	43
Ukraine	2,467	90	27
Total	**232,797**	**952**	**245**

10. Inventory and residential landbank

The movement in residential landbank and inventory for the periods ended 30 September 2016 (unaudited) was as follows:

	Total (unaudited)	**Inventory** (unaudited)	**Residential landbank** (unaudited)
Carrying amount as of 1 January 2016	**29,934**	**3,161**	**26,773**
Construction and foreign exchange differences	1,488	1,209	279
Reversal of Impairment (impairment) to net realisable value	1,464	-	1,464
Cost of units sold	(4,383)	(118)	(4,265)
Reclassified as held for sale	(7,793)	(145)	(7,648)
Disposal of assets	(2,310)	-	(2,310)
Carrying amount as of 30 September 2016	**18,400**	**4,107**	**14,293**

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

	Total (unaudited)	**Inventory** (unaudited)	**Residential landbank** (unaudited)
Carrying amount as of 1 January 2015	**64,983**	**23,539**	**41,444**
Construction and foreign exchange differences	635	495	140
Reclassification	-	2,100	(2,100)
Reversal of Impairment (impairment) to net realisable value	(1,389)	-	(1,389)
Sale of subsidiary	(728)	-	(728)
Cost of units sold	(10,871)	(9,048)	(1,823)
Disposal of assets	(22,696)	(13,925)	(8,771)
Carrying amount as of 30 September 2015	**29,934**	**3,161**	**26,773**

(in thousands of Euro)

11. Assets held for sale

The movements in assets held for sale for the nine-months period ended 30 September 2016 (unaudited) were as follows:

	Total
Carrying amount as of 1 January 2016	**5,950**
Reclassified from investment property and residential landbank	22,087
Disposal (1)	(14,438)
Adjustment to fair value less cost to sell	(1,640)
Carrying amount as of 30 September 2016 (2)	**11,959**

(1) Sold - land plot in Lodz, Poland, Subotica land plot in Serbia, Piatra and Arad shopping centres in Romania, and part of commercial land plot in Konstancin, Poland

(2) Comprises of Sasad land in Hungary, Vinohrady land plot in Slovakia, and Bistrita land in Romania

(in thousands of Euro)

12. Long-term loans and bonds

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Bonds mature in 2017-2018	69,880	69,717
Bonds mature in 2018-2019	46,550	47,847
Loan from OTP (GTC)	8,649	11,008
Loan from WBK (Globis Poznan)	16,193	14,407
Loan from WBK (Korona Business Park)	41,444	42,319
Loan from PKO BP (Pixel)	22,100	-
Loan from Pekao (Globis Wroclaw)	24,119	24,692
Loan from ING (Nothus)	11,010	11,570
Loan from ING (Zephirus)	11,010	11,570
Loan from Berlin Hyp (Corius)	11,526	11,874
Loan from Pekao (Sterlinga)	17,369	-
Loan from Pekao (Neptun)	21,901	-
Loan from Pekao (Sterlinga VAT)	5,937	-
Loan from Pekao (Neptun VAT)	7,491	-
Loan from Pekao (Galeria Polnocna)	29,589	4,519
Loan from mBank (Artico)	3,559	-
Loan from Pekao (Galeria Jurajska)	95,471	98,010
Loan from Berlin Hyp (UBP)	23,492	18,639
Loan from ING (Francuska)	23,332	23,737
Loan from OTP (Centre Point I)	20,931	-
Loan from OTP (Centre Point II)	25,582	-
Loan from MKB (Centre Point I)	-	18,401
Loan from MKB (Centre Point II)	-	22,199
Loan from CIB (Metro)	17,896	18,630
Loan from Erste (Spiral)	26,548	27,146
Loan from Erste (White House)	2,109	2,859
Loan from OTP (Duna)	27,710	-
Loan from MKB (Sasad) (1)	-	8,327
Loan from Erste (GTC House)	13,475	-
Loan from EBRD and Raiffeisen Bank (GTC House)	-	9,400
Loan from Erste (19 Avenue)	21,281	21,707
Loan from EBRD and Raiffeisen Bank (GTC Square)	12,227	13,760
Loan from Raiffeisen Bank (Forty one)	17,371	9,500
Loan from Erste (Citygate)	84,812	86,544
Loan from EBRD and Raiffeisen Bank (GTC)	13,353	29,335
Loan from MKB and Zagrabecka Banka (AMZ)	17,880	21,220
Loan from EBRD and Unicredit (Galeria Stara Zagora)	8,624	15,799
Loan from EBRD (Burgas)	20,656	23,006
Loans from minorities in subsidiaries and from joint ventures	18,171	27,047
Deferred issuance debt expenses	(6,014)	(5,677)
	833,234	**739,112**

(1) Loan was reclassified as liability held for sale

(in thousands of Euro)

12. Long-term loans and bonds (continued)

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

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Current portion of long term loans and bonds:		
Bonds mature in 2017-2018	24,395	680
Bonds mature in 2018-2019	168	915
Loan from OTP (GTC)	3,145	3,145
Loan from WBK (Globis Poznan)	493	14,407
Loan from WBK (Korona Business Park)	1,166	1,166
Loan from PKO BP (Pixel)	677	-
Loan from Berlin Hyp (UBP)	762	397
Loan from Pekao (Galeria Jurajska)	3,431	3,388
Loan from Pekao (Globis Wroclaw)	804	769
Loan from ING (Nothus)	746	746
Loan from ING (Zephirus)	746	746
Loan from Berlin Hyp (Corius)	11,526	469
Loan from Pekao (Sterlinga)	528	-
Loan from Pekao (Neptun)	662	-
Loan from Pekao (Sterlinga VAT)	5,937	-
Loan from Pekao (Neptun VAT)	7,491	-
Loan from ING (Francuska)	540	540
Loan from OTP (Centre Point I)	883	-
Loan from OTP (Centre Point II)	1,079	-
Loan from MKB (Centre Point I)	-	1,700
Loan from MKB (Centre Point II)	-	1,626
Loan from Erste (White House)	1,000	1,000
Loan from OTP (Duna)	1,169	-
Loan from MKB (Sasad)	-	8,327
Loan from CIB (Metro)	1,013	983
Loan from Erste (Spiral)	1,318	1,254
Loan from Erste (GTC House)	781	-
Loan from EBRD and Raiffeisen Bank (GTC House)	-	750
Loan from Erste (19 Avenue)	569	569
Loan from EBRD and Raiffeisen Bank (GTC Square)	2,166	2,060
Loan from Raiffeisen Bank (Forty one 1)	534	264
Loan from EBRD and Unicredit (Galeria Stara Zagora)	6,900	8,900
Loan from EBRD (Galeria Burgas)	1,643	1,424
Loan from MKB and Zagrabecka Banka (Avenue Mall Zagreb)	4,454	4,454
Loan from EBRD and Raiffeisen Bank (GTC)	13,101	15,200
Loan from Erste (City Gate)	2,378	2,306
Loans from minorities in subsidiaries	2,233	2,183
	104,438	**80,368**

(in thousands of Euro)

12. Long-term loans and bonds (continued)

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Long term portion of long term loans and bonds:		
Bonds mature in 2017-2018	45,485	69,037
Bonds mature in 2018-2019	46,382	46,932
Loan from OTP (GTC)	5,504	7,863
Loan from WBK (Globis Poznan)	15,700	-
Loan from WBK (Korona Business Park)	40,278	41,153
Loan from PKO BP (Pixel)	21,423	-
Loan from Pekao (Globis Wroclaw)	23,315	23,923
Loan from ING (Nothus)	10,264	10,824
Loan from ING (Zephirus)	10,264	10,824
Loan from Pekao (Sterlinga)	16,841	-
Loan from Pekao (Neptun)	21,239	-
Loan from Berlin Hyp (Corius)	-	11,405
Loan from Pekao (Galeria Polnocna)	29,589	4,519
Loan from Pekao (Galeria Jurajska)	92,040	94,622
Loan from Berlin Hyp (UBP)	22,730	18,242
Loan from mBank (Artico)	3,559	-
Loan from ING (Francuska)	22,792	23,197
Loan from OTP (Centre Point I)	20,048	-
Loan from OTP (Centre Point II)	24,503	-
Loan from OTP (Duna)	26,541	-
Loan from MKB (Centre Point I)	-	16,701
Loan from MKB (Centre Point II)	-	20,573
Loan from CIB (Metro)	16,883	17,647
Loan from Erste (Spiral)	25,230	25,892
Loan from Erste (White House)	1,109	1,859
Loan from Erste (GTC House)	12,694	-
Loan from EBRD and Raiffeisen Bank (GTC House)	-	8,650
Loan from Erste (19 Avenue)	20,712	21,138
Loan from EBRD and Raiffeisen Bank (GTC Square)	10,061	11,700
Loan from Raiffeisen Bank (Forty one)	16,837	9,236
Loan from Erste (City Gate)	82,434	84,238
Loan from EBRD and Raiffeisen Bank (GTC)	252	14,135
Loan from MKB and Zagrabecka Banka (Avenue Mall Zagreb)	13,426	16,766
Loan from EBRD (Galeria Burgas)	19,013	21,582
Loan from EBRD and Unicredit (Galeria Stara Zagora)	1,724	6,899
Loans from minorities in subsidiaries and from joint ventures	15,938	24,864
Deferred issuance debt expenses	(6,014)	(5,677)
	728,796	**658,744**

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)

12. Long-term loans and bonds (continued)

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

All bank loans except of loan granted to Spiral, Sterlinga VAT, and Neptun VAT are nominated in Euro and bonds are nominated in PLN.

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.

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

	30 September 2016 (unaudited)	**31 December 2015** (audited)
First year	128	100
Second year	172	165
Third year	217	119
Fourth year	116	176
Fifth year	145	150
Thereafter	133	87
	911	**797**

13. Deferred tax

In May 2016, the shareholders of GTC S.A. approved a cross-border merger of GTC S.A., as the acquiring company, with its 100% subsidiaries GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. The cross-border merger was finalised on 30 September 2016 and was part of group restructuring process.

As a consequence, temporary deferred tax differences related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized as tax income in the amount of EUR 48 million in the nine months period ended 30 September 2016.

14. 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 Poland than in countries that have a more established taxation system.

(in thousands of Euro)

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.

15. Capital and Reserves

Shareholders who as at 30 September 2016 held above 5% of the Company shares were as follows:

- LSREF III
- PZU OFE
- AVIVA OFE BZ WBK

Phantom shares

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

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

As at 30 September 2016, phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Blocked	Vested	Number of phantom shares
31/05/2018	7.09	1,024,000	512,000	1,536,000
30/06/2019	7.09	2,764,800	1,382,400	4,147,200
Total		**3,788,800**	**1,894,400**	**5,683,200**

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

16. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016	Nine-month period ended 30 September 2015	Three-month period ended 30 September 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to equity holders (euro)	106,670,000	71,406,000	16,834,000	10,449,000
Weighted average number of shares for calculating basic earnings per share	460,216,478	460,216,478	351,310,288	351,310,288
Basic earnings per share (euro)	0.23	0.16	0.05	0.03

There have been no potentially dilutive instruments as at 30 September 2016 and 31 December 2015.

17. Subsequent events

In November 2016, the Company issued 3 year bonds in the total amount of EUR 28.8 million. The bonds bear a fixed 6-month coupon of 3.75% p.a.

In November 2016, GTC Group purchased shares in a Serbian company which owns a land in Belgrade, for the total amount of EUR 4.6 million. The Group intends to build an office on this land.

In November 2016, GTC Group signed a loan agreement with Alfa Bank in the amount of EUR 19 million for the finance of Premium office buildings in Romania.

18. Release date

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 25 November 2016.

Independent Auditor's Report
on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Globe Trade Centre Capital Group (the 'Group'), with parent's company Globe Trade Centre S.A. (the 'Company') registered office located in Warsaw, at 17 Stycznia Street 45A as of 30 September 2016 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the nine-month period ended 30 September 2016 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.

We also reported on 25 November 2016 separately on the interim condensed consolidated financial statements of Globe Trade Centre S.A. for the same period, prepared in accordance with IAS 34 using PLN as the presentation currency.

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw

Mikołaj Rytel
Partner

Warsaw, 25 November 2016