



BUILDING A NEW FUTURE

ANNUAL REPORT 2015

GTC BY SELECTED KEY NUMBERS

Operating in CEE & SEE
markets for

21 years

Retail and office
properties in

6

CEE & SEE
countries

Portfolio of

29

Buildings
in 25 projects

Projects currently under
construction

3

Projects currently
in advanced planning stage

5

Total lettable
commercial space

524

thousands sq. m

Completed investment
properties of

€ **1.1**

billion

NOI of

€ **80**

million

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01. GTC AT A GLANCE

Our ambition is to be a first class developer and manager of distinctive office and retail properties that deliver value for money in the eyes of our customers, communities, local economies, partners, employees and investors.

COMPANY OVERVIEW

The Globe Trade Centre Group (GTC) is a leading real estate investor and developer focusing in the dynamic markets of Central and South Eastern Europe. We buy, sell, develop and manage commercial properties. The Group's parent GTC S.A. is a public company listed on the Warsaw Stock Exchange whose shares are included in the both the WIG 30 and Dow Jones STOXX Eastern Europe 300 International indices. The stock market capitalization at year-end 2015 was PLN 3.29 billion (€722 million). We enjoy the investment backing of several Polish and international institutional investors including Lone Star Private Equity Fund, our largest single investor with a 60% stake.

WHO WE ARE

We are a leading commercial real estate company active in 6 countries in Central, Eastern and Southern Europe. We have aggregated a portfolio of high standard, modern office and retail investments. Since it was founded, GTC has developed a total of 63 commercial buildings (1.1 million sq. m), purchased 6 commercial properties (91,000 sq. m) and developed 9 residential projects (400,000 sq. m floor space). GTC now actively manages a real estate portfolio

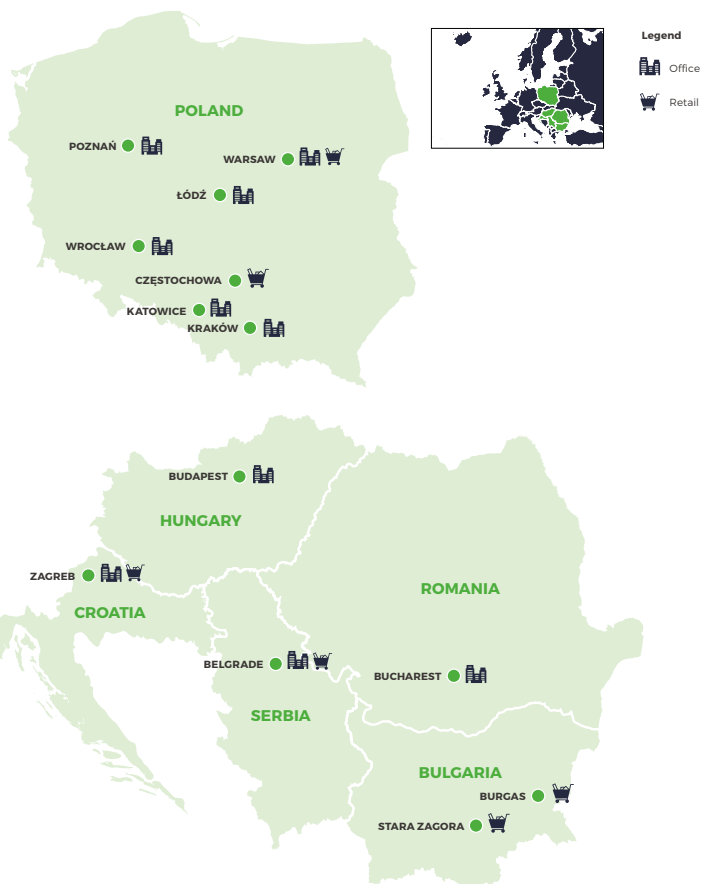
of 25 commercial projects (comprised of 29 individual buildings) providing approx. 524,000 sq. m of lettable office and retail space to its highly demanding tenants and customers. We are in the midst of developing 3 new projects coming on stream in the near future. With a total appraised book value of €1.1 billion, the majority of our properties are rated at a high-class "A" standard and are substantially leased (7% vacancy). The Group pursues a pro-active management approach within its growing portfolio of commercial properties. It aims to achieve its commercial mission by the development of carefully selected projects and acquisition of properties, while maintaining the rules of risk limitation and optimization of performance as a result of the Group's regional structure. All investments go through stringent scrutiny in terms of the benefits and risks they entail.

MISSION STATEMENT

Our ambition is to be a first class developer and manager of distinctive office and retail properties that deliver value for money in the eyes of our customers, communities, local economies, partners, employees and investors. We will create value by disciplined investing and carefully managing development projects. Experience and skill allow us to enhance deal flow, mitigate risks and optimize performance. By hard work, focused effort and expertise, we want to be the premier real estate investor in our chosen markets.

OUR INVESTMENT MAP

INVESTMENT MAP



KEY MILESTONES

2015

Streamlining of both our property portfolio and our financial structures

Capital increase of €138 million net funding with a 34% oversubscription

Restructuring of non-performing loans and sale of non-core assets

Galeria Północna (shopping centre in Warsaw) construction starts

Lone Star increases its stake in GTC to 60%

2014

Emission of shares J-series; raising €52 million

Issuance of bonds with a total value of €48 million

Launch of new corporate strategy & restructuring plan

Re-alignment of property values with devaluations of €300+ million

New CEO Thomas Kurzmann joins GTC

2013

Lone Star Private Equity Fund takes a 28% anchor stake in GTC

2006-2013

Sales of 7 properties €1+ billion as part of repositioning and profit capture

2008-2010

Refinancing of 3 properties with €375 million in debt

2006-2009

New capital raised: \$150 million, PLN 350 million & €147 million

1994-2015

63 developments with 1.1 million sq. m of commercial space

2004

Listing of GTC on the Warsaw Stock Exchange

1998

Beginning of expansion outside of Poland

1996

Construction of Mokotów Business Park begins, a flagship project that sparked the creation of one of the largest business districts in Warsaw

1994

GTC begins operations in Warsaw

SOME TESTIMONIALS

Hines

“ We completed two asset investment transactions with GTC in 2016, one of the region’s leading property developers and investors. We value GTC’s professional and timely closing performance.

Mieczysław Godzisz
President
Hines Polska Sp. z o.o.

HILL

Hill International

“ For more than 10 years we have a privilege to cooperate as a consultant to GTC. GTC is very reputable, demanding, professional Client. We are delightful to be a part of GTC history and we wish to grow our cooperation in the future.

Jacek Zurawski
Managing Director
Hill International Sp. z o.o.

4F

“ GTC’s shopping malls provide a vibrant and connected retail space, and offer an appealing shopping experience for our customers.

Wojciech Mikulski
Management Board Member
OTCF S.A.

PANDORA
UNFORGETTABLE MOMENTS

“ We grow fast...that means many changes, which need to be implemented quickly and with minimized impact on our employees. GTC proved to be flexible and reliable landlord partner, who not only understands, but most importantly supports us. That is what I call a good partnership.

Malgorzata Kandela
Head of Administration,
PANDORA Jewellery CEE Sp. z o.o.

 **Bank Pekao**

“ We have close relationship with GTC for many years. GTC is a quality asset owner, and a professional and reliable borrower, with whom we would like to grow our business.

Monika Mielecka
finance team head, Large Commercial Real Estate
Bank Pekao S.A.

STRABAG
TEAMS WORK.

“ GTC has realized spectacular projects. It has an outstanding team of professionals with whom we highly value the cooperation. Such a reliable partner is a guarantee for success of any project.

Jacek Kowalski
Managing Director,
Strabag Sp.zo.o. Building Construction

APA WOJCIECHOWSKI
ARCHITEKCI

“ Working with GTC can be very demanding but at the same time our cooperation is very satisfying. GTC always keeps full control of its investments and concentrates on achieving its goals. We have hope of further cooperation with GTC.

Szymon Wojciechowski
CEO
APA Wojciechowski Architect Office

02. A STRONG INVESTMENT CASE

At GTC we aim to deliver attractive returns for our investors through a combination of our highly targeted approach to property selection and a strategy that supports sustainable growth. We take a long view of the property market and the way we operate means that we are able to identify, secure and manage properties in a way that creates value for our shareholders. The successful streamlining of both our property portfolio and our financial structures completed in 2015 gives us a solid foundation on which to build for the future.

LEADING COMMERCIAL REAL ESTATE PLATFORM

In 2016 we intend to consolidate our position as a first class developer and manager of distinctive office and retail property. We will continue to focus on high quality, income-generating value-add office and modern retail property in Poland and selected CEE and SEE capital cities. Our €1.3 billion (FV) portfolio demonstrates our excellent development and asset management track record that spans over 20 years. We have a deep understanding of the real estate markets in which we operate. We manage our property assets efficiently, to provide cost-efficient space to our tenants and maintain a high occupancy level. That way, we create a successful business that benefits all our stakeholders.

DEFINED PATH TO GROWTH

We are committed to sustainable, profitable long-term growth for GTC. Following a period of strategic realignment and financial restructuring, we are now entering a growth phase. With a more efficient management structure and greater financial headroom in place, we are ready to grow. Our reading of the current property market conditions in CEE and SEE, combined with low interest rates, suggests a compelling case for investment. We aim to double our income-generating property portfolio to at least €2 billion within two to three years. We will expand with new developments (€234 million under construction at year end) and value-add acquisitions in selected capital

cities, taking advantage of the recovery in the property market. We have a core portfolio of 20 office buildings and 5 retail properties and this will be strengthened by the completion of three prime retail developments in Warsaw and Belgrade and four prime office developments in Poland, Belgrade and Budapest.

Our approach to identifying properties for development is a trait that sets GTC apart from its competitors. Our particular market knowledge enables us to identify strategic locations and land plots that we can profitably develop. Our experience helps us to make the most of their development potential. We are highly selective in initiating development projects. Before proceeding we evaluate their potential closely against our rigorous selection criteria. We focus on the development of landmark shopping centres and Class A office buildings that offer significant net asset value (NAV) growth potential. We have three major projects under construction at the moment, with another five in the planning stage.

INDEPENDENT, FULLY INTEGRATED ASSET MANAGEMENT AND DEVELOPMENT PLATFORM

We make a point of managing our property portfolio actively, by way of an efficient management structure and focused decision-making. For example, we ensure that occupancy levels are maintained or improved on the best commercial terms. We look after our tenants, understanding and meeting their needs,

with but with a constant eye on running our properties efficiently. Our structure allows us to benefit from the portfolio's economies of scale while at the same time maintaining flexibility to meet the local requirements of particular properties. These factors make an important contribution to the swift and efficient realization of value creation potential.

ATTRACTIVE TOTAL RETURN

We can build an income-generating portfolio through both the acquisition of income-generating assets and the development of new properties. This will lead to growing FFO (funds from operations) and provide for dividend potential. Additionally, we will realize NAV growth through investments, FFO improvements as well as a potential compression of yields as more investors feel comfortable in our markets.

A PROMISING DIVIDEND POLICY

In the short term, we intend to use earnings to finance attractive acquisitions and development projects. This will enhance our income-generating portfolio, which in turn increases cash flow generation. Following such growth, we will be well positioned to distribute

funds that are surplus to our operating needs and investment opportunities. Our dividend preferences will be guided by, among other things, the availability of cash, the Company's capital expenditure requirements and planned acquisitions and the share of external financing in the Company's overall equity. We will review the dividend policy periodically and all decisions on the distribution of dividends will be made by the shareholders.

TOTAL RETURN POLICY

We have approved a new total return policy that will maximize shareholder value while utilizing a prudent degree of leverage to enhance shareholder returns. Our policy focuses on the combination of NAV growth and improvement in FFO Yield, defined as Net Operating Income less financial costs divided by equity invested. We will regularly reevaluate our policy and update it when appropriate, based on business performance, market opportunities, interest rate environment and tax policies. In our view, the NAV growth will be reflected in the share price as the capital markets recognize the portfolio value and the management's ability to accelerate expansion and future shareholder value.



03. CHAIRMAN'S STATEMENT

DEAR GTC SHAREHOLDERS

The year 2015 marks a decisive turning point for GTC, as the company was able to successfully complete its operational and financial restructuring program and carefully defined and implemented a new strategy, thereby significantly improving the sustainability of its business model as well as the future prospects for shareholders and employees of the company.

The Supervisory Board, which has been closely involved in all major repositioning steps the company undertook throughout 2015, is gratified to see that there are clear signs that GTC is heading into the right direction also in 2016.

ASSESSMENT OF KEY CORPORATE EVENTS IN 2015

Completion of operational and financial repositioning process

In line with GTC's revised strategy, management has been successful in completing GTC's repositioning process in 2015. This process has focused primarily on renewing the development activities, the acquisition of value-add assets and the reallocation of management resources and responsibilities within the GTC Group, which have all been closely aligned with the Supervisory Board. On the financing side, GTC has successfully raised new project finance and investment loans, restructured certain non-core loans and refinanced selected project loans, combined with a more efficient interest hedging strategy. These achievements will have a positive impact on the company's financial result going forward.

Successful capital increase

The Supervisory Board considers the successful execution of the company's equity capital raise in autumn 2015 as a decisive step for the future development of GTC. The proceeds of approximately €140 million have (partially) already been deployed

in line with GTC's two-pillar growth strategy, focusing on acquisition of income-producing assets which offer value creation through improved asset management and development of high-quality office and retail projects in GTC's core regions.

Attractive asset portfolio and acquisition successes

As part of the portfolio optimization process, GTC sold a total of five non-core assets. In addition, management was able to monetize non-core land plots with no material development perspective to free-up further capital for our growth strategy. As at 31 December 2015, the Gross Asset Value (GAV) of the company's portfolio amounted to approximately €1.3 billion, of which 79% are made up by income-producing assets.

As of the fourth quarter of 2015, GTC was able to refocus on external growth through acquisitions in Poland and capital cities of selected CEE and SEE countries, in line with its strategy. In the reporting period, the company was able to complete two acquisitions with a total volume of €84 million. GTC acquired Duna Tower in Budapest (a 31,250 sq. m office building) and Pixel in Poznan (a 14,500 sq. m office building). Additionally GTC has bought out the minority stake in Citigate, its flagship office building in Bucharest. During the course of 2016, GTC was able to continue its external growth strategy. Assets acquired include Premium Plaza and Premium in Bucharest (two office buildings with a total of 15,000 sq. m), Neptun Office Center in Gdansk (a 16,082 sq. m high-rise office building) and Sterlinga Business Center

in Lodz (a 13,895 sq. m high-rise office building). All significant transactions have been pre-discussed with the Supervisory Board which shares management's view with respect to the attractive business locations and upside from an improving office market environment.

Improvement in key operating stats and progress on the development pipeline

In 2015, the management was able to keep overall occupancy at the level of 92%, which is based on positive re-letting results in the office portfolio, where total occupancy stands at 93%, as well as new leases in the retail portfolio, including 18,800 sq. m of pre-letting in the currently developed Galeria Północna and planned Galeria Wilanów. The Supervisory Board has positively recognized that the company has also made significant progress in its development portfolio. During 2015, an acceleration of the development and pre-letting of all of GTC's major projects could be witnessed, in particular in relation to the company's landmark project Galeria Północna, a major shopping centre in Warsaw, with a total investment volume of over €170 million, which is scheduled for completion in 2017.

COOPERATION AND PARTNERSHIP WITH THE MANAGEMENT BOARD

In the financial year 2015, the Supervisory Board fulfilled its responsibilities and duties in line with applicable laws and regulations, GTC's articles of association as well as the Polish Code with the greatest care. The Supervisory Board regularly advised GTC's Management Board in the context of relevant management decisions to be taken and closely monitored its activities.

The Supervisory Board was provided with prompt and comprehensive updates by the management on key business developments, changes in business policies, strategic developments as well as events resulting in potential deviations of company performance from the business plan that has been agreed with the Supervisory Board, including a qualified assessment of opportunities and risks. The management team explained any relevant deviations, both operationally as well as financially, between planned and actual developments in detail.

Furthermore, all significant transactions in the year 2015 were discussed and coordinated between the management board and the Supervisory Board – in particular including all M&A activities as well as relevant capital structure measures such as the October capital increase and any meaningful refinancing activities.

MEETINGS AND ACTIVITIES OF THE SUPERVISORY BOARD

In the 2015 financial year, the Supervisory Board convened nine times to discuss current business developments, important transactions and activities requiring Supervisory Board approval. The Supervisory Board granted its consent to each proposal after carrying out thorough examinations and holding detailed discussions with management.

COMMITMENT TO 'BEST IN CLASS' CORPORATE GOVERNANCE

Both the supervisory and the management board of GTC are committed to strong corporate governance which, in the Supervisory Board's view, is a key pillar to guide the company in taking the relevant decisions towards achieving its objectives in such key areas as strategic development, financial planning, business development, risk management – all in the context of complying with all applicable laws and regulations. The Supervisory Board continuously monitored and discussed the development of the applicable corporate governance standards of the company. Under the separate section describing GTC "Governance Principles" (Section 10.3), this annual report outlines how the company approaches corporate governance.

The Supervisory Board is satisfied that the Management Board fulfilled its duties to provide information to the Supervisory Board on the basis of timely, constant and informative reporting throughout the reporting year. We have been successful in working together and in creating open and efficient channels of communication that promote direct, factual and thoroughly considered exchange of views with the management team, which we deem to be an excellent basis also for strong cooperation in the coming years.

For the Supervisory Board of GTC

Alexander Hesse
Chairman of the Supervisory Board

04. MANAGEMENT REVIEW

2015 was both a challenging and very rewarding year for GTC. The year marks a key milestone in GTC's history. After a rigorous and successful restructuring program, GTC has now completed its strategic repositioning and has re-established itself as a major, profitable and acquisitive market player in its CEE and SEE target markets.

COMPLETION OF REPOSITIONING AND RESTRUCTURING PROCESS

Central to our successful repositioning of the Company was the implementation of a more efficient and focused management structure. This included a selective reallocation of management resources and responsibilities within the GTC Group. In parallel, GTC has successfully restructured several loans connected to some of its non-core assets. The refinancing of selected project loans combined with a more efficient interest-hedging strategy has led to major savings in GTC's borrowing cost and provided headroom for further financing.

COMPLETION OF CAPITAL INCREASE

An equity capital increase was another significant element of our new strategy. We were gratified to find strong shareholder support for a rights issue when we presented the strategy. An overwhelming approval was a vote of confidence in GTC future prospects. The total proceeds from the capital increase of approximately €140 million allowed us to start executing on our two-pillar growth strategy immediately: we began acquiring income-producing assets which offer value creation through improved asset management and embarked on the development of high-quality office and retail projects in GTC's core regions.

ATTRACTIVE ASSET PORTFOLIO AND PIPELINE

During 2015, as a part of our restructuring process, we disposed of five non-core assets and freed up €15 million cash equity. In addition, we sold non-core land plots that were not earmarked for near-term, future developments. This freed-up unproductive capital for our growth strategy. As at 31 December 2015, the Gross Asset Value (GAV) of our portfolio was approximately €1.3 billion. 79% of that was made up of income-producing assets, and projects under construction accounted for 8% with the 4% balance being non-core assets. Our unique development portfolio consists predominantly of landmark shopping centers and Class A office buildings with significant embedded Net Asset Value (NAV) growth potential upon completion. Our development portfolio includes three projects at the construction stage and five projects at the planning stage.

IMPROVEMENT IN KEY OPERATING STATISTICS

In 2015, we worked intensively on our portfolio in order to keep our already impressive overall occupancy at the level of 92%. In our office portfolio, we successfully let out a total of 68,400 sq. m, improving our office occupancy rate by 100 bps to 93%. In our retail portfolio, our letting result was 39,100 sq. m, including 18,800 sq. m of pre-letting in the newly developed Galeria Pótnocna and the planned Galeria Wilanów. This puts our occupancy at 89%.

DEVELOPMENT PROJECTS ON TRACK

Aside from managing our core office and retail properties, we have also made significant progress in our development portfolio. During 2015, we accelerated the development and pre-letting of our major projects: Galeria Północna, a major shopping center in Warsaw, with a total investment volume of €170 million, is under construction and scheduled for completion in 2017. A second phase of University Business Park in Łódź, with a total investment volume of €15 million, was completed in the second quarter of 2016 and the second phase of FortyOne, an office building in Belgrade with a total investment cost of €11 million, will be completed in the third quarter of 2016.

IMPLEMENTING GTC ACQUISITION STRATEGY

In the fourth quarter of 2015, GTC re-entered the acquisition trail as we outlined in our strategy. Although the preceding periods were primarily focused on strategic realignment and financial restructuring, we were able to grow our portfolio in 2015 through several selective value-enhancing acquisitions. In total, we completed two acquisitions with a total volume of €84 million. We acquired Duna Tower in Budapest (a 31,250 sq. m office building) and, at the beginning of 2016, we acquired Pixel in Poznan (a 14,500 sq. m office building). Both assets are located in attractive business locations and benefit from an improving office market environment. In addition, we increased our stake in the City Gate, a landmark office project in Bucharest, to 100% by buying out our minority partner. All our new add-on acquisitions were entirely focused on our target markets in line with our new growth strategy.

IMPROVING OPERATING PERFORMANCE AND LTV

Positive developments in our operating business translated into solid financial results in 2015. Our net operating income (NOI) from leasing activities reached €80 million. This improvement, which was achieved despite a significant reduction in our asset portfolio, underlines our asset management competencies and achievements. In parallel, we were able to improve our debt profile. This comfortable level of financial leverage provides us with enough headroom to pursue our opportunistic growth strategy at the same time maintaining a defensive financing structure. All these factors contributed to an increase in our Funds from Operations (FFO) from €28 million in 2014 to €38 million in 2015. This reflects the significant operational progress and turnaround success achieved by GTC last year. Our EPRA NAV stood at €779 million (or €1.69 per share) as of end of 2015.

2016 STRATEGY

In 2016 GTC will again focus on improving its core asset portfolio as well as continuing to develop its development projects. In line with our growth strategy, we also plan to further expand our core portfolio through selected opportunistic acquisitions of value-adding properties in our core markets. Ongoing construction projects such as Galeria Północna in Warsaw, the University Business Park B in Łódź and the FortyOne in Belgrade are scheduled to be completed in 2016 and 2017. These activities give us confidence that GTC is well-positioned for 2016 and beyond to deliver superior growth to its all stakeholders.

OUR STAKEHOLDERS

Finally, we would like to take this opportunity to pay tribute to our employees, whose commitment and hard work significantly contributed to our 2015 performance. We would also like to thank our shareholders for their support and confidence in our strategy, as well as our business partners and tenants.

We are looking forward to a successful year in 2016 and we are eager to continue to accelerate the implementation of our growth strategy.

Management Board of GTC

Thomas Kurzmann
Chief Executive Officer

Erez Boniel
Chief Financial Officer



05. OUR BUSINESS MODEL AND STRATEGY

GTC builds on a unique combination of both development and asset management skills in our selected core markets. That particular expertise allows us to make the most of opportunities that we see in the region's improving macroeconomic and rapidly evolving property market conditions. It is our objective at GTC to create value from pro-active management of a buoyant commercial real estate portfolio, supplemented by carefully selected development activities. We can exploit our regional organisational platform to enhance deal flow, mitigate risks and boost performance.

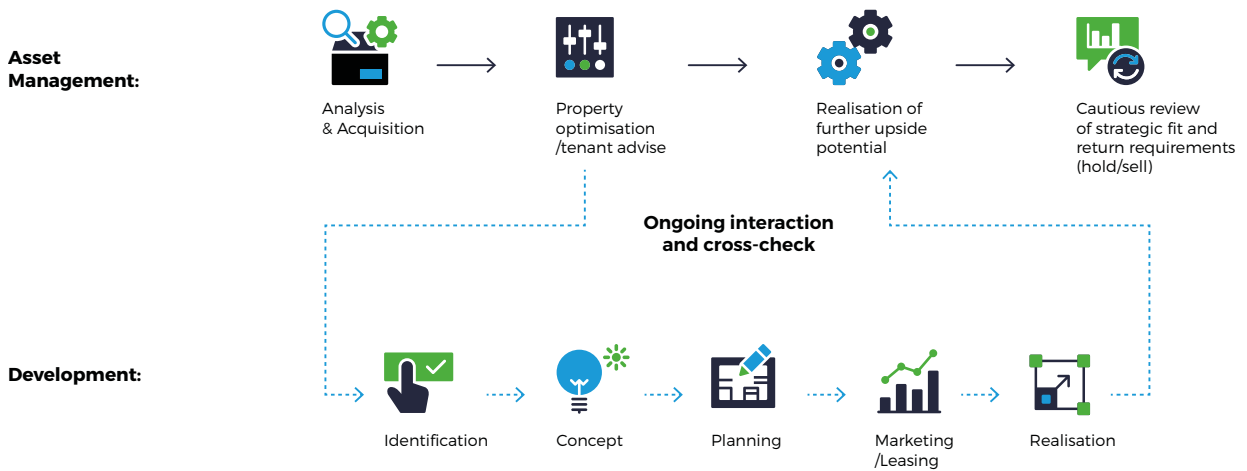
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5.1 VALUE CHAIN COVERAGE

Our value chain covers a broad range of activities in real estate investment, management and development:



Through our own resources and expertise, we have the capability to:

- manage real estate purchase and sale procedures;
- manage completed properties;
- review potential investments;
- originate projects;
- conduct due diligence investigations of potential real estate investments;
- obtain financing and the required regulatory permits;
- conceive and execute designs;
- manage construction processes; and
- develop and complete real estate properties.

GTC is ideally positioned to expand its real estate portfolio by acquiring income-yielding properties that have the potential to add value. We do this by capitalizing on our regional platform, property management skills and broad experience in real estate development, in addition to continuing with our development activities. Our comprehensive regional network allows us to constantly monitor the real estate markets in the CEE and SEE countries so we can react swiftly to investment opportunities as they arise.

A key to value creation is real estate expertise. GTC is led by a management team of experienced and skilled senior specialists. Our professionals have in-depth knowledge of the real estate investment, development and management industry in the regions in which the Group operates. The experience of all members of the management team, each in his relevant field of expertise, has been gained through years of extensive work in their current positions at the Group or at other companies. In addition, our operations are staffed

with approximately 143 qualified and experienced professionals in the head office and six regional offices located throughout the CEE and SEE region. The Group has employed the vast majority of the core management team members for at least 10 years. The Group's management has been successful in managing its activities both in times of economic prosperity and in the complex business environment of the financial crisis.

Management



Thomas Kurzmann
CEO



Erez Boniel
CFO

Central functions



Legal



Accounting & Controlling



Treasury



Corporate Planning



IT



Corporate Marketing & Communication



HR & Organisation

Guiding, supervising regional offices on execution and implementation

Country offices



Bulgaria



Romania



Croatia



Hungary



Poland



Serbia

Central supervision from Warsaw



Portfolio & Asset Management



Project Management



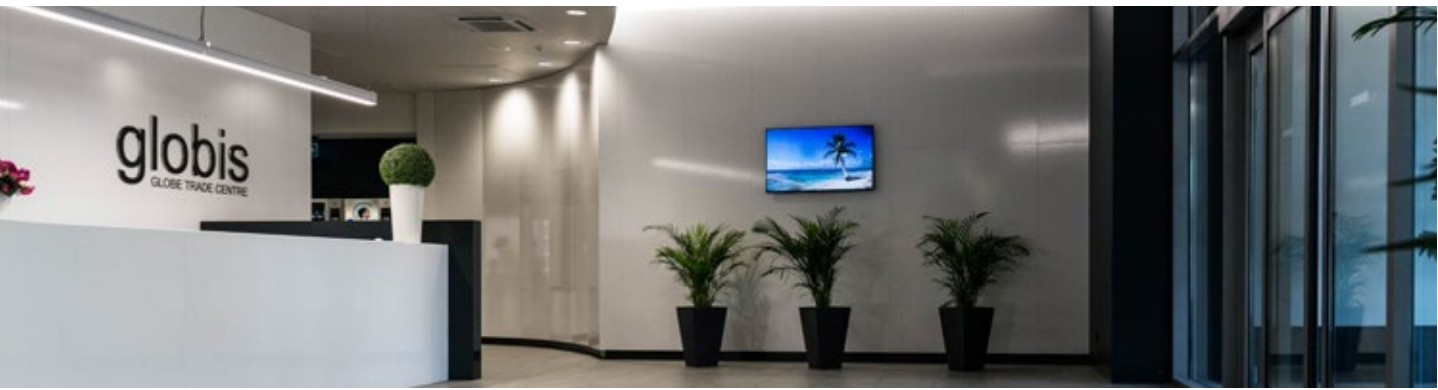
Land Development



Acquisitions

GTC's portfolio is managed on the ground by teams of experienced local managers. They are guided, supported and directed by the Group's central management, who ensure that all local operations comply with the Group's global strategy. The Group's qualified professionals and local management teams have extensive knowledge of the real estate development and asset management market. They are also well versed in the relevant local business environments in all real estate related disciplines,

including planning, engineering, marketing and leasing. Our organizational structure provides us with a high degree of expertise and a deep understanding of each of the markets in which we operate. This local knowledge and expertise, at which we at GTC excel, is necessary for the identification of business opportunities, negotiations with service providers and financial institutions, obtaining regulatory approvals and effective rental and marketing operations.



5.2 OUR EXPERTISE AND COMPETITIVE ADVANTAGE

GTC has an integrated and fully functional management platform; we have deal sourcing capabilities and access to investment opportunities through a comprehensive regional network. Our organisational structure and property management skills allow us to substantially enhance the intrinsic potential of our property portfolio and expand and build our portfolio in the future.

We have a track record of 21 years of managing and developing real estate properties and projects in CEE and SEE countries. Our highly recognized regional brand and established position as a significant and well-known player in all of our core markets has significantly enhanced our international reputation. With experience and presence in the numerous countries of the CEE and SEE regions, we have the skills necessary to handle significant growth effectively as well as the flexibility to take advantage of any potential future changes in market conditions and new opportunities.

GTC's management team is highly experienced and comprises skilled senior professionals with in-depth knowledge of the real estate investment, development and management industry in the regions in which GTC operates. The Group has employed the vast majority of the core management team members for at least 10 years. Our management has been successful in managing the Group's activities both in times of economic prosperity and in the complex business environment of the financial crisis.

The stable and geographically diversified portfolio managed by GTC comprises:

- completed income-generating properties that provide stable gross rental income from the lease of office and retail space;
- a portfolio of projects under development in the planning & construction stages;
- a landbank designated for future development, which provides significant growth potential.

Our portfolio is also diversified in geographical terms, which allows for risk-return optimization. Nevertheless, our portfolio has a focus on Poland,

where approximately 39% of GTC's completed commercial properties as measured by book value are located. Poland had positive growth in real GDP in 2014 amounting to 3.2%. As the economies in CEE and SEE stabilize and grow, such regions will present more growth opportunities than the mature economies of Western Europe. Moreover, as the economies in SEE stabilize and grow and the disposable income rises, there will be increased demand for commercial and residential properties. At the same time, our presence in the more developed economies of CEE, where investment activity and disposable income are comparatively high, allows us to balance risk while maintaining the strong growth potential of our portfolio.

We have been successful in attracting and retaining high quality tenants. In the retail sector these include recognized multinational retailers such as C&A, Carrefour, Cinema City, H&M and the Inditex Group. In the office sector we have tenants such as Citigroup, Deloitte, the European Bank for Reconstruction and Development, Mastercard, Rompetrol, Budapest Bank, Exxon Mobil, IBM, and Microsoft. In addition, our local managers maintain relationships with local retailers. Historically, GTC has let a substantial portion of each shopping mall to a mix of multinational and local retailers within the first year of opening.

In addition to our income-generating properties, GTC has a unique development pipeline of landmark shopping centres and Class A office buildings with significant embedded NAV growth potential. The secured development pipeline currently consists of three major projects that are under construction. Completion for these major projects is expected during 2016, or 2017.

The construction or acquisition of the Group's income generating assets is mainly financed by long-term loans. The Group maintains good relationships with banks. This is demonstrated by our ability to refinance debt, renegotiate certain covenants under existing loan agreements and increase bank financing.

In the course of our operations we have sold various mature properties to international institutional investors at a premium to their previously reported market values. These mature properties include, among others, Galeria



Mokotów or Platinum Business Park. GTC will be able to utilize the experience and know-how from past sales transactions when realizing its new strategy, including the intended sales of non-core assets and the sales of future projects to be acquired by the Group.

OUR TARGET INVESTMENT AREAS

Current market conditions include the attractive pricing of income-yielding properties and the widening range of potential sellers. We believe that these conditions present compelling real estate acquisition opportunities for both individual assets and portfolios at attractive prices. We will carefully consider and evaluate attractive investment opportunities as long as they meet the investment criteria of the Group, all the while taking into account the prevailing market yields. GTC's acquisition strategy includes the acquisition of income-generating assets with value-added potential that meet the following criteria:

- office and retail assets;
- located in Warsaw or secondary cities in Poland and in the capital cities of CEE and SEE countries;
- cash generation ability (upon acquisition or shortly after);
- potential growth of NOI through re-leasing, optimizing average occupancy and rental rates, and redevelopment;
- potential to increase return on equity through active asset management.

In addition, we are also considering attractive land plots for future development projects across the CEE and SEE regions.

We will expand our portfolio using highly selective criteria and each investment will be assessed on the basis market opportunity, demand, and potential return on investment. We may invest alone or in cooperation with partners, which will allow for increased portfolio diversification and boost the scope of investments.

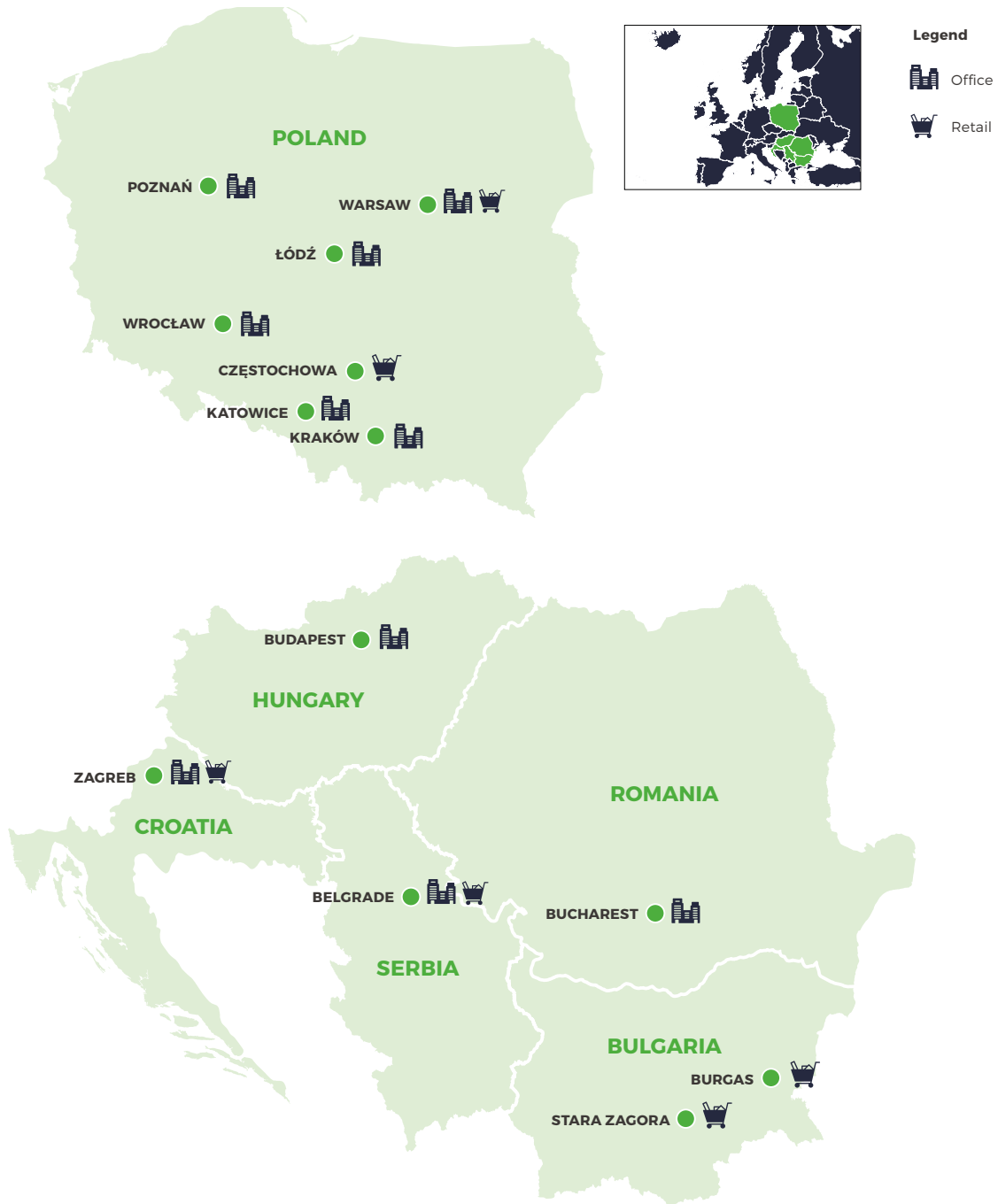
5.3 OUR TARGET INVESTMENT AREAS

Our core markets are 6 countries in Central Eastern Europe (CEE) and South Eastern Europe. Our CEE countries consist of Poland (pop. 39 million) and Hungary (pop. 10 million). Our SEE countries are Romania (pop. 19 million), Serbia (pop. 9 million), Bulgaria (pop. 7 million) and Croatia (pop. 4 million). With their total of 88 million inhabitants they would be collectively ranked the 16th largest country in the world.

These countries are robust emerging markets that have made the transition to free competitive markets after a historical legacy of central planning. As newly admitted members of the EU, they are rapidly catching up to European levels of prosperity and economic development, especially as inbound development capital stimulates growth. At the same time, they can present distinctive challenges alongside opportunities. The primary focus is on the Polish market as it is characterized by macroeconomic stability, sustained GDP growth and a constant interest from investors and tenants. Our other countries have relatively underdeveloped local real estate markets but we are attracted to them due to their long-term growth potential.

With our head office in Warsaw and regional offices in Budapest, Bucharest, Sofia, Zagreb and Belgrade we closely interface with both local and international tenants and market players. The employees in each of the branches are qualified by hands-on market experience, linguistic fluency and possess a strong working knowledge of local culture and business practices. This grass roots presence is a very important source of our competitive advantage. Their long term working relationships with local market participants and decision makers allows us to better understand and address our tenant's needs and identify investment opportunities while being aware of risks. At the same time, we pool market intelligence at head office to ensure that we see the big picture of regional trends and connect the dots of lessons-learned.

INVESTMENT MAP





5.4 OUR STRATEGY

In 2015 GTC initiated a growth strategy to build the leading commercial real estate portfolio in the CEE and SEE regions. In order to achieve our strategic objectives, and promote a growth strategy in particular, we will focus on the following key strategic elements:

ACQUIRING INCOME-YIELDING PROPERTIES IN POLAND AND IN CAPITAL CITIES OF SELECTED CEE AND SEE COUNTRIES

Our strategic objective is to expand our portfolio by acquiring income-yielding properties in Poland and in capital cities of selected CEE and SEE countries that have value-added potential.

Current market conditions include attractive pricing of income-yielding properties and a widening range of potential sellers. At GTC we believe that these factors present compelling opportunities for the acquisition of both individual real estate assets and portfolios at attractive prices. Bearing in mind both the Group's investment criteria and the prevailing market yields, we carefully consider and evaluate attractive investment opportunities. Thanks to our growth strategy, we are well-positioned to benefit from the exceptionally high yield spread in the current low interest rate environment. This fosters accretive growth in property values. In addition, we take advantage of the future growth potential and the historical low level of rents in Poland, in particular Warsaw and other capital cities of the countries in which we operate.

The Group's expansion plans will be selective and we will be discriminating in pursuing it based on market opportunity, demand and potential return on investment. GTC may invest alone or we may co-invest with partners allowing for increased portfolio diversification and boost the scope of investments.

IMPROVING THE EFFICIENCY OF ASSET MANAGEMENT ACTIVITIES AND MAXIMIZING OUR OPERATING PERFORMANCE AND EFFICIENCY

We will continue to be pro-active in the management of our current and future income-generating

commercial property portfolio. By doing so, we will maximize operating performance and efficiency, diversify tenant risk and enhance rental income. We intend to add value to our portfolio through asset management activities such as:

- increasing and maintaining occupancy levels on the best achievable market terms;
- improving rental collections by maintaining good relationships with tenants and cooperating with them to improve their performance;
- striving for a low and efficient cost base by using energy efficient technologies and optimizing property repair and maintenance costs;
- optimizing development costs by revising and cost-engineering developments without detriment to the competitiveness of any individual asset;
- optimizing administrative costs where possible; and
- optimizing the costs of finance by deleveraging and refinancing where possible.

In 2015, we worked intensively on developing our portfolio in order to keep an already impressive overall occupancy at the level of 92%. In the office portfolio, we successfully let a total of 68,400 sq. m, and we improved the office occupancy rate by 100 bps to 93% as a result. We let 39,100 sq. m in the retail portfolio, including 18,800 sq. m of pre-letting in the newly developed Galeria Północna and planned Galeria Wilanów. This put GTC's rental occupancy at 89%. It is our intention that the active asset management of completed assets will constitute a crucial element of the Group's strategy in the long term.

DEVELOPING SELECTED PROJECTS IN THE PRE-CONSTRUCTION OR CONSTRUCTION STAGE

Another source for growth under our strategy is the development of commercial projects in local areas where there is sufficient demand for commercial properties.

For instance in 2015, we officially opened the first building in a new office complex in Belgrade: FortyOne. The building of over 10,700 sq. m has already reached 88% occupancy.

The development of similar projects, which are currently in the pre-construction stage (Galeria Wilanów,

Ada Mall, White House, FortyOne phase 3 and Osiedle Konstancja) or construction stage (FortyOne phase 2, Galeria Północna and University Business Park B), is an important value driver for GTC. As of 31 December 2015, these projects represent approximately 13% of the Group's portfolio value.

Over the course of the next few years we will develop, amongst others, the following major projects:

- **Galeria Północna** – a retail and entertainment center that we will build in Warsaw with a total NRA of approximately 63,400 sq. m; its construction began in June 2015;
- **FortyOne** – a complex of three office buildings being built in Belgrade, Serbia, with a total NRA of up to 27,800 sq. m; construction of the first phase (10,673 sq. m) completed in August 2015 and construction of the second building (7,500 sq. m) began in October 2014 and its completion is scheduled for the third quarter of 2015
- **University Business Park B** – located in Łódź, an office complex with up to approximately 19,200 sq. m of NRA;
- **Galeria Wilanów** – a retail and entertainment center with intended NRA of approximately 61,000 sq. m to be developed by the Group in Warsaw;
- **Ada Mall** – a shopping mall in Belgrade with up to approximately 31,100 sq. m of NRA;
- **White House** – an office building in Budapest with up to approximately 23,000 sq. m of NRA;
- **Osiedle Konstancja** – the sixth and last phase in the complex of high- end luxury villas on the outskirts of Warsaw.

We position ourselves as a real estate investor and developer and we intend to adjust our development activities to the market conditions. This approach allows us to react and respond to the ever changing conditions of the real estate market and to focus on more active and efficient asset management of our existing as well as our expanded portfolio. As long as the prevailing market conditions are right, we intend in the medium term to structure our real estate portfolio so that more than half of its value is attributed to income-generating assets and the remaining portion to trading and development. This will improve recurring operating income.

DISPOSAL OF NON-CORE ASSETS

In order to improve our liquidity and to unlock equity to finance new investments and acquisitions, we will continue to sell our non-core assets. Our non-core assets include residential properties and certain properties in the landbank. The landbank is land that is designated either for residential development or for commercial development, including – specifically – those located outside Warsaw, in secondary Polish cities or in capital cities of the CEE and SEE countries.

DISPOSAL OF MATURE ASSETS

In addition, we may sell certain of the mature assets from our portfolio. Mature assets are completed commercial properties that generate a stable flow of rental income and which, in our view, have reached their maximum long-term value. We may also sell existing income-generating properties whose value has increased since we bought them.

MAINTAINING A BALANCED MIX OF INVESTMENTS ACROSS CEE AND SEE REGIONS AND ADAPTING TO CHANGES IN THE REAL ESTATE MARKETS

We intend to continue to focus our business activities on properties located in Warsaw or secondary cities in Poland and in the capital cities of CEE and SEE countries, as they tend to be characterized by macroeconomic stability, continued GDP growth and investor and tenant demand. We believe that some other markets in which we operate also offer long-term growth potential due to their relatively underdeveloped real estate markets and relatively illiquid environment. We will explore further investments in these markets on an opportunistic basis, applying strict risk adjusted return hurdles. At the same time, we will impose specific performance requirements on all assets in our portfolio.

5.5 LOOKING FORWARD – GTC IN 2016

In 2016, we will focus on managing and improving our core-portfolio as well as on driving forward the planning and construction activities in our development portfolio. In line with our growth strategy, we plan to further expand our core portfolio through targeted acquisitions of value-add assets in our core markets. We expect 2016 to bring significant progress on the delivery of our development pipeline. We plan to complete ongoing construction projects during 2016 and 2017. In addition, the Group will begin the development of the FortyOne office building (phase 3) in Belgrade, and complete the pre-construction phase of the Ada Mall in Belgrade, as well as the White House office building in Budapest. We will also continue our efforts to achieve building permit for Galeria Wilanów. At GTC we consider the quality of our development pipeline of landmark shopping centers and Class A office buildings as unique in our core markets. This gives us great confidence that we are well positioned for 2016 and beyond to deliver superior growth to our stakeholders.

Following the debt restructuring, we are now well positioned to take advantage of the historically low interest rates available on Euro-denominated debt. Notwithstanding the above, the Group is highly committed to a conservative leverage and we plan to maintain our Net LTV below 50%.



06. KEY ACHIEVEMENTS 2015

The year 2015 marks a pivotal year in our history. We have successfully completed the strategic repositioning of GTC and are now ideally positioned to return to the growth track. A lot has been accomplished.

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6.1 OPERATIONAL HIGHLIGHTS

- Completion of FortyOne office building in Belgrade (10,700 sq. m, 88% occupancy)
- Acquisition of Duna Tower, Budapest (31,300 sq. m)
- Acquisition of Pixel office building in Poznan (14,500 sq. m, January 2016)
- 90,000 sq. m net leasable area (NLA) under construction in three projects
- 107,000 sq. m of office and retail space newly leased and renewed in 2015
- Occupancy kept at 92% level

6.2 FINANCIAL HIGHLIGHTS

- Profit before tax of €56m (vs. loss of €195m in 2014)
- Revaluation gain of €26m driven by projects under construction (vs. loss of €194m in 2014)
- Funds flow from operations (FFO) improved to €38m in 2015 (vs. €28m in 2014), an increase of 36%
- Reduction of net debt to €522m corresponding to a net LTV of 39% (vs. 54% in 2014)
- Equity capital increase of €138m successfully completed, with 34% oversubscription
- EPRA NAV improved to €779m (vs. €614m in 2014) corresponding to an EPRA NAV per share at €1.69
- Negotiations commence with Johannesburg Stock Exchange authorities for GTC listing scheduled for mid-2016

6.3 LEASING INCREASES AND RENEWALS

Over the past year, we worked intensively to strengthen the occupancy level of our portfolio. As of 31 December 2015, we let an additional 68,400 sq. m office space, improving the office portfolio occupancy rate by 100 bps to 93%. We also performed well in the retail segment: with 18,800 sq. m of pre-letting in the newly developed Galeria Północna and planned Galeria Wilanów, the retail let area increased by 39,100 sq. m, putting our retail portfolio occupancy at 89%.

6.4 DEBT RESTRUCTURING

On 26 June 2015, we signed an agreement with the European Bank for Reconstruction and Development for the restructuring of the loans for two Romanian shopping malls in Arad and Piatra Neamt. Under the agreement, we were released from guaranteeing the loans and, instead, became a co-borrower alongside our subsidiaries. Loans totaling approximately €33.6m will be repaid in quarterly installments until the end of 2017. Furthermore in the first half of 2015, we fully repaid the loan in relation to Avenue Mall in Osijek, Croatia and sold the SPV (special purpose vehicle) that owned the asset. We also restructured loan agreements with MKB and OTP, our two Hungarian lenders, which originally financed the construction of Galleria Varna. This loan, which amounts to approximately €12.5m, will be amortized in equal



quarterly installments until the end of 2018. In parallel, in July we signed a preliminary agreement for the sale of Galleria Varna and fully repaid the loans related to the project.

6.5 CAPITAL INCREASE

In October 2015, GTC issued 108,906,190 series K shares with pre-emptive rights at PLN 5.47 per share. The share offering was more than 34% oversubscribed. We plan to use the capital increase proceeds to fund the development of GTC's promising projects, including Galeria Wilanów in Warsaw, University Business Park (phase B) in Łódź and the second phase of the FortyOne project in Belgrade. Additionally, GTC has carefully selected a number of potentially attractive acquisition targets (office and retail) located in Poland and capital cities of the CEE and SEE regions.

6.6 ASSET ACQUISITIONS

In 2015, we demonstrated both our clear commitment to the revised growth strategy and our ability to invest in assets with upscale potential. This allows us to benefit from the active management of a growing commercial real estate portfolio focused on the CEE and SEE regions. In November 2015, we acquired the Duna Tower, a landmark office building that

dominates the skyline of Budapest's prestigious Váci Corridor district. The portfolio expansion strategy was consolidated in December the same year when we signed a preliminary agreement to acquire Pixel, an iconic and unique office building in Poznań (Poland). Both assets are located in attractive business locations and benefit from an improving office market environment. In addition, we increased our stake in City Gate – a landmark office project in Bucharest – to 100% by buying out our minority partner. We also have carefully selected a number of potential acquisition targets (office and retail) located in Poland and in capital cities of the CEE and SEE regions. The Group plans to invest in properties with value-add potential that can be realized through its regional platform and asset management skills.



07. RENTAL & DEVELOPMENT PORTFOLIO REVIEW

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OVERVIEW

GTC's core business is geared towards office and retail assets, with a clear focus on creating value from the active management of a growing real estate portfolio in CEE and SEE supplemented by selected development activities. A photography gallery highlighting our major properties can be found in the appendices at the back of this document.

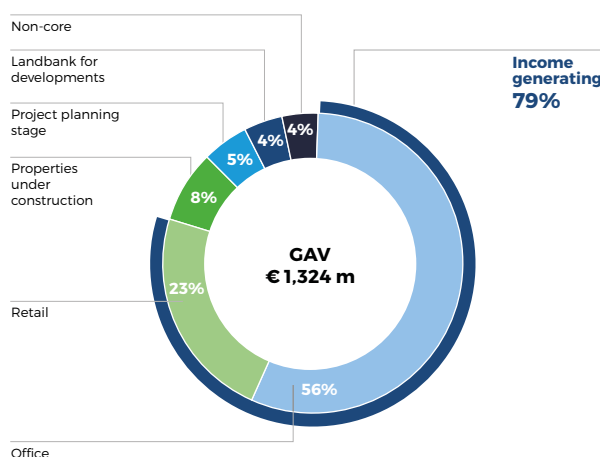
We made considerable progress both with regard to the management of properties and the optimization of the corporate platform and the portfolio. We added attractive acquisitions to the property portfolio and the positive market environment allowed us to achieve an important strategic goal through the disposal of non-strategic properties.

Performance Metric	2015	2014	2013
Occupancy rate	92%	91%	91%
Square meters under construction ('000)	90	28	6
Square meters under management ('000)	524	547	583
% of income-generating assets in the portfolio	79%	80%	74%
% of assets under construction	8%	2%	-

7.1 PORTFOLIO STRUCTURE

At the end of 2015, GTC portfolio consists of 24 income generating commercial projects. Our buildings are used and occupied by highly demanding tenants and customers in Poland, Serbia, Hungary, Romania, Croatia and Bulgaria. Additionally, we have 8 projects in planning or construction stage.

BALANCED PORTFOLIO PROVIDING STABLE RENTAL INCOME AND SIGNIFICANT GROWTH POTENTIAL FROM SECURED DEVELOPMENTS



7.2 PORTFOLIO BY ASSET CLASS

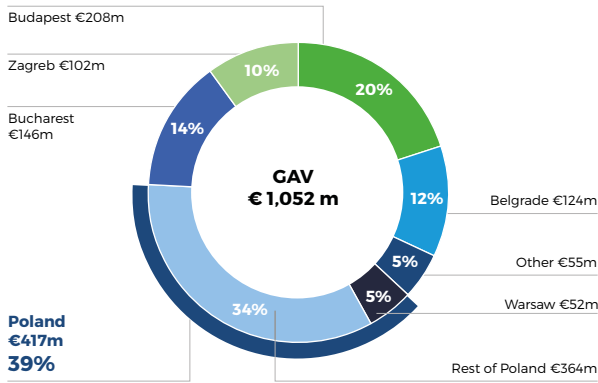
GTC Portfolio (31 Dec. 2015)	#	Book value (EUR m)	%	Annualized in-place rent (EUR m)	NLA (Sq. m '000)
Income generating	24	1,052	79%	79	511
Office	20	745	56%	54	365
Retail	4	307	23%	25	146
IPUC	3	108	8%	-	90
Projects in planning stage	5	68	5%	-	129
Land-bank for developments	14	48	4%	-	-
Core Portfolio	49	1,276	96%	79	NM
Non-Core Portfolio ⁽¹⁾	17	48	4%	-	46 ⁽²⁾
TOTAL	63	1,324	100%	79	NM

Note: (1) Includes two retail assets in Romania (€7m), Assets held for sale and "Residential Landbank & Inventory";

(2) Only two retail assets in Romania are included in NLA of the Non-core portfolio

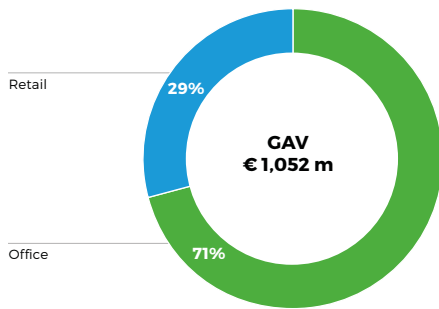
7.3 GEOGRAPHICAL DIVERSIFICATION¹

INCOME GENERATING PORTFOLIO BY REGION

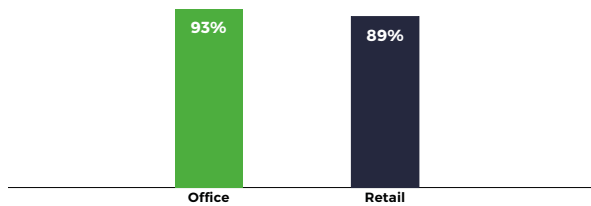


7.4 INCOME-GENERATING PROPERTIES

SECTORAL PROFILE



OCCUPANCY PROFILE



GTC's income-generating asset portfolio consists of standing rental assets that are not subject to development activities or held for sale. The average occupancy rate within the income-generating portfolio was 92% as of 31 December 2015. The portfolio was valued based on average yield of 7.9%. The average duration of leases in the Group's income generating portfolio amounted to 3.4 years and the average rental rate was €14.3/m²/ month.

7.5 DEVELOPMENT PIPELINE

Developing selected projects in the pre-construction or construction stage

Another core growth source under the Group's strategy is the development of commercial projects in areas where there is demand for commercial properties. These areas include the Galeria Wilanów and Galeria Północna shopping malls in Warsaw, Ada Mall in Belgrade and an office project in Belgrade (FortyOne), in Łódź (University Business Park B), in Budapest (White House) as well as a residential project in Warsaw (Osiedle Konstancja phase 6). The development of those projects which, as at the end of 2015 were in the pre-construction stage (Galeria Wilanów Ada Mall, White House, FortyOne phase 3, Osiedle Konstancja phase 6) or construction stage (Galeria Północna, University Business Park B and FortyOne phase 2), is an important value driver of the Group. As of 31 December 2015, those projects represent approximately 13% of the Group's GAV.



08. PROPERTY MARKET CONDITIONS

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Generally, the market conditions in our core markets are buoyant based on positive economic growth which can be above Western EU averages. That said, GTC must carefully choose its spots since there is variability of conditions depending where you look. This overview was prepared by the Group based on publicly available information and is focused on the most important markets in which the Group operates.

8.1 OFFICE MARKETS

POLAND: WARSAW

Year 2015 proved to be extremely busy for the Warsaw office market. Leasing activity boomed, reaching a record-breaking 834,000 sq. m let, an impressive 36% growth year on year. In 2015, approximately 277,600 sq. m of modern office space entered the market in Warsaw. The vacancy rate decreased marginally in 2015 and stood at 12.3%. Prime headline rents in Warsaw edged down over the course of 2015. Downward pressures are applicable to effective rents, which are on average 15-20% below headline rents, and we may expect even higher levels of incentives in terms of strategic occupiers.

POLAND: OUTSIDE WARSAW

The major regional office markets outside Warsaw continue to grow at a robust pace. A significant proportion of this new supply was leased in Kraków, which accounted for around one third of the total. The market that has seen a particular turnaround in fortunes is Poznań, which recorded take-up of more than triple the level achieved in 2014. As much as 28% of the high 2015 take-up outside Warsaw was pre-leasing, and lease renewals accounted for around 25%. Development activity broadly kept pace. Most of the regional office markets registered minor fluctuations in quarterly vacancy rates over the course of 2015 and those rates remain similar and even slightly below the previous year. The significant pipeline underway for 2016 is, however, expected to apply gradual upward pressure to vacancy rates, particularly in Kraków, Wrocław, the Tri-City and Łódź. Rental levels across core regional office markets leveled off in 2015.

ROMANIA

Demand for office property in 2015 was generated mainly by IT companies, which accounted for 36% of the total annual volume registered in Bucharest, followed by professional services companies with 16% and BPO (business process outsourcing)/SSC (shared service centre) with 15%. Two sub-markets in the north of Bucharest attracted more than half of the total

take-up, mainly due to the good accessibility, amenities in the area and quality office premises. Vacancy in Bucharest increased only marginally over the quarter to 13.3%, 20 bps above the level of Q3 2015. This was lower than would otherwise have been expected, as a result of one particular corporate takeover. Vacancy is expected to increase again by the end of 2016.

SERBIA

Following the delivery of the first phase of GTC's FortyOne there were no new office schemes delivered to the Belgrade market. The office market is, however, witnessing a growth in construction activity. High demand for new schemes has been recorded as new office schemes are being absorbed quickly. As a result, the vacancy rate continues to drop. Market activity was split by net take-up (52%), including relocations, new leases and expansion, whereas 48% was attributed to renewal. The most active sector was IT, followed by the banking and the insurance sectors.

HUNGARY

In 2015, Budapest's modern office stock expanded by four buildings totaling 50,885 sq. m. As a result the size of the modern office stock in Budapest increased to 3.28 million sq. m. Annual gross take-up reached an all-time high of 538,050 sq. m, reflecting around 16% growth on 2014. Annual net take-up totaled 364,240 sq. m, reaching a record peak, indicating a significant 45% growth on 2014. Vacancy declined constantly throughout the year and bottomed at 12.1% by the year-end, the lowest rate since 2008.

8.2 RETAIL MARKETS

POLAND

The Warsaw Agglomeration is the largest Polish retail market in terms of supply, accommodating around 1.65 million sq. m of retail space distributed among all retail formats. The spending power of its inhabitants (€10,807 per person per annum) exceeds the national average by 68%. Warsaw has a shopping center density per 1,000 inhabitants ratio of 447 sq. m, and so remains behind other major metropolitan areas in Poland.

Warsaw remains the bridgehead for further expansion in Poland for most retailers, particularly those aiming to locate in prestigious assets. Approximately 20 new brands entered the Polish market in 2015.

SERBIA

There was one large retail scheme completion: Aviv Park Zvezdara in November 2015. We see continued expansion of retail parks. When considering market entry, the majority of retailers are focused on Belgrade's prime retail assets, so modern shopping centers have excellent occupancy, with vacancy being constantly close to zero. Average rents in prime shopping centers in Belgrade remained stable. 2015 saw the first Cinestar opening and Jeordie's new store opened its doors, and other big retailers appear willing to enter the Serbian market: Decathlon plans to enter the market in 2016.

CROATIA

Croatia's economic recovery continues. In terms of the retail sector, 2015 saw no larger scale retail completions. During year, we have noted one market entry, namely Kiehl's; Debenhams also plans to enter the market. Currently, there is more construction activity in secondary cities.

BULGARIA

There were no new shopping centers delivered in 2015. The previous completions of Mega Mall Sofia and Sofia Ring Mall during 2014 increased Sofia's stock by 29%. On the demand side, Marks & Spencer announced the closure of its operations, while Kaufland and Billa plan further expansion.

8.3 INVESTMENT MARKETS

POLAND

In Q4 2015, the volume of traded commercial real estate in Poland reached €2.043 billion, bringing the total annual investment volume to €4.1 billion, the highest figure recorded since the record year of 2006 (€ 5.05 billion). This amount has been distributed between the following sectors: retail - €1.308 billion, office - €515 million, and industrial - €221 million. The retail sector, with 10 deals closed, outperformed Q4 2014 figure by more than eight times and included numerous high profile shopping center and retail park deals in major but also secondary and tertiary cities. Regional offices continued to strengthen their position on the investment map. As in earlier quarters of the year, there were more office deals concluded in regional cities in Q4 2015 (67% share) than in Warsaw (33%).





This resulted in 2015 being the first year in the history of the Polish office investment market in which the volume of transactions in regional cities exceeded the volume registered in the capital city.

ROMANIA

The property investment volume in 2015 is estimated at approximately €675 million, coming off the back of a very strong 2014, when around €1.17 billion was transacted. 2015 witnessed an equally large number of transactions, proving that the market remains liquid and is maintaining momentum. Bucharest accounted for more than 80% of the total investment volume. Market volumes were dominated by industrial transactions (41%), making 2015 an all-time record year for this segment, followed by office (38%).

HUNGARY

The annual transactional volume amounted to around €790 million, the highest volume since the peak of the market in 2007. Market fundamentals improved remarkably, with record-breaking occupier demand, declining vacancy rates and a limited development pipeline. The pool of buyers deepened: the importance of Hungarian real estate funds and overseas investors increased strikingly. Moreover, the yield spread with Western European and other leading CEE markets guarantees the attraction of the market. Finally, it is highly anticipated that Hungary's sovereign debt rating will be upgraded from junk level to investment grade in March 2016, which could be encouraging for even the more conservative investors.

SERBIA

Serbia remained the least developed country among the CEE countries, although more development is expected in the upcoming 24 months. The second half of the year was significant as Atterbury Europe, a joint venture company formed by the Atterbury Group and foreign investors, acquired a one third stake (around €86 million) of seven Serbian retail schemes.



09. FINANCIAL REPORT

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9.1 FINANCIAL PERFORMANCE REVIEW

9.1.1 KEY HIGHLIGHTS OF THE YEAR

Within its core business, which we measure by such metrics as net operating income, lettable space, income generating assets and occupancy rate, the Company's performance has been relatively steady over the past three years. In the background however, there has been dynamic change. In the face of altered markets conditions and our view of future trends, GTC embarked

on investment and restructuring program designed to strength our balance sheet and better position us for future growth. The positive results of this were best seen in funds flow from operations (170% increase) and improved leverage with L-t-V currently at a more conservative 39%. With the availability of new financial resources we launched a more confident expansion drive which reflected in greater construction activity. The overall result is that 2015 has been a satisfying year in terms of financial performance. We were able to improve all major financial metrics as we restructured and repositioned the Company.

Performance Metric	2015
Profit before tax	€56m
Net operating income	€80m
Net operating income margin	75%
Funds flow from operations	€38m
EPRA Net Asset Value	€779m
Net debt	€522m
Net Loan to value ratio	39%
Debt-Equity Ratio	1.46:1
Liquidity Ratio (% of Assets)	12.6%

9.1.2 NET LOAN-TO-VALUE (NET-LTV)

An important metric a real estate enterprise that used long term debt to finance a portion of its property portfolio is how much leverage is being employed in the financing. GTC finances its individual properties on a non-recourse "ring-fence" basis which means that

aggregate leverage is compartmentalized at the level of assets in separate legal subsidiaries (see "Financial Policies and Principles" 9.2). The degree of leveraging of each property varies based on individual risk factors. As a measure of overall financial leverage we calculate loan-to-asset value on a pooled basis:

(in thousands of Euro)	2015
Investment Property	1,288,529
Assets held for sale	5,950
Residential land-bank & inventory	29,934
IFRS Portfolio value	1,324,413
Total financial debt	717,742
Cash and cash equivalent	196,183
Net debt	521,559
Net Loan-to-Value (net LTV) (%)	39.4%

The loan-to-value ratio has been decreased significantly during 2015 to 39.4% as of 31 December 2015 due to restructuring of certain loans, capital increase and

acquisition of assets from equity. The Group's strategy is to keep its loan-to-value ratio at the level of not exceeding 50%.

9.1.3 EPRA KEY FIGURES

The European Public Real Estate Association (EPRA) promotes consistent and transparent financial reporting. EPRA recommends the calculation of EPRA

EPRA Net Asset Value (EPRA NAV)

(in thousands of Euro)	2015
Total equity	621,202
Non-controlling interest	(21,339)
Equity attributable to equity holders of the company	642,541
Derivatives	4,949
Deferred tax liabilities (net)	131,276
EPRA NAV	778,766
Number of shares ('000)	460,216,478
EPRA NAV per share (€)	1.69

9.1.4 POST BALANCE SHEET EVENTS

Acquisition and finance of Pixel Office Building

in Warsaw: In January 2016, we purchased Pixel office building in Poznan, Poland for EUR 32 million. The office building is entirely leased to renowned tenants. We intend to hold the office building as part of the income-producing portfolio of the GTC Group. The purchase of the property was financed by our own sources and a bank loan from PKO BP in the amount of EUR 22.5 million.

Acquisition of Premium Plaza and Premium Point

in Bucharest: In April 2016, we purchased two office buildings in Bucharest (Premium Plaza and Premium Point) for EUR 32 million, consisting of approximately 15,000 sq m.

Completion of University Business Park 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 39,000 sq. m.

Acquisition and finance of Neptun Office Center and Sterlinga Business Center:

In July 2016 we 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 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 in with Pekao SA in the amount of EUR 22.5 million and EUR 17.6 million respectively.

NAV as a financial measure to enhance a company's transparency and comparability across the real estate industry.

Refinance of Duna Tower and Center Point

in Budapest: In July 2016 we have 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 EUR 28 million. Furthermore, the Company 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.

Acquisition of Artico office project: In August 2016 we acquired an SPV Artico Sp.zo.o that develops an office building in Warsaw. The building will consist of aprox. 7,775 sq m. of leasable area and is almost fully pre-leased. The building is scheduled to be completed during 2017.

Listing on Johannesburg Stock Exchange: In July 2016, Johannesburg Stock Exchange Limited ("JSE") has approved The Company's inward listing on the bourse's main board. Listing is expected to commence in August 2016.

9.2 FINANCIAL POLICIES & PRINCIPLES

In a capital-intensive business such as ours financing has an important role and should be subject to the discipline of sound and prudent principles. We therefore have the following standing policies with regard to our business:

Stand alone project financing: All construction financing and investment loans are on a non-recourse basis, except to the assets being developed. With debt being 'ring-fenced', banks are confined to mortgages

on the financed real property and certain related project assets. Additionally, the Group borrows on a corporate level on an unsecured financing basis while undertaking to comply with certain covenants.

Balance Sheet Leverage: The Group’s overall leverage policy, measured by the consolidated Net Debt to Total Assets ratio, is not to exceed 50%. We regard such a debt load as not only prudent but also advantageous in terms of maximizing investment yields, especially in today’s low interest rate environment.

Maturity Profile: The repayment schedule of our debt is carefully managed and generally tied to the debt service capacity of individual properties. We continuously monitor the debt markets in order to take full advantage of refinancing opportunities should they arise. Our usual practice is to refinance facilities ahead of their maturity particularly if FV accretion allows equity withdrawals based on sustaining a comfortable L-t-V.

Development project initiation: New development projects are only undertaken if long term committed financing can be arranged. We do not initiate construction on a speculative basis. While 100% advance take-up on lettable space is seldom possible, our usual practice is to have anchor tenants in place to secure a substantial portion of rental income.

Liquidity Reserves & Flexibility: It is the Group’s policy to have certain debt at the parent level and to carry surplus liquidity to support cash needs amongst its subsidiaries, especially during project development when there is the need to invest significant amounts of cash. Up to 20% of our total long term debt is financed by unsecured bonds traded in the debt market.

Diversified Funding Sources: We seek to utilize debt financing from a broad array of diversified funding sources. As a general policy we borrow from banks domiciled where development projects are located giving us a local ally in the project’s future. Post-completion, investment loans are taken out for typically 7 to 10 years. We currently have long standing banking relationships with over 10 banking institutions.

Interest Rate Risk: During construction financing, it is our policy to borrow on a floating basis. At completion, it is our policy to use hedges to lock in fixed interest rates for ca. 70% of total investment loans.

Currency Rate Risk: The vast majority of our income is Euro denominated. Consequently most of our loans are Euro denominated, as well as our investment activity. This policy provides us with a natural currency hedge.

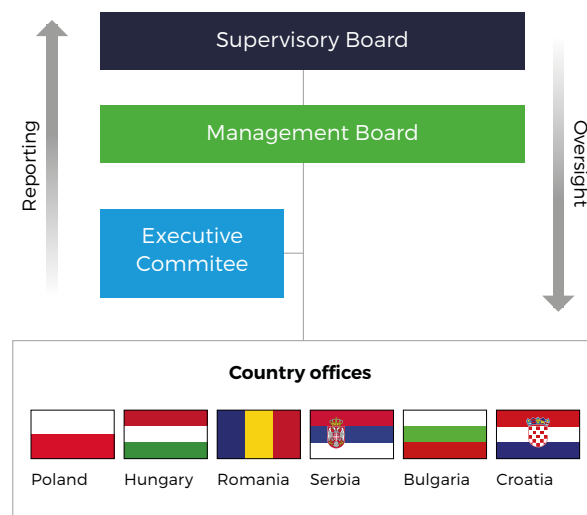
Calculated Risk Appetite: The risks the Group faces are entirely determined at the grass roots level of individual projects and will vary across a spectrum of market location, L-t-V, occupancy, lease term to maturity and tenant quality to name the most important.

GTC’s willingness to incur commercial risks is framed both by the degree of risk we see and the offered returns.

9.3 RISK MANAGEMENT REPORT

In theory, GTC is exposed to a broad array of risks. In practice, based on their probability of occurrence and adverse consequences, we can prudently focus on an important subset of risks. Like any business, GTC has its own distinctive business risks, challenges and opportunities. Management sees a key responsibility to anticipate, understand, mitigate, and manage the Firm’s risks in order to achieve our strategic objectives. We strive to do this in a conscientious, disciplined and formalized manner. Because we take a patient, long term perspective of our risks we are not reflexively risk-shy. Rather we appreciate that risk is a ‘two-edged sword’ and, if carefully managed, can generate upsides which boost shareholder value.

The firm’s management structure is simple, allowing us to keep our ‘eye closely on the ball’ of risk issues. Attention to risk runs throughout the company as opposed to being compartmentalized in a separate function. An important and accountable role of country managers is to stay abreast of local conditions as they evolve and channel market intelligence and risk measures to the senior management team in a “no surprises” manner. The Management Board delegates selected risk management duties to an Executive Committee. For its part, the Supervisory Board, well versed in real estate know-how, takes responsibility for ensuring that management is dealing with risks in an appropriate way. Both boards accept that it is a healthy and necessary habit to challenge each other’s risk perceptions.



In the following section we identify and describe the more significant risks that confront GTC in the fulfillment of its goals: strategic risks, operational risks and financial risks. We explain how we are dealing with these risks to ensure that our delivery

of shareholder value will not be threatened by the downsides of our business.

Strategic Risks:

Strategic risk arises from GTC's business plans and strategies, including the inherent risks of the markets and industries in which we operate. Key uncertainties confront us in urban growth patterns, future rental property demand and in competitor actions. It is vitally important to capitalize on market opportunities or source attractive development projects. This in turns requires a firm grasp of market realities and trends, foresight and forward planning. Pitfalls include miscalculating investment returns, allowing over concentrations of assets or ending up with an unsuitable portfolio mix in the face of market directions and winning trends.

Mitigation:

- Our market area, Central & South Eastern Europe, is enjoying healthy look term macro-economic prospects as post-transition markets that are catching up to EU;
- By design and track record, we are well diversified by country, cities, property classes, development projects and tenants;
- In the face of both the opportunities and threats that our marketplace presents, GTC's risk appetite is to take calculated commercial risks that are suitably rewarded by promised returns. We can take advantage of a long history of operations in the market to capitalize on past lessons learned. Our presence across broad spectrum of countries, cities, development projects, investment properties, financing courses and tenant portfolio diversifies any threatening pockets of risk;
- The Management Board is composed of seasoned property developers with a proven track record of achieving strong performance. All investment decisions are anchored on a thorough analysis of sustainable income streams which balance risk vs. reward;
- The Supervisory Board has a depth of know-how and an independent oversight, including robust challenging of key decisions to ensure risks are understood and addressed.

Operational Risks:

On the revenue side, vacancy rates and/or rental rates in our buildings may be below expectations or, worse, may be insufficient to cover the fixed costs of operating expenses, debt servicing (both principal and interest) and generating a yield to ourselves and our joint venture partners as equity investors. This might occur because of over-supply from other competing developments or macro-economic slow-down in the economy. Included in occupancy risk is lease roll-over risk: the possibility that existing tenants chose not to renew their lease at maturity. On the expense side, our investment properties have operating costs which include such recurring expenses as facilities

staff, cleaning, security, utilities, repair & maintenance, insurance and taxes. If higher than expected, NOI can be squeezed and investment yield will suffer accordingly.

Mitigation:

- In going ahead with any new developments, we explicitly take into account the impact on forecasted revenue of any new, competing projects scheduled to coincide with our plans. We keep a careful watch on competitor activity and monitor their project pipelines;
- We patiently invest long term with an eye to prevail through the ups & downs occupancy cycle as opposed to timing only when conditions are favorable and forgiving;
- No projects are done completely on spec although like most developers we know that take-up ramps up once a project is complete. We ensure a critical mass of lead tenants are committed to any project before proceeding;
- We strive to stagger lease maturities so we do not face a concentration of renewals in any one year (see graphs);

LEASE EXPIRY: RENTABLE AREA



- We have experienced and skilled asset managers who are able to tightly control operating costs to keep with within targeted levels;
- Detailed actual versus budgets are prepared and reviewed regularly for variances and remedial action is swiftly undertaken;
- Many expenses are either the responsibility of tenants and/or contracted at fixed prices.

Financial Risks:

Project Completion: During construction phase, sufficient and suitable financing must be in place to complete the project according to the budget, including the contingency of an over-run and completion on schedule, including the contingency of a delay. In the case of debt financing, covenants must be met, breach of which could allow lenders to withdraw support. Lenders must be counted upon to honor undrawn lines through ongoing future lending capacity. That said, since the property under development typically constitutes the primary collateral security for lenders,

they have a strong vested interest to reach completion so that full collateral value is realized to protect their exposure.

Mitigation:

- We carefully assess prudent leverage levels suitable to the project under development. We target an average maximum L-t-V of 50% allowing certain qualifying projects with more assured debt service capacity to go to 70% at most. A degree of headspace (unexploited financing capacity) ensures that our lenders will always be comfortable with their exposure and that we have untapped financing capacity if we need it;
- We have developed strong relationships with a broad array of lending institutions both domestic and off-shore which have a proven capacity and competitive zeal to work with us;
- All financing is arranged in advance using committed facilities and standby lines. We carefully monitor credit usage to ensure that undrawn facilities are always sufficient to cover remaining budgeted completion costs;
- We negotiate suitable loan structures (revolving debt with repayment deferrals etc.) to match the needs of the construction phase. As much as possible exposure is non-recourse to GTC as sponsors;
- If desirable, we can arrange co-financing with joint-venture partners to diversify equity at risk.

Credit Exposure to Lessees: Our tenants make regular lease payments (monthly/quarterly) which they may be unable to fulfill because of financial stress. Under most lease agreements rent is paid in advance (vs. arrears). If paid in arrears, lease provisions allow us immediate eviction sanctions and the possibility of re-leasing to new tenants in the event of payment default. Credit risk is the greatest for small, standalone retailers exposed to the vagaries of fashion, consumer preferences or in the nature of start-up experiments. We also must be concerned about 'contagion' in shopping mall spaces where too many vacate stores can taint the attractiveness of the overall facility.

Mitigation:

- The bulk of our tenants are financially sound, well-recognized corporations (see sample below) with stable going concerns and moderate, if any, credit risk;

- We strive to have a diversified base of solid tenants who are unlikely to default;
- We conduct credit checks and due diligence on those potential tenants who are not well known to us;
- We sign long term leases with most tenants with strict contractual terms for timely payments;
- We monitor on-time lease payments and immediately follow up on any over-due collections;
- For properties with inherently high-risk tenants with a high potential for turnover (say, new, single outlet shops), we strive to have a tenant backlog which can quickly replace any forfeiting tenants.

Interest Rate & Financing: After completion and upon target tenant take-up, development projects convert to investment properties on a long term hold horizon unless we chose to sell. Permanent long term mortgage financing must be arranged to take-out construction loans. In the case of term loans from banks, a portion (TBD%) is on a floating rate basis and is subject to increase should money market interest rates increase.

Mitigation:

- With an average L-t-V ratio of less than 50%, mostly secured by cash generating assets, GTC is an inherently safe borrower in the eyes of most lenders depending on the asset;
- We have well-established relationships with the banking and investment community, both in Poland and in other developed markets to arrange long term financing at competitive terms; we have strong discipline of compliance with financial covenants, which is well respected by our lenders;
- We have arranged interest rate derivatives which will mitigate much of our exposure to interest rate increases;
- Our currency risk is naturally mitigated by conducting the vast majority of our activity through Euro denominated contracts.





10. CORPORATE GOVERNANCE

The way GTC manages itself and fulfills its responsibilities is vitally important to the interested parties who are its stakeholders. As a large, high-profile business that aspires to the trust and respect of the players with our markets, GTC pays attention to this mission critical task.

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10.1 MANAGEMENT BOARD

Our Management Board is in charge of the Group's strategy and day to day operations. As highly experienced real estate professionals with a successful track record in CEE and other regions, management is focused on executing GTC's strategic, operational and financial targets. The Management Board strives to run the Group's business in a transparent and efficient way in line with the provisions of applicable law, its internal provisions and the "Best Practices

of WSE Listed Companies". When taking decisions relating to the Group's business, the members of the Management Board act within limits of justified business risk. The Management Board and Executive Committee frequently meet. The two members of Management Board acting jointly are entitled to make representations on the Company's behalf. The Management Board Bylaws stipulate the scope of the Management Board's responsibilities and duties as well as functional procedures.



Thomas Kurzmann
Chief Executive Officer

President of GTC's Management Board since August 2014, Mr Kurzmann has a proven track record in the real estate market and has held top management positions for several years. Before moving from Volksbank AG to GTC, Mr Kurzmann served as CEO at Europolis AG (2009-2011) where he supervised and steered the sale and integration of Europolis AG into CA Immo AG. Prior to joining Europolis AG, Mr Kurzmann worked, among other things, as CEO at BV Development Company in Moscow (2007-2009), as Head of Deka Real Estate Global Funds at Deka Immobilien GmbH (2006-2007), and as Managing Director at IBI Real Estate GmbH (2003-2006). Mr Kurzmann graduated in Civil Engineering at the Federal Higher Technical Institute in Graz, Austria.



Erez Boniel
Chief Financial Officer

A member of GTC's Management Board and Chief Financial Officer, Erez Boniel has led GTC's financial activities since 1997. As part of his business activities he was a supervisory board member of Orbis S.A. (from Accor Group) for a number of years and acted on its various committees. Mr Boniel is also a guest lecturer for Executive MBAs at the Warsaw University of Technology Business School and at various organizations. Prior to joining GTC he worked as a financial controller at Reynolds Construction Company (West Africa) for three years and as an auditor between 1990 and 1993. Mr Boniel holds an MBA degree with honors from Calgary University and a CPA certificate.

ORGANIZATIONAL STRUCTURE

GTC management approach is to be tight-knitted, lean and team-oriented. Wherever suitable, authority, and accountability, is delegated to country managers who are closest to the marketplace. Shared services

are provided by centralized head-office. The 'mission critical' decisions of the company are the responsibility and focus of the top management team with oversight by the Supervisory Board.



10.2 SUPERVISORY BOARD MEMBERS

The Supervisory Board is appointed by shareholders who hold stakes of 5% and above of our shares. The Supervisory Board in turn oversees the work of the Management Board on behalf of the shareholders' interests. The details of current and previous members of the Board can be found below.

The Supervisory Board acts in accordance with the Polish Commercial Companies Code and with the articles of association of the Company and the Supervisory Board regulations dated 14 April 2005. The Supervisory Board meets regularly at least once every quarter.

Pursuant to our articles of association, the Supervisory Board performs constant supervision over the activities of the enterprise. Within the scope of its supervisory activities, the Supervisory Board may require any information and documents regarding the Company's business from the Management Board.

Members of the Supervisory Board are required to take necessary steps to receive regular and full information from the Management Board regarding material matters concerning the Company's business and risks involved in the business and the strategies of risk management. The Supervisory Board may (while not infringing the competencies of other bodies of the Company) express their opinion on all the issues related to the Company's business, including forwarding motions and proposals to the Management Board.



MEMBERS OF THE SUPERVISORY BOARD

Alexander Hesse

Chairman of Supervisory Board

Alexander Hesse has over 18 years of experience in real estate investments and asset management. He has invested directly in properties as well as in commercial real estate debt. As a senior managing director and co-head of European Real Estate Investments at Lone Star, he is in charge of real estate and real estate debt investments in Germany, Austria, CEE and SEE. At TLC Immobilien GmbH, Berlin, Mr Hesse is chairman of the advisory board. Mr Hesse graduated from WHU Otto Beisheim School of Management and successfully participated in MBA programmes at Penn State University and Instituto Tecnológico Autónomo de México (ITAM).

Philippe Couturier

Member of the Supervisory Board

Philippe Couturier is chief executive officer Europe of Hudson Advisors and has more than 20 years of experience with real estate investments throughout Europe. As managing director he oversees the investment advice given by Hudson Advisors European asset management entities to their clients and directs the underwriting, financing and asset management of all Lone Star investments in Europe. Mr Couturier holds a degree in business and administration from INSEEC, Paris.

Jan Düdden

Member of the Supervisory Board

Jan Düdden has 10 years of experience in real estate and asset management. As the head of asset management activities for Hudson Advisors Germany, he is responsible for the asset management and disposal of real estate and real estate debt investments in Germany, the Benelux countries, and the regions of central and eastern Europe and southeast Europe. Mr Düdden holds a degree in business and administration from the WHU Otto Beisheim School of Management.

Mariusz Grendowicz

Independent Member of the Supervisory Board

Mariusz Grendowicz has been a member of the Supervisory Boards of Aviva Poland since 2012, Arctic Paper SA since 2012 and Money Makers since 2012. In 2013-2014 he was President and Chief Executive Officer of Polish Investments for Development SA. From 2008-2010 he was President of the Management Board and Chief Executive Officer of BRE Bank SA. Mr Grendowicz studied at the University of Gdańsk and then graduated with a degree in banking in the United Kingdom.

Ryszard Koper

Member of the Supervisory Board

Ryszard Koper has worked at the law firm of KMR KOPER in Warsaw since 2004. Ryszard Koper graduated from Łódź University's Faculty of Law and Administration in 1996. He also completed postgraduate studies in tax law at the Faculty of Law, at the University of Osnabrück in Germany in 1997. He is a certified tax advisor.

Marcin Murawski

Member of the Supervisory Board

Marcin Murawski he has been a member of the supervisory board of CCC S.A. since 2012. Between 2005 and 2012 he was a director of the internal audit and inspection department at WARTA Group and secretary of the audit committee at TUIR WARTA S.A. and TUNŻ WARTA S.A. Mr. Murawski graduated from the Faculty of Management of Warsaw University in 1997. He also has the following certificates: ACCA (1999), ACCA Practising Certificate (2003), KIBR entitlement (2003), CIA (2005).

Katharina Schade

Member of the Supervisory Board

Katharina Schade has several years of experience in M&A and strategy consulting. In her current position as vice president, underwriting at Hudson Advisors Germany, she underwrites investments for Lone Star in Germany, Austria, CEE and SEE. Ms Schade graduated from Philipps University in Marburg and is a CFA charter holder.

Tomasz Styczyński

Member of the Supervisory Board

Tomasz Styczyński has been with Bank Handlowy in Warsaw since 2001. In 2014 he became Corporate Banking Director. Tomasz Styczyński graduated from the Faculty of Banking and Finance and the Faculty of Management and Marketing at Cracow University of Economics.

10.3 GOVERNANCE PRINCIPLES

We set out the summarizing highlights of GTC's corporate governance principles:

The roles & relationship between the Management & Supervisory Boards

The Management Board manages the everyday activities of GTC in the pursuit of its mandated strategic, operational and financial goals which are to be pursued subject to high standards of legal, regulatory, ethical and social responsibility. The enterprise's management is a comprehensive activity encompassing whatever planning, decision-making and execution needed in order to achieve the business results and targets agreed with the Supervisory Board.

The Supervisory Board is appointed by the shareholders to gather on a periodic basis (at least 6 times per year) to oversee the Management Board in the interests of GTC's owners and stakeholders. Its focus is mission critical 'big picture' issues and setting a governance agenda (below). It monitors the Management Board's performance and can offer suggestions to assist it. The Supervisory Board has the ultimate sanction of being able to replace the Management Board should it not be fulfilling its duties. It is poised to take such action in the event that there is potential for improvement but otherwise wants the Management Board to manage on its own initiative and according to its best business judgment.

The functions of the Supervisory Board

- The selection, evaluation and compensation of the Management Board and its succession planning;
- The provision of counsel and oversight of the Management Board's decisions and plans;
- Assessing the risks that the firm faces and ensuring that adequate mitigates are in place to protect the firm;
- Reviewing, monitoring and where appropriate approving the firm's fundamental financial and business strategies and major corporate actions;
- Ensuring that processes are in place to assure the integrity of the actions in financial reporting, compliance to laws, regulations and ethical norms and in its business relationships with staff, customers and suppliers.

The governance agenda

- Forward looking discussions;
- Job performance of the CEO and CFO evaluated and their compensation linked to job performance and results;
- Shareholder value creation and share price;
- Sign-off on major strategies and transactions;
- Risk identification and mitigation responses;
- Compliance to the law, particularly in transparent, complete, timely and accurate disclosure in financial reporting;
- Fostering healthy corporate culture and values.

Supervisory Board membership qualifications

- Commitment to the long term best interests of shareholders who want to maximize the value of their investment in GTC;
- Possess business acumen, practical wisdom and mature judgment;
- While fresh, outside industry diversity is welcomed and valued, a significant subset of the Board must have experience and knowledge of the real estate industry;
- Hold high standards of personal and professional ethics, integrity and values;
- Are able and willing to devote sufficient time and attention to fulfill their duties as a member of the Supervisory Board;
- Gender diversity;
- Be independent of the Management Board (including meeting separately) and have no conflicts of interest vis-à-vis the best interests of GTC shareholders.

Supervisory Board chairmanship

- A chairperson will provide leadership to the Supervisory Board which includes presiding over meetings, offering guidance to the Board on key decisions, ensuring regular and time attendance at meetings and staying in constant 'standby' touch with the Management Board.

Working committees

- Working committees will meet separately and regularly to focus their attention on certain mission critical interests of the Supervisory Board;
- An audit committee will focus on financial matters (e.g. regulatory compliance, financial performance & results, financial reporting which is transparent, accurate, reliable and timely, risk management and relations with the auditor) and a remuneration committee will focus on ensuring suitable compensation for Management Board in accordance with shareholder interests.

Supervisory board accessibility

- The Board shall have full access to direct and private communication with all staff members of the Company;
- The Board shall have access to independent professional advice from accounting, legal, industry and business advisers.

Internal control mechanisms

- Decisions to be reached by the participation of the full board;
- Committee structure with clear responsibilities and duties;
- Orientation program and industry knowledge building by outside experts;
- Periodic self-evaluation of board effectiveness.

10.4 SUPERVISORY BOARD'S COMMITTEE ACTIVITIES

To most efficiently evaluate and consult key issues, the supervisory board has implemented two committees:

- The Audit Committee, dealing with financial reporting, risk management and compliance matters, which is chaired by Mariusz Grendowicz; and
- The Remuneration Committee, dealing with management performance and compensation topics, chaired by Alexander Hesse.

Fundamentally, the committees' task is to prepare the resolutions of the supervisory board and specific matters to be addressed during meetings of the Supervisory Board. At the meetings of the Supervisory Board, the chairmen of both committees provided regular, detailed reports on the content and outcomes of committee meetings. In 2015, both committees met on a regular basis and have reported their findings to the supervisory board on a timely basis.

Audit Committee

The most important duties of the Audit Committee include the evaluation of the current financial results of the Company, its liquidity, the level of debts and receivables, the financing of assets and projects and the monitoring of the accuracy of financial statements. The Audit Committee also evaluated the internal control and risk management systems of the company. In 2015, the Audit Committee consisted of the following supervisory board members: Mariusz Grendowicz, Marcin Murawski and Katharina Schade. The members of the Audit Committee actively participated in the quarterly meetings of the Audit Committee. The Audit Committee reviewed all of the financial statements of the Company prior to their publication and recommended the approval thereof by the Supervisory Board. In 2015, five Audit Committee meetings were held in total.

Remuneration Committee

The Remuneration Committee of the Supervisory Board is responsible for making recommendations to the Supervisory Board with respect to the remuneration of the members of the Management Board and the details and policies for determining such remuneration. In 2015, the Remuneration Committee consisted of Alexander Hesse, Marcin Murawski, Mariusz Grendowicz and Krzysztof Gerula (until 10 June 2015). During the reporting year, two Remuneration Committee meetings were held.





10.5 SCORPORATE SOCIAL RESPONSIBILITY

Concern for the long-term well-being of all our stakeholders, both in terms of social and environmental aspects, has become one of the vital elements of our strategy

We take Corporate Social Responsibility (CSR) seriously. Each investment we plan, whether it be office or retail, is guided by the principles of sustainable development. We take active part in a number of non-profit activities, either as a partner, organizer or sponsor. We support initiatives such as the registration of new bone marrow donors, aid actions for orphanages and conduct activities aimed at improving the quality of citizens' life - e.g. through the development of local infrastructure, also in the areas that do not come close to our core business lines. One example is the design of the Town Square for the residents of Wilanów, so that it became the meeting point for the local community. People are at the heart of success of our Group. At GTC we constantly develop and implement best - and often innovative - practices in business management and improvements in the quality of work.

Concern for the long-term well-being of all our stakeholders, both in terms of social and environmental aspects, has become one of the vital elements of our strategy. This approach is reflected in the internal and external activities that we execute in accordance with the guidelines set by the Organization for Economic Cooperation and Development (OECD). They apply to our co-operation with local communities, job creation, improvement of the infrastructure of cities and neighborhoods.

Any investment, either office or retail, is the beginning of changes in its environment. GTC's meticulously planned projects always contribute to improving the quality of local urban transport and stimulate local economy, in particular small and medium-sized manufacturing and service companies. In this way, our Group adds value for stakeholders, especially the local community.

With a view to blend in flawlessly with the local community and environment of the investments, we do not forget about the analysis of key parameters, which is carried out before the start of each project. The factors we study include, but are not limited to:

- security and safety,
- traffic levels,
- noise levels
- energy consumption,
- specific local conditions, such as groundwater table level, etc.

For GTC 'building green' is not just a slogan. As a company with over twenty years of experience, we know that care for the natural environment

surrounding our investments is a crucial condition for the success and popularity of our buildings with tenants. This includes organizations that, like us, hold ecology in high regard and so require GTC to adhere to the best world standards. We strive to go beyond building standards compliance to make sure that our buildings have a positive impact on the ecosystem. We are aware that well-planned and designed development projects do not preclude care for the environment. They can also contribute to its betterment through the use of locally produced raw materials, or a sustainable use of resources during the construction phase.

We fully endorse the idea of green building, follow current trends, and make the best ideas our standards

A quarter of a century of experience in the Polish real estate market has taught us that it is impossible to build a residential building, an office building or a shopping mall without respect for the environment. Ecology is more important now than ever – climate is changing, the economy is exploring ways to use energy more efficiently, renewable energy sources are developing rapidly.

Consumers are looking for ways to reduce their carbon footprint on their own – hybrid and electric cars are becoming increasingly popular, energy-efficient lighting has become the standard, and the performance and efficiency of batteries is hitting historical highs. We can see these trends reflected in the expectations of our partners – tenants, shareholders and financial institutions. Therefore, one of GTC's strategic goals is to constantly strive to increase the level of business sustainability and at the same time reduce the Group's impact on the environment.

We fully endorse the idea of green building, follow current trends, and make the best ideas our standards. Green initiative means questions about the quality and ecology, which must be asked prior to the investment. We examine the site and adjust the design to the environment. The designs are created in renowned architectural studios, both in Poland and around the world. Every investment is consulted with international green building experts. The solutions we envisage fully consider national and international standards in the field of energy efficiency, productivity and use of ecological solutions.

Our investments feature a whole array of energy-saving, environmentally friendly solutions that boost efficiency, such as:

- reduction in the consumption of natural resources, mainly water and energy,
- reduction in the amount of waste produced,
- recycling.

Our office buildings employ construction and technical solutions that increase comfort of work without compromising the environment, through:

- maximum use of daylight,
- ensuring the greatest possible amount of fresh air,
- use of modern, individually controlled heating and air conditioning systems,
- use of effective and energy-efficient thermal insulation solutions,
- wise management of energy used for manufacturing and transportation,
- adhering to the highest construction standards within environment protection,
- special protection of green areas.

Since 2010, GTC's office projects have been built in compliance with standards defined by the US Green Building Council®, enabling them to meet the requirements for prestigious LEED (Leadership in Energy & Environmental Design) certificate.

The Group actively pursues the policies adopted by them that focus on supporting local communities residing within or in close proximity to the areas where the Group's investments are situated. Such support involves:

- **Enhancement of local infrastructure**, including road and traffic infrastructure. The infrastructure created in connection with or for the purposes of the developments constructed is handed over to the local self-government free of charge to be used by all residents. Moreover, prior to the development of the Group's projects, public green areas (such as squares and parks) are placed on undeveloped plots or plots which will surround future developments following their completion by the Group.
- **Sponsoring local initiatives**. The Group participates in and supports local initiatives (such as the "Bieg przez Most" run and the "Dni Wilianowa" event).
- **Embracing environmental certification**. Out of concern for the environment, the investments of the Company and the Group are fully compliant with LEED guidelines.

The Company's diversity policy is centered on respecting employees as an element of our diversity-oriented culture regardless of gender, age, education and cultural heritage. It includes integrating employees in their workplace and ensuring that all employees are treated equally at work. The Company supports various social initiatives that promote equal opportunities. Additionally, the Company joins charitable activities initiated by its employees. The principles of equal treatment at the workplace are reflected in the Company's bylaws, which are available to all employees. The Company values its enriched diversity policy in pursuing its goals.



11. OUR SHARES

Capital markets were highly volatile in the second half of 2015. The uncertainty related to the future U.S. Federal Reserve monetary policy as well as the collapse of commodity prices created volatility, as did the doubts that were cast on the Chinese economy's real growth potential. In Poland, financial markets were also subject to turbulence resulting from uncertainty surrounding the political situation. That said, the WIG 30 enjoyed a 14% rise in 2015. We are pleased to note that, at 36%, GTC's share price rise surpassed even this healthy gain.

SECTION CONTENTS

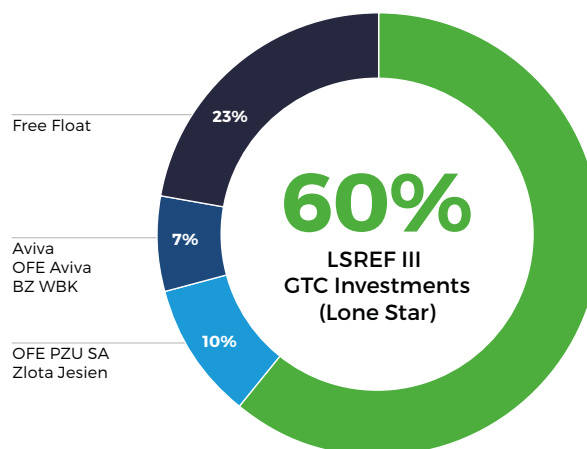
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11.1 KEY SHARE DATA

Ticker symbol	GTC S.A.
ISIN	PLGTC0000037
Number of shares outstanding	460,216,478
Performance in 2015	+36%
Primary exchange	Warsaw Stock Exchange
Index	WIG 30; WIG DEV
Yearly high - 20th November 2015	PLN 7.60
Yearly low - 12th February 2015	PLN 4.44
Closing price on 30/12/2015	PLN 7.15
Market capitalization ⁽¹⁾	PLN 3.29bn / €772m

(1) 1 EURO = 4.2615 PLN

11.2 SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2015

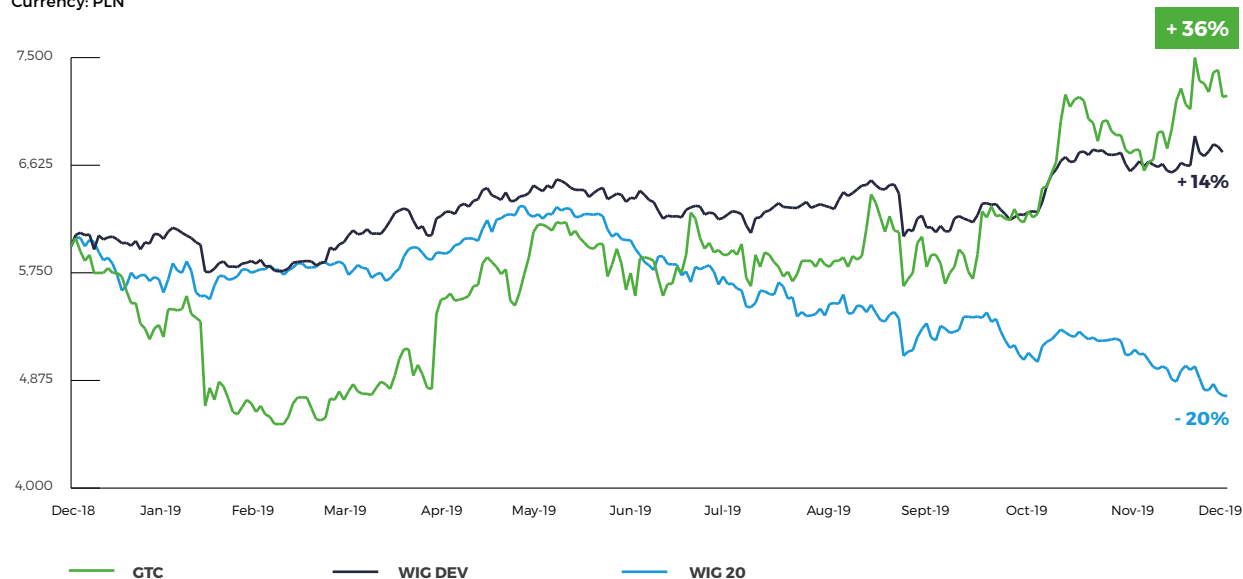


11.3 SHARE PRICE PERFORMANCE

Our clear commitments to the revised growth strategy as well as our ability to execute have been widely appreciated by our investors. This has translated into a positive GTC share price performance for the reported period. GTC shares closed the year at PLN 7.15 on the Warsaw Stock Exchange: an increase of 36%. With this performance, we significantly outperformed

our key benchmark indices such as the Warsaw Stock Exchange WIG Total Return Index ("WIG"), known as the WIG30. 2015 was a very positive year for GTC's stock market performance. Our shares constantly increased in value throughout the year in contrast to the WIG20 which decreased by 20%:

Currency: PLN



Source: Company website; Thomson Reuters



12. APPENDICES

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12.1. GLOSSARY

AIPR	Annualized In-place Rent.
Anchor Tenant	A major tenant who leases a substantial amount of space (say, 10% - 20% of total) a precedent encouraging others to sign up.
BREEAM Rating	Building Research Establishment Environmental Assessment Method.
CEE	The group of countries that are within the region of Central and Eastern Europe where GTC operates: Czech Republic, Hungary and Poland.
Commercial Property	Real estate property from which GTC Group derives revenue from rent and includes both office and retail properties.
Development Property	Property under development at the reporting date for purposes of inclusion in investment property at completion.
Dwell time	A measure of how long shoppers linger in retail spaces.
Effective Rent	The actual rental rate that the landlord achieves after deducting the concession value from the base rental rate a tenant pays.
EPRA	European Public Real Estate Association.
Equivalent Yield	The theoretical IRR (Internal Rate of Return) of cash flows from a particular property or portfolio, assuming that the property becomes fully occupied and that all rents revert to the current market level (ERV) at the next rent review date or lease expiry. No future rental growth is allowed for. The equivalent yield is sometimes described as the weighted average yield between the initial and reversionary yield.
ERV	Estimated Rental Value: the estimated rental value at which space would be let in the market conditions prevailing at the date of valuation a.k.a. Market Rent.
FFO	Funds Flow from Operations: calculated as accounting net income excluding non-cash expenses (e.g. depreciation etc.).
FFO Yield	Net Operating Income less financial costs divided by equity invested.
FV	Fair Value: estimated value based on the opinion of external, independent experts using equivalent market values and/or discounted cash flow techniques. FV is calculated regularly with any gains/losses recognized in the income statement.
GAV	Gross Asset Value: The total market value of the real estate investments under management in a fund or individual accounts, usually including the total value of all equity positions, debt positions, and joint venture ownership positions.
GRI	Gross Rental Income: Rental income as reported under IFRS after taking into account the net effects of straight-lining for lease incentives, including free rent periods. Gross rental income will include turnover-based rents, surrender premiums, car parking income, key money received and interest receivable on finance leases.
IPUC	Investment Property Under Construction: Property that is being constructed or developed for future use as investment property under IAS 40.
Lease incentive	Any consideration or expense borne by a property company in order to secure a lease.
LEED	Leadership in Environmental and Energy Design: one of the most popular green building certification programs used worldwide.
Lettable Space	Any part of a property that can be leased to a tenant.
Like-for-like NRI	Growth in net rental income that has been consistently in operation and not under development for 2 preceding periods.
LTV	Loan to Value: Funded Debt vs. FV of Assets.
Market Rent	See ERV above.
Market Value	The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing within the parties had each acted knowledgeably, prudently and without compulsion.
NAV	Net Asset Value: Fair Value of Assets less Liabilities.

NLA	Net Leasable Area: area specified in a lease i.e. total building area less common areas (lobby, stairwells, washrooms etc.).
NRI	Net Rental Income: Gross rental income for the period less ground rents payable, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
NRA	Net Rentable Area (a.k.a. "net leasable area"): 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, NRA 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.
NIY (EPRA)	Net Initial Yield: annual rental income based on the cash rents passing on the balance sheet date less non-recoverable property operating expenses, divided by the gross market value of the property.
Passing Rent	The annualized cash rental income received as at a certain date, excluding the net effects of straight-lining for lease incentives. If no rent is currently being paid due to a rent-free period, the passing rent is zero.
POO	Property Operating Expenses: expenses relating to operating the property for a certain period of time for the account of the landlord (including service charges not recoverable because of vacancy).
Return on Rent	The rental income divided by the FV of the property a.k.a. yield.
Reversion	The estimated change in rent at review, based on today's market rents expressed as a percentage of the contractual rents passing at the measurement date (assuming all current lease incentives have expired).
Reversionary Yield	The ERV of the property less property operating expenses, expressed as a percentage of the market value of the property increased with (estimated) purchaser's transaction costs.
Sales-based rent	Any element of rent to be received which varies with the level of sales of the tenant.
SCE	Service Charge Expenses: The amounts paid and/or accrued by the landlord relating to lettable space for which it has been agreed with tenants to recover these amounts from the tenants periodically.
SCI	Service Charge Income: The amounts received and/or accrued by the landlord in respect of service charge expenses.
SEE	The group of countries that are within the region of South-eastern Europe where GTC operates: Bulgaria, Croatia, Romania and Serbia.
TNIY	Topped-up Net Initial Yield: See EPRA Best Practice Recommendations Section 3.4 for calculation.
Trading Property	Property acquired exclusively with a view to subsequently dispose of it in the near future or for development and resale.
TSR	Total Shareholder Return: dividends and closing stock market appreciation as % of opening share price.
Vacancy Rate (EPRA)	The percentage of the Estimated Rental Value (ERV) of vacant space divided by the ERV of the whole portfolio.
Vacant Space	Unrented lettable space.
WALK	Weighted Average Lease Term.
Yield	The rental income divided by the FV of the property a.k.a. yield.
Yield compression	Reduced required investment yields in a real estate market as investor sentiment becomes more positive and investment demand strengthens. Applied to projected cash flows, yield compression results in increasing NAV.

12.2. INVESTMENT PORTFOLIO

AEROPARK BUSINESS CENTRE (Nothus, Zephirus, Corius) 

Location

17 Stycznia 45
Warsaw
Poland

Distance from city centre: 10 min.

Description

Fair value: €52m

Total Lettable Area: 27,500 sq m

Annualised In-Place Rent: €3.6m

Main Tenant: EATON ELECTRIC, MMC CAR POLAND,
PANDORA, EGIS, NOVO NORDISK

Completion year: 2007, 2008, 2011

KORONA BUSINESS COMPLEX (Galileo, Newton, Edison, Pascal) 

Location

Armii Krajowej 18
Kraków
Poland

Distance from city centre: 5 min.

Description

Fair value: €78m

Total Lettable Area: 36,900 sq m

Annualised In-Place Rent: €5.5m

Main Tenant: IBM, HEWITT, HITACHI, KPMG,
DELOITTE, STATE STREET

Completion year: 2003, 2007, 2007, 2015

UNIVERSITY BUSINESS PARK 

Location

Wólczajska 178 - 180
Łódź
Poland

Distance from city centre: city centre

Description

Fair value: €35m*

Total Lettable Area: 38,600 sq m (19,200 sq m
completed in April 2016)

Annualised In-Place Rent: €2.8m*

Main Tenant: HP, BARRY CALLEBAUT, SAMSUNG,
ACCENTURE, FUJITSU

Completion year: 2010, 2016

* only building A

FRANCUSKA OFFICE CENTRE



Location

Francuska 34
Katowice
Poland

Distance from city centre: 5 min.

Description

Fair value: €39m

Total Lettable Area: 22,500 sq m

Annualised In-Place Rent: €3.2m

Main Tenant: AMERICAN HEART OF POLAND,
ORACLE, RUCH, IBM

Completion year: 2010

GLOBIS WROCLAW



Location

Plac Powstańców Śląskich 7a
Wrocław
Poland

Distance from city centre: city centre

Description

Fair value: €34m

Total Lettable Area: 15,500 sq m

Annualised In-Place Rent: €2.7m

Main Tenant: UNIT4, MEDICOVER, RAIFFEISEN
BANK, BANK HANDLOWY

Completion year: 2008

GLOBIS POZNAŃ



Location

Roosevelta 18
Poznań
Poland

Distance from city centre: city centre

Description

Fair value: €28m

Total Lettable Area: 13,700 sq m

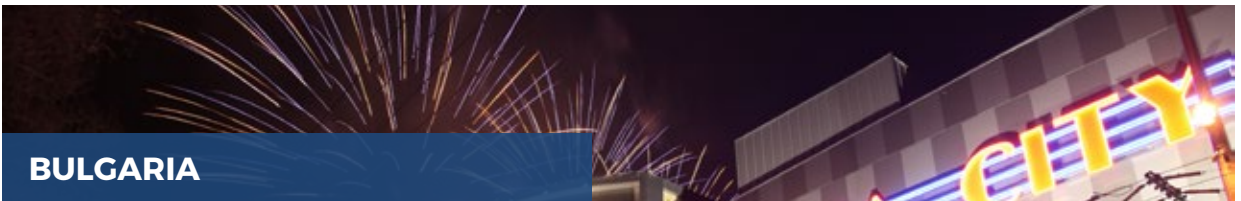
Annualised In-Place Rent: €1.8m

Main Tenant: KPMG, BERTELSMANN,
COMARCH, LUXMED

Completion year: 2003

GALERIA JURAJSKA

Location	
Aleja Wojska Polskiego 207 Częstochowa Poland	
Distance from city centre:	5 min.
Description	
Fair value:	€150m
Total Lettable Area:	48,700 sq m
Annualised In-Place Rent:	€10.8m
Main Tenant:	CINEMA CITY, C&A, EMPIK TK MAXX, H&M, ZARA, ALMA, INTERSPORT
Completion year:	2009

**BULGARIA****GALERIA BURGAS**

Location	
ulitsa „Yanko Komitov” 6 Burgas Bulgaria	
Distance from city centre:	5 min.
Description	
Fair value:	€42m
Total Lettable Area:	36,700 sq m
Annualised In-Place Rent:	€4.4m
Main Tenant:	INDITEX, H&M, LIDL, TECHNOMARKET, CINEMA CITY, CCC, BENETTON, PANDORA
Completion year:	2012

GALERIA STARA ZAGORA

Location	
ulitsa „Han Asparuh” 30 Stara Zagora Bulgaria	
Distance from city centre:	5 min.
Description	
Fair value:	€13m
Total Lettable Area:	24,600 sq m
Annualised In-Place Rent:	€1.9m
Main Tenant:	INDITEX, H&M, CINEMA CITY, CCC, NEW YORKER, ADIDAS, ZA-ZA
Completion year:	2010



CROATIA

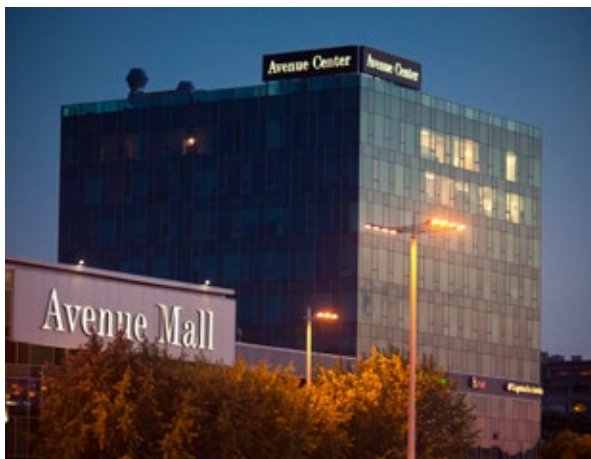
AVENUE MALL ZAGREB



Location	
Avenija Dubrovnik 16 Zagreb Croatia	
Distance from city centre:	5 min.
Description	
Fair value:	€102m
Total Lettable Area:	36,100 sq m*
Annualised In-Place Rent:	€7.8m*
Main Tenant:	H&M, ZARA, MULLER, CINESTAR, CCC, SIMPLE, ORSAY, ADIDAS
Completion year:	2007

* including Avenue Centre

AVENUE CENTRE



Location	
Avenija Dubrovnik 16 Zagreb Croatia	
Distance from city centre:	5 min.
Description	
Fair value:	showed together with Avenue Mall Zagreb
Total Lettable Area:	7,000 sq m
Annualised In-Place Rent:	showed together with Avenue Mall Zagreb
Main Tenant:	ADIS GRUPA, SYMANTEC SEE
Completion year:	2007



HUNGARY

CENTER POINT



Location	
Váci Út 81 Budapest Hungary	
Distance from city centre:	10 min.
Description	
Fair value:	€79m
Total Lettable Area:	37,100 sq m
Annualised In-Place Rent:	€5.6m
Main Tenant:	EXXON MOBIL, NGM, GE, NALCO/ ECOLAB, RAIFFEISEN BANK
Completion year:	2004, 2006

GTC METRO



Location	
Váci Út 193 Budapest Hungary	
Distance from city centre:	5 min.
Description	
Fair value:	€27m
Total Lettable Area:	16,700 sq m
Annualised In-Place Rent:	€2.0m
Main Tenant:	BUDAPEST BANK
Completion year:	2010

SPIRAL



Location	
Dózsa György Way 128-130 Budapest Hungary	
Distance from city centre:	5 min.
Description	
Fair value:	€49m
Total Lettable Area:	32,000 sq m
Annualised In-Place Rent:	€3.8m
Completion year:	2009

DUNA TOWER



Location

Népfürdő utca 22
Budapest
Hungary

Distance from city centre: 10 min.

Description

Fair value: €53m

Total Lettable Area: 31,250 sq m

Annualised In-Place Rent: €3.7m

Main Tenant: IBM SSC, METLIFE

Completion year: 2006

Purchase year: 2015



ROMANIA

CITY GATE



Location

Piața Presei Libere nr. 3-5
Bucharest
Romania

Distance from city centre: 10 min.

Description

Fair value: €146m

Total Lettable Area: 47,700 sq m

Annualised In-Place Rent: €9.7m

Main Tenant: ROMTELECOM, KMG ROMPETROL, MICROSOFT, MILLENNIUM BANK

Completion year: 2009

GALLERIA ARAD



Location

Calea Aurel Vlaicu 225-235
Bucharest
Romania

Distance from city centre: 5 min.

Description

Fair value: €3m

Total Lettable Area: 33,100 sq m

Annualised In-Place Rent: €1.3m

Main Tenant: ZARA, CINEMA CITY, PURE, BERSHKA, LEONARDO, ADIDAS

Completion year: 2011

Asset held for sale sold in 2016

GALLERIA PIATRA NEAMT

**Location**

Strada Plăieşului 2,
Piatra Neamt
Romania

Distance from city centre: 5 min.

Description

Fair value: €3m

Total Lettable Area: 13.300 sq m

Annualised In-Place Rent: €0.9m

Main Tenant: PENNY SUPERMARKET, TAKKO, NEW YORKER, DEICHMANN, CCC, FLANCO

Completion year: 2009

Asset held for sale sold in 2016



SERBIA

19 AVENUE

**Location**

38 - 40 Vladimira Popovića
Belgrad
Serbia

Distance from city centre: 5 min.

Description

Fair value: €36m

Total Lettable Area: 17.500 sq m

Annualised In-Place Rent: €3.4m

Main Tenant: JT INTERNATIONAL SALES AND MARKETING, HUAWEI, REGUS

Completion year: 2008

GTC HOUSE

**Location**

64a Bulevar Zorana Đinđića
Belgrad
Serbia

Distance from city centre: 5 min.

Description

Fair value: €26m

Total Lettable Area: 13.500 sq m

Annualised In-Place Rent: €2.3m

Main Tenant: L'OREAL, PHILIP MORRIS, CARLSBERG

Completion year: 2005

GTC SQUARE



Location	
Milutina Milankovica 11 Belgrad Serbia	
Distance from city centre:	5 min.
Description	
Fair value:	€39m
Total Lettable Area:	22,700 sq m
Annualised In-Place Rent:	€3.4m
Main Tenant:	ERSTE BANK, ROCHE, PS TECH, BOSCH
Completion year:	2008

FORTYONE I



Location	
Milutina Milankovića 9ž Belgrad Serbia	
Distance from city centre:	5 min.
Description	
Fair value:	€23m
Total Lettable Area:	10,700 sq m
Annualised In-Place Rent:	€1.8m
Main Tenant:	HALKBANK, RECUS, ROBERT BOSCH, TETRA PAK, AVON
Completion year:	2015

12.3. DEVELOPMENT PROJECTS



GALERIA PÓŁNOCNA



construction stage 

Location

Centre of Białołęka District
Warsaw
Poland

Description

Regional coverage shopping centre in North Warsaw, in one of the fastest growing residential areas with strong and diversified fashion, entertainment and gastronomy

NLA (sq m):	63,400
Parking units:	2,000
Completion year:	2017
GTC share (%):	100%

Project description

- NLA: 63,400 sq m
- ca. 250 leasable units
- Hypermarket of 9,000 sq m of sales area
- Diversified fashion, sports & electronic offer
- Leisure & entertainment facilities – cinema, fitness, kid's play area
- Diversified gastronomy offer – food court, cafes, restaurants
- LEED certification

GALERIA WILANÓW



pre-construction stage 

Location

South Warsaw
Poland; Przyczółkowa Street
next to „Miasteczko Wilanów”

Description

First large shopping centre in South Warsaw, in one of the fastest growing upper-mid residential areas “Miasteczko Wilanów”; with strong and diversified fashion, entertainment and gastronomy

NLA (sq m):	61,000
Parking units:	2,180
Completion year:	2019
GTC share (%):	100%

Project description

- NLA: 61,000 sq m
- ca. 250 leasable units
- Hypermarket of 7,000 sq m of sales area
- Diversified fashion, sports & electronic offer
- Leisure & entertainment facilities – cinema, fitness, kid's play area
- Diversified gastronomy offer – food court, cafes, restaurants
- LEED certification

OSIEDLE KONSTANCJA



construction stage 

Location

Konstancin Jeziorna
the outskirts of Warsaw
Poland

Description

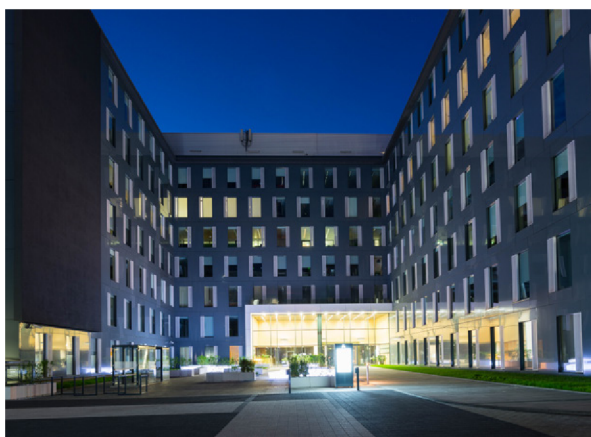
Osiedle Konstancja – the sixth and last phase in the complex of high-end luxury villas on the outskirts of Warsaw

NLA (sq m):	22,900
Units:	17
Completion year:	2017
GTC share (%):	100%

Project description

- Osiedle Konstancja is one of the most prestigious complexes of residences and detached houses in the neighbourhood of Warsaw.
- The investment project is located at the entrance to Konstancin, 16 km from downtown capital.
- All houses in the Osiedle Konstancja are arranged so as to ensure that they melt into the green, natural environment. Simple and legible blocks emphasize the exclusive and unique character of the objects, designed by the most renowned architectonic studios in Poland.

UNIVERSITY BUSINESS PARK phase B



completed in April 2016 

Location

Wólczajska 180
Łódź
Poland

Description

University Business Park B is the second building of the modern GTC's office complex in Łódź. Class A office building provides an excellent location for company's offices, flexible and easy arrangement of office space and full technical infrastructure.

NLA (sq m):	19,200
Parking units:	300
Completion year:	2016
GTC share (%):	100%

Project description

- A class office building
- Total complex lettable area of 38,600 sq. m
- First phase of 19,400 sq. m completed and 100% leased
- Second phase under construction
- 600 underground parking places



HUNGARY

WHITE HOUSE



construction stage 

Location

ÁCI ÚT 47
Budapest
Hungary

Description

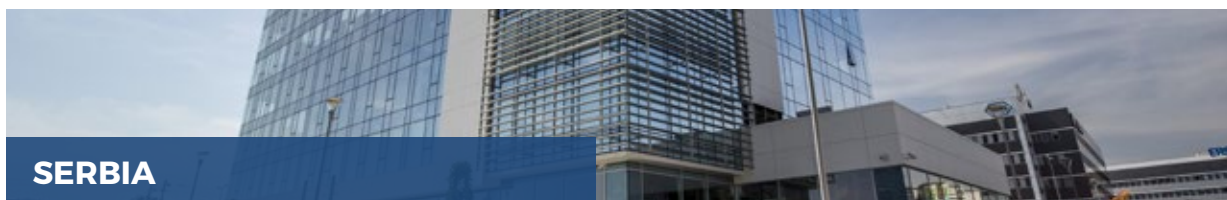
OFFICE BUILDINGS

GTC White House is that very place: 21,500 sq m of exhilarating, uplifting green architecture including an entirely refurbished turn-of-the-century stand alone loft of 2,000 sq m

NLA (sq m):	23,000
Parking units:	299
Completion year:	2017
GTC share (%):	100%

Project description

- Class A office building
- Total complex lettable area of 23,500 sq m
- 299 underground parking places
- 250-2,880 sq m leasable areas per floor
- 3 minutes walk to the metro



SERBIA

FORTYONE II



construction stage 

Location

Milutina Milankovica
New Belgrade CBP
Serbia

Description

OFFICE BUILDINGS COMPLEX

The project is foreseen to be built in three separate phases (both under and above the ground), each of them completely independent of the other two

NLA (sq m):	8,000
Parking units:	490 ⁽¹⁾
Completion year:	2016
GTC share (%):	100%

Project description

- A class office
- Total office lettable area of 27,000 sq m
- First phase of 10,700 sq m completed and 88% leased
- The first office building in Serbia which will be built according to GOLD LEED standards

Note: ⁽¹⁾ Whole complex

FORTYONE III



construction stage 

Location

Milutina Milankovica
New Belgrade CBP
Serbia

Description

OFFICE BUILDINGS COMPLEX	NLA (sq m):	10,800
	Parking units:	490 ⁽¹⁾
	Completion year:	2017
	GTC share (%):	100%

The project is foreseen to be built in three separate phases (both under and above the ground), each of them completely independent of the other two

Project description

- A class office
- Total office lettable area of 27,000 sq m
- First phase of 10,700 sq m completed and 88% leased
- The first office building in Serbia which will be built according to GOLD LEED standards

Note: ⁽¹⁾ Whole complex

ADA MALL



pre-construction stage 

Location

Belgrade
Serbia
in the main city recreation area

Description

OFFICE BUILDINGS COMPLEX	NLA (sq m):	31,100
	Parking units:	900
	Completion year:	2019
	GTC share (%):	100%

The project is foreseen to be built in three separate phases (both under and above the ground), each of them completely independent of the other two

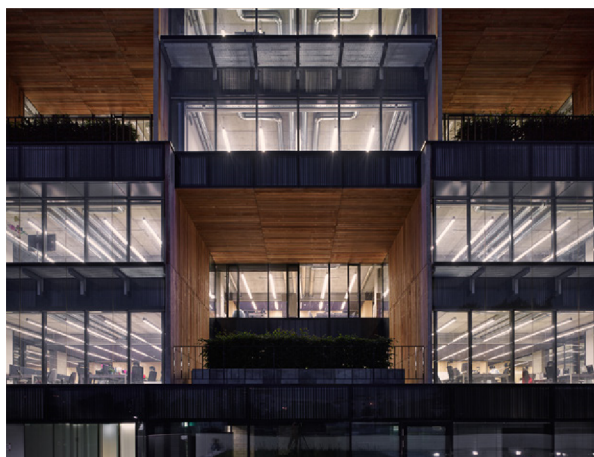
Project description

- Location in Belgrade, in the main city recreation area (lake, park, water sports, golf course, etc.)
- May-September 200,000 - 250,000 people/day
- Land size 22,500 sqm (6,000 sq m in assembly process)
- Development size - 50,000 sq m GBA above the ground (~ 36,000 sq m GLA in 3.5 levels) and ~30,000 sq m garage
- Zoning - completed
- Planned building permit in 2015

12.4. ACQUISITION OF INCOME GENERATING ASSETS IN 2016



PIXEL

purchased in January 2016 

Location	
Grunwaldzka 182 Poznań Poland	
Distance from city centre:	10 min.
Description	
Fair value:	€32m
Total Lettable Area:	14,500 sq m
Annualised In-Place Rent:	€2.4m
Main Tenant:	ALLEGRO
Completion year:	2013
Purchase year:	2015/2016

NEPTUN OFFICE CENTER

purchased in July 2016 

Location	
Aleja Grunwaldzka 103a Gdańsk Poland	
Distance from city centre:	5 min.
Description	
Fair value:	€30m
Total Lettable Area:	16,100 sq m
Annualised In-Place Rent:	€2.2m
Main Tenant:	ARLA, Bank Handlowy, Comarch, ADAR
Completion year:	2014
Purchase year:	2016

STERLINGA BUSINESS CENTER

purchased in July 2016 

Location	
Sterlinga 8A Łódź Poland	
Distance from city centre:	5 min.
Description	
Fair value:	€27m
Total Lettable Area:	13,900 sq m
Annualised In-Place Rent:	€2.2m
Main Tenant:	TATE&LYLE, GFT, Takeda SCE, mBank
Completion year:	2010
Purchase year:	2016



PREMIUM POINT

purchased in April 2016 



Location	
Strada Buzzești 76-80. Bucharest Romania	
Distance from city centre:	10 min.
Description	
Fair value:	€14m
Total Lettable Area:	6,400 sq m
Annualised In-Place Rent:	€0.8m-€1.3m
Main Tenant:	FRANKLIN TEMPLETON, THOMSON REUTERS, AUTODESK, CERTINVEST, HBO
Completion year:	2009
Purchase year:	2016

PREMIUM PLAZA

purchased in April 2016 



Location	
Strada Dr. Iacob Felix 63-69, Bucharest Romania	
Distance from city centre:	10 min.
Description	
Fair value:	€18m
Total Lettable Area:	8,600 sq m
Annualised In-Place Rent:	€1.5m-€1.7m
Main Tenant:	ENEL, CAPGEMINI, WEBHELP, MAVENHUT, ECRION SOFTWARE
Completion year:	2008
Purchase year:	2016



13. FINANCIAL STATEMENTS

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Consolidated Statement of Financial Position as of 31 December 2015

(in thousands of Euro)

	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Investment property	17	1,288,529	1,221,319
Residential landbank	18	26,773	41,444
Investment in associates and joint ventures	19	23,067	96,046
Property, plant and equipment	16	1,070	1,480
Deferred tax asset	15	647	2,245
Other non-current assets		386	639
		1,340,472	1,363,173
Assets held for sale	17	5,950	6,654
Current assets			
Residential inventory	18	3,161	23,539
Accounts receivables		5,505	5,035
Accrued income		1,655	1,358
VAT and other tax receivable		4,985	1,840
Income tax receivable		316	429
Prepayments and deferred expenses		1,323	2,268
Short-term deposits	22	26,711	31,705
Cash and cash equivalents	23	169,472	81,063
		213,128	147,237
TOTAL ASSETS		1,559,550	1,517,064

Consolidated Statement of Financial Position as of 31 December 2015

(in thousands of Euro)

	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	29	10,410	7,849
Share premium	8	499,288	364,228
Capital reserve	8	(20,646)	8,392
Hedge reserve		(4,563)	(3,839)
Foreign currency translation		1,405	1,128
Accumulated profit		156,647	111,455
		642,541	489,213
Non-controlling interest	27	(21,339)	(62,032)
Total Equity		621,202	427,181
Non-current liabilities			
Long-term portion of long-term loans and bonds	28	658,744	802,631
Deposits from tenants	25	6,242	5,415
Long term payable	26	4,621	3,391
Provision for share based payment	29	1,152	289
Derivatives	20	2,755	2,892
Provision for deferred tax liability	15	133,455	130,062
		806,969	944,680
Current liabilities			
Trade and other payables and provisions	21	28,774	19,650
Payables related to purchase of non-controlling interest	21	18,108	-
Current portion of long-term loans and bonds	28	80,368	119,560
VAT and other taxes payable		1,572	1,736
Income tax payable		363	521
Derivatives	20	2,194	3,152
Advances received from residential		-	584
		131,379	145,203
TOTAL EQUITY AND LIABILITIES		1,559,550	1,517,064

Consolidated Income Statement for the year ended 31 December 2015

(in thousands of Euro)

	Note	2015	2014
Revenue	9	117,363	124,284
Cost of operations	10	(37,333)	(43,155)
Gross margin from operations		80,030	81,129
Selling expenses	11	(2,721)	(2,884)
Administration expenses	12	(11,045)	(8,781)
Profit/(Loss) from revaluation/ impairment of assets	17	27,611	(160,325)
Impairment of residential projects	18	(1,389)	(34,079)
Other income		1,645	3,145
Other expenses	24	(2,430)	(2,529)
Profit/(Loss) from continuing operations before tax and finance income / expense		91,701	(124,324)
Foreign exchange differences gain/(loss), net		1,394	(93)
Finance income	13	3,849	3,904
Finance cost	13	(33,205)	(46,441)
Share of loss of associates and joint ventures	19	(8,163)	(27,568)
Profit/(loss) before tax		55,576	(194,522)
Taxation	15	(11,937)	(12,868)
Profit/(Loss) for the period		43,639	(207,390)
Attributable to:			
Equity holders of the Company		45,192	(183,822)
Non-controlling interest		(1,553)	(23,568)
Basic earnings per share (in Euro)	31	0.12	(0.53)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

(in thousands of Euro)

	2015	2014
Profit/(loss) for the period	43,639	(207,390)
Gain/(loss) on hedge transactions	(531)	10,549
Income tax	85	(2,001)
Net gain/(loss) on hedge transactions	(446)	8,548
Foreign currency translation	143	(3,294)
Total comprehensive income/ (loss) for the period, net of tax to be reclassified to profit or loss in subsequent periods	43,336	(202,136)
Attributable to:		
Equity holders of the Company	44,745	(178,616)
Non-controlling interest	(1,409)	(23,520)

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

(in thousands of Euro)

	Issued and paid in share capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation	Accumulated profit	Total	Non-controlling interest	Total
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 / (loss)	-	-	-	(724)	277	-	(447)	144	(303)
Profit / (loss) for the year ended 31 December 2015	-	-	-	-	-	45,192	45,192	(1,553)	43,639
Total comprehensive income / (loss) for the period	-	-	-	(724)	277	45,192	44,745	(1,409)	43,336
Issuance of shares	2,561	135,060	-	-	-	-	137,621	-	137,621
Purchase of NCI shares	-	-	(29,038)	-	-	-	(29,038)	42,102	13,064
Balance as of 31 December 2015	10,410	499,288	(20,646)	(4,563)	1,405	156,647	642,541	(21,339)	621,202
Balance as of 1 January 2014	7,082	312,155	15,154	(12,344)	4,427	295,277	621,751	(45,870)	575,881
Other comprehensive income / (loss)	-	-	-	8,505	(3,299)	-	5,206	48	5,254
Loss for the period ended 31 December 2014	-	-	-	-	-	(183,822)	(183,822)	(23,568)	(207,390)
Total comprehensive income / (loss) for the year	-	-	-	8,505	(3,299)	(183,822)	(178,616)	(23,520)	(202,136)
Issuance of shares	767	52,073	-	-	-	-	52,840	-	52,840
Purchase of NCI shares	-	-	(6,762)	-	-	-	(6,762)	7,358	596
Balance as of 31 December 2014	7,849	364,228	8,392	(3,839)	1,128	111,455	489,213	(62,032)	427,181

Consolidated Statement of Cash Flow for the year ended 31 December 2015

(in thousands of Euro)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before tax		55,576	(194,522)
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets and residential projects		(26,222)	194,404
Share of loss of associates and joint ventures	19	8,163	27,568
Profit on disposal of asset		(1,014)	(4)
Foreign exchange differences loss/(gain), net		(1,394)	(445)
Finance income	13	(3,849)	(3,904)
Finance cost	13	33,205	46,441
Share based payment loss/(profit)	12	863	(2,538)
Depreciation and amortization	16	509	499
Operating cash before working capital changes		65,837	67,499
Increase in accounts receivables and prepayments and other current assets		(1,340)	(1,680)
Decrease in residential inventory		10,263	12,895
Decrease in advances received from residential		(545)	(2,082)
Increase in deposits from tenants		663	17
Increase/(decrease) in trade and other payables		966	(945)
Cash generated from operations		75,844	75,704
Tax paid in the period		(2,735)	(2,452)
Net cash from operating activities		73,109	73,252

Consolidated Statement of Cash Flow for the year ended 31 December 2015

(in thousands of Euro)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property		(33,519)	(25,821)
Purchase of completed investment property	8	(53,080)	-
Sale of investment property		42,665	10,614
Sale of residential landbank and inventory		8,504	-
Tax Paid		(4,571)	-
Sale of subsidiary		13,032	-
Purchase of subsidiary	7	(191)	-
Purchase of minority		(800)	(279)
Interest received		1,279	2,019
Lease origination expenses		-	(208)
Liquidation of Joint Ventures	8	3,890	-
Loans granted		(288)	(566)
Loans repayments		244	330
Net cash used in investing activities		(22,835)	(13,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of shares	8	140,102	53,680
Share issuance expenses		(2,481)	(841)
Proceeds from long-term borrowings		62,947	124,494
Repayment of long-term borrowings		(137,970)	(149,409)
Repayment of hedge		(1,928)	(20,762)
Interest paid		(26,708)	(38,456)
Loans origination cost		(1,148)	(1,561)
Decrease/(Increase) in short term deposits		4,558	(89)
Net cash from /(used) in financing activities		37,372	(32,944)
Effect of foreign currency translation		763	(1,773)
Net increase in cash and cash equivalents		88,409	24,624
Cash and cash equivalents at the beginning of the period		81,063	56,439
Cash and cash equivalents at the end of the period		169,472	81,063

Notes to the Consolidated Financial Statements for the year ended 31 December 2015

(in thousands of Euro)

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 5 Wołoska Street. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies in Poland, Hungary, Romania, Serbia, Croatia, Ukraine, Slovakia, Bulgaria, Russia and Czech Republic.

The Group's business activities are:

- a) Development and rental of office and retail space and
- b) Development and sale of residential units.

As of 31 December 2015 and 2014, the number of full time equivalent working employees in the Group companies was 143 and 144, respectively.

There is no seasonality in the business of the Group companies.

GTC is listed on the Warsaw Stock exchange.

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 275,049,658 shares 59.77% of total share as of 31 December 2015.

2. Functional and reporting currencies

The functional currency of GTC is Euro. The functional currency of some of GTC's subsidiaries is other than Euro.

The financial statements of those companies prepared in their functional currencies are included in the consolidated financial statements by translation into Euro using appropriate exchange rates outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as "Foreign currency translation" without effecting earnings for the period.

3. Basis of preparation

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by Polish accounting regulations. The companies outside Poland maintain their books of account in accordance with local GAAP.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("EU IFRS"). At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union. The Group applied the possibility existing for the companies applying International Financial Reporting Standards endorsed by the EU, to apply IFRIC 21 for reporting periods beginning on or after 1 January 2015 and to apply amendments to IFRS 2 and amendments to IFRS 3, being part of Improvements to IFRSs resulting from the review of IFRS 2010-2012, for reporting periods beginning on or after 1 January 2016.

4. Going concern

The Group's policies and processes are aimed at managing the Group's capital, financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through generation of operating cash-flows from rental income and sale of residential properties. Further details of financial risks and capital management processes are described in Note 34.

As of 31 December 2015, the Group's net working capital (defined as current assets less current liabilities) was positive and amounted to Euro 82 million.

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

5. Changes in accounting policies

New and amended standards and interpretations

These consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2014, except for the following amendments to existing

standards and new regulations that are effective for financial years beginning on or after 1 January 2015:

- Amendments introduced as part of the Improvements to IFRSs 2011-2013 cycle, published on December 12th 2013 (effective for annual periods beginning on or after July 1st 2014) – in the EU effective for annual periods beginning on or after 1 January 2015.
- IFRIC 21 Levies, published on 20 May 2013 (applicable to annual periods beginning on or after 1 January 2014 – in the EU effective for annual periods beginning on or after 17 June 2014).

Standards issued but not yet effective

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

- Amendments introduced as part of the Improvements to IFRSs 2010-2012 cycle, published on December 12th 2013 (effective for annual periods beginning on or after July 1st 2014) – in the EU effective for annual periods beginning on or after 1 February 2015.
- Amendments introduced as part of the Improvements to IFRSs 2011-2013 cycle, published on December 12th 2013 (effective for annual periods beginning on or after July 1st 2014) – in the EU effective for annual periods beginning on or after 1 January 2015.
- Amendments to IAS 19 Employee Benefits: Defined Benefit Plans – Employee Contributions (effective for annual periods beginning on or after July 1st 2014) – in the EU effective for annual periods beginning on or after 1 February 2015.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation, published on 12 May 2014 (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants, published on 30 June 2014 (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements, published on August 12th 2014 (effective for annual periods beginning on or after 1 January 2016).
- Amendments introduced as part of the Improvements to IFRSs 2012-2014 cycle, published on 25 September 2014 (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1 Presentation of financial statements – Disclosures, published on 18 December 2014 (effective for annual periods beginning on or after 1 January 2016).

The Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

The management is in process of analyzing the impact of the above new standards and amendments on the consolidated financial statements in the period of their initial application.

6. Summary of significant accounting policies

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for completed investment properties, IPUC if certain condition described in note 6(c) ii are met, and derivative financial instruments that have been measured at fair value.

(b) Plant and Equipment

Plant and equipment consist of vehicles and equipment. Plant and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Reassessment of the useful life and indications for impairment is done each quarter.

The following depreciation rates have been applied:

	Depreciation rates
Equipment	7-20 %
Vehicles	20 %

Assets under construction other than investment property are shown at cost. The direct costs paid to subcontractors for the improvement of the property are capitalised into construction in progress. Capitalised costs also include borrowing costs, planning and design costs, construction overheads and other related costs. Assets under construction are not depreciated.

(c) Investment properties

Investment property comprises of a land plot or a building or a part of a building held to earn rental income and/or for capital appreciation and property that is being constructed or developed for future use as investment property (investment property under construction).

(i) Completed Investment properties

Investment properties are stated at fair value according to the fair value model, which reflects market conditions at the reporting date. Gains or losses arising from a change in the fair value of the investment properties are included in the income statement in the year in which they arise.

Completed investment properties were externally valued by independent appraisers as of 31 December 2015 based on open market values. Completed properties are either valued on the basis of Discounted Cash Flow or - as deemed appropriate - on basis of the Income Capitalisation or Yield method.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(ii) Investment property under construction

The Company has decided to revalue only IPUC, for which a substantial part of the development risks have been eliminated. Assets, for which this is not the case, are presented at the lower of cost or recoverable amount.

Land is reclassified to IPUC at the moment, at which active development of this land begins.

The Company has adopted the following criteria to assess whether the substantial risks are eliminated with regard to particular IPUC:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letter of intents).

The fair values of IPUC were determined, as at their stage at the end of the reporting period (first implementation as of 31 December 2008). Valuations were performed in accordance with RICS and IVSC Valuation Standards using either the residual method approach, DCF or sales comparison approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The future assets' value is estimated based on the expected future income from the project, using yields that are higher than the current yields of similar completed property. The remaining expected costs to completion are deducted from the estimated future assets value.

For projects where the expected future completion risk is above average (as deemed appropriate by the valuer), also a developer profit margin of unexecuted works, was deducted from the value.

(d) Investment in associates

Investment in associates is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the associate.

(e) Investment in jointly controlled entities

Investment in Joint Ventures is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the Joint Ventures.

(f) Lease origination costs

The costs incurred to originate a lease (mainly brokers fees) for available rental space are added to the carrying value of investment property until the date of revaluation of the related investment property to its fair value.

(g) Inventory and residential landbank

Inventory relates to residential projects under construction and is stated at the lower of cost and net realisable value. The realisable value is measured using the Discounted Cash Flow method, or Comparison method. Costs relating to the construction of a residential project are included in inventory.

Commissions paid to sales or marketing agents on the sale of real estate units, which are not refundable, are expensed in full when the contract to sell is secured.

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle in most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

(h) Advances received

Advances received (related to pre-sales of residential units) are deferred to the extent that they are not reflected as revenue as described below in note 6(k).

(i) Rental revenue

Rental revenues result from operating leases and are recognised as income over the lease term on a straight-line basis.

(j) Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income is recognised when the shareholders' right to receive payments is established.

(k) Contract revenue and costs recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues comprise amounts received or receivable, net of Value Added Tax and discounts.

Revenue from the sale of houses and apartments is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when the revenue can be measured reliably. The risks and rewards are considered as transferred to the buyer when the houses or apartments have been substantially constructed, accepted by the customer and all significant amount resulting from the sale agreement was paid by the buyer.

The costs related to the real estate development incurred during the construction period are capitalized in inventory. Once revenue is recognised, the costs in respect of sold units are expensed.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Debt issuance expenses are deducted from the amount of debt originally recognised. These costs are amortised

through the income statement over the estimated duration of the loan, except to the extent that they are directly attributable to construction. Debt issuance expenses represent an adjustment to effective interest rates.

(m) Share issuance expenses

Share issuance costs are deducted from equity (share premium), net of any related income tax benefits.

(n) Income taxes

The current provision for corporate income tax for the Group companies is calculated in accordance with tax regulations ruling in particular country of operations and is based on the profit or loss reported under relevant tax regulations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured using the tax rates enacted to taxable income in the years in which these temporary differences are expected to be recovered or settled.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would

follow from the manner in which each company of the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

At each reporting date, the Group companies re-assess unrecognised deferred tax assets and the carrying amount of deferred tax assets. The companies recognise a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The companies conversely reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset that might be utilised.

(o) Foreign exchange differences

For companies with Euro as functional currency, transactions denominated in a foreign currency (including Polish Zloty) are recorded in Euro at the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at period-end using period-end exchange rates. Foreign currency translation differences are charged to the income statement.

(p) Financial instruments

All financial assets and financial liabilities are recognised on the reporting date. All these financial assets and liabilities are initially measured at fair value plus transaction costs in case of financial assets and financial liabilities not classified as fair value through profit and loss. All purchases of financial assets (whose delivery time is regulated in the market) are accounted at trade date.

The table below presents the categorisation of financial assets and liabilities: Item, Category, and Measurement.

The Group recognises a financial asset and financial liability in its statement of financial position, when and only when, it becomes a party to the contractual provisions of the instrument. An entity shall derecognise a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. A financial liability should be removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled, or expired.

(q) Cash and cash equivalents

Cash comprises cash on hand and on-call deposits. Cash equivalents are short-term highly liquid investments that readily convert to a known amount of cash and which are subject to insignificant risk of changes in value.

(r) Trade and other receivables

Short term and long term trade receivables are carried at amortised cost. An estimate for doubtful debts allowance is made when collections of the full amount is no longer probable, based on historical collection patterns or alternatively having regard to the age of the receivable balances.

(s) Impairment of assets

The carrying value of assets is periodically reviewed by the Management to determine whether impairment may exist. In particular, the Management assessed whether the impairment indicators exist. Based upon its most recent analysis management believes that any material impairment of assets that existed at the reporting date, was reflected in these financial statements.

Item	Category	Measurement
Financial assets/liabilities		
Cash and cash equivalent	Held for trading	Fair value – adjusted to income statements
Short-term deposits	Loans and receivables	Amortised cost
Debtors	Loans and receivables	Amortised cost
Trade and other payables	Other financial liabilities	Amortised cost
Long and short term Loans		Amortised cost
Deposits from tenants		Amortised cost
Long term payables		Amortised cost
Interest Rate Swaps	Hedging (cash flow hedges)	Fair value – adjusted to other comprehensive income (effective portion) / adjusted to income statements (ineffective portion)

(t) Purchase of shares of minority

If the Company increases its share in the net assets of its controlled subsidiaries the difference between the consideration paid/payable and the carrying amount of non-controlling interest is recognised in equity attributable to equity holders of the parent.

(u) Derivatives and hedge accounting

The Group uses interest rate swaps and collars to hedge its risks associated with interest rate volatility (cash flow hedges).

In relation to the instruments, which meet the conditions of cash flow hedges, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in net profit or loss. Classification of hedges in the statement of financial position depends on their maturity.

The conditions of the cash flow hedges are as follows:

- (a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
- (b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.
- (c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.
- (d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- (e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly to net profit and loss of the year.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(v) Estimations

The preparation of financial statements in accordance with International Financial Reporting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at balance date. The actual results may differ from these estimates.

Investment property represents property held for long-term rental yields. Investment property is carried at fair value which is established at least annually by an independent registered valuer based on discounted projected cash flows from the investment property using the discounts rates applicable for the local real estate market and updated by Management judgment. The changes in the fair value of investment property are included in the profit or loss for the period in which it arises.

The group uses estimates in determining the amortization rates used.

(w) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Significant accounting judgements related to investment property under construction are presented in note 6 c) (II).

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

On the basis of the assessment made, the Group has reclassified part of inventory from current assets to residential landbank in non-current assets.

Deferred tax with respect to outside temporary differences relating to subsidiaries, branches associates and joint agreements was calculated based on estimated probability that these temporary differences will be realized in the foreseeable future.

The Company also makes assessment of probability of realization of deferred tax asset. If necessary, the Company decreases deferred tax asset to the realizable value.

The group uses judgements in determining the settlement of share based payment in cash.

(x) Basis of Consolidation

The consolidated financial statements comprise the financial statements of GTC S.A. and its subsidiaries prepared using consistent accounting policies.

The Company, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Company controls an investee if and only if it has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All inter-company balances and transactions are eliminated upon consolidation.

(y) Provisions

Provisions are recognised when the Company has present obligation, (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

(z) Share-based payment transactions

Amongst others, the Company gives shares or rights to shares to key management personnel in exchanges for services.

The cost of equity-settled transactions with employees is measured by reference to the share value at the date at which they were granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each

reporting date until the vesting date reflects the extent to which the vesting period has expired.

The cost of cash-settled transactions with employees is measured initially at fair value at the grant date. The fair value is expensed over period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up and including the settlement date, with changes in fair value recognised in employee benefits expense.

(aa) Leases

Lessor:

Leases where the group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases.

7. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 December 2015	31 December 2014
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 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 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 Wilson Park Sp. z o.o.	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%
Omikron Development Inwestycje Sp. z o.o. (**)	GTC S.A.	Poland	-	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%

(*) Previously Alfa Development Inwestycje Sp. z o.o.

(**) Liquidated

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

Name	Holding Company	Country of incorporation	31 December 2015	31 December 2014
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
Commercial Properties B.V. (formerly Budapest Offices B.V.)	GTC Hungary	Netherlands	100%	100%
GTC Duna Kft.(***)	GTC Hungary	Hungary	100%	-
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. ("Centre Point II")	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. ("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 Renaissance Plaza Kft.	GTC Hungary	Hungary	100%	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.	GTC Hungary	Hungary	100%	100%
Szemi Ingatlan Ltd.	GTC Hungary	Hungary	100%	100%
Preston Park Kft.	GTC Hungary	Hungary	100%	100%
GTC Real Estate Investments Ukraine B.V. ("GTC Ukraine")	GTC S.A.	Netherlands	90%	90%
GTC Slovakia Real Estate s.r.o.	GTC RH B.V.	Slovakia	100%	100%
GTC Vinohradis Piazza s.r.o. (*)	GTC RH B.V.	Slovakia	-	100%
GTC Jarosova s.r.o. (**)	GTC RH B.V.	Slovakia	-	100%
GTC Hill s.r.o. (*)	GTC RH B.V.	Slovakia	-	100%
GTC Vinohradis Villas s.r.o. (**)	GTC RH B.V.	Slovakia	-	100%
GTC Real Estate Vinohrady s.r.o. ("GTC Vinohrady") (*)	GTC RH B.V.	Slovakia	-	100%
GTC Real Estate Vinohrady 2 s.r.o. ("GTC Vinohrady 2") (*)	GTC RH B.V.	Slovakia	-	100%

(*) Merged into GTC Slovakia Real Estate s.r.o.

(**) Sold

(***) The company was established in 2015

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

Name	Holding Company	Country of incorporation	31 December 2015	31 December 2014
GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")	GTC RH B.V.	Croatia	100%	100%
Euro Structor d.o.o.	GTC RH B.V.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC RH B.V.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o.	Croatia	80%	80%
GTC Nekretnine Istok d.o.o. ("Osijek") (*)	GTC RH B.V.	Croatia	-	80%
GTC Nekretnine Jug. d.o.o. (under liquidation)	GTC RH B.V.	Croatia	100%	100%
GTC Sredisnja tocka d.o.o.	GTC RH B.V.	Croatia	100%	100%
GTC Nekretnine Zapad d.o.o. (under liquidation)	GTC RH B.V.	Croatia	100%	100%
Towers International Property S.R.L.	GTC RH B.V.	Romania	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.")	GTC RH B.V.	Romania	100%	100%
BCG Investment B.V.	GTC RH B.V.	Netherlands	100%	100%
Green Dream S.R.L.	GTC RH B.V.	Romania	100%	100%
Aurora Business Complex S.R.L. ("Felicity")	GTC RH B.V.	Romania	71.5%	71.5%
Yasmine Residential Complex S.R.L. (**)	GTC RH B.V.	Romania	-	100%
Bucharest City Gate B.V. ("BCG")	GTC RH B.V.	Netherlands	100%	58.9%
City Gate Bucharest S.R.L.	BCG	Romania	100%	58.9%
Mablethompe Investitii S.R.L.	GTC RH B.V.	Romania	100%	100%
Mercury Commercial Center S.R.L. ("Galeria Arad")	GTC RH B.V.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC RH B.V.	Romania	100%	100%
Mars Commercial Center S.R.L. ("Galeria Piatra Neamt")	GTC RH B.V.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC RH B.V.	Romania	100%	100%
Fajos S.R.L.	GTC RH B.V.	Romania	100%	100%
City Gate S.R.L.	GTC RH B.V.	Romania	100%	58.9%
Brightpoint Investments Limited	GTC RH B.V.	Cyprus	50.1%	50.1%
Complexul Residential Colentina S.R.L.	GTC RH B.V.	Romania	50.1%	50.1%
Operetico Enterprises Ltd.	GTC RH B.V.	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 RH B.V.	Romania	66.7%	66.7%

(*) Sold

(**) Liquidated

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

Name	Holding Company	Country of incorporation	31 December 2015	31 December 2014
GTC RH B.V. (formerly GTC Bulgaria B.V.)	GTC S.A.	Netherlands	100%	100%
Galeria Stara Zagora AD ("Stara Zagora")	GTC RH B.V.	Bulgaria	75%	75%
Galeria Burgas AD	GTC RH B.V.	Bulgaria	80%	80%
Galeria Varna AD ("Varna") (***)	Galeria Ikonov GmbH	Bulgaria	-	65%
GTC Business Park EAD	GTC RH B.V.	Bulgaria	100%	100%
NRL EAD	GTC RH B.V.	Bulgaria	100%	100%
Galeria Ikonov GmbH (**)	GTC RH B.V.	Austria	100%	65%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC RH B.V.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o.	GTC RH B.V.	Serbia	100%	100%
GTC Business Park d.o.o.	GTC RH B.V.	Serbia	100%	100%
GTC Commercial and Residential Ventures d.o.o.	GTC RH B.V.	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 RH B.V.	Serbia	100%	100%
Atlas Centar d.o.o.	GTC RH B.V.	Serbia	100%	100%
GTC Commercial Development d.o.o.	GTC RH B.V.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited (*)	GTC RH B.V.	Cyprus	95%	-
Black Sea Management LLC (*)	Europort Investment (Cyprus) 1 Limited	Ukraine	95%	-
Europort Ukraine Holdings 1 LLC (*)	Europort Investment (Cyprus) 1 Limited	Ukraine	95%	-
Europort Ukraine Holdings 2 LLC (*)	Europort Investment (Cyprus) 1 Limited	Ukraine	95%	-
Europort Ukraine LL (*)	Europort Investment (Cyprus) 1 Limited	Ukraine	95%	-
Europort Project Ukraine 1 LLC (*)	Europort Investment (Cyprus) 1 Limited	Ukraine	95%	-

Investment in Associates and Joint Ventures

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

(*) In Dec 2015, the Company purchased the majority shares for Euro 191 thousands.

(**) Purchased as part of NCI acquisition of GTC Varna (see note 8).

(***) Sold

8. Events in the period

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

In April 2015, as a result of liquidation of joint venture, investments in joint ventures decreased by EUR 67 million and long term liabilities decreased by EUR 63 million.

On 29 May 2015, the Group sold Centrum Biurowe Kazimierz in Krakow for the net price of EUR 41.6 million.

In June 2015, the loan from EBRD and Raiffeisen Bank Austria, related to Osijek, in the amount of Euro 15.8 million was fully repaid.

In June 2015, the loan from OTP and MKB, related to Varna, in the amount of Euro 17.7 million was fully repaid. At the same time, MKB and OTP granted to GTC a new loan in the amount of Euro 12.6 million.

On 26 June 2015, the Company and EBRD entered into an agreement for the restructuring of a loan to Mars Commercial Center SRL (Piatra Mall) and Mercury Commercial Center SRL (Arad Mall). Furthermore, in June 2015 the Company and EBRD agreed on the restructuring of a loan granted to Galleria Stara Zagora AD, the owner of a shopping center in Stara Zagora, Bulgaria.

In June 2015, the Company acquired remaining 35% in Galeria Ikonov GmbH (owner of Galeria Varna) and remaining 20% in GTC Nekretnine Istok d.o.o. As a result, the impact of on the equity attributable to equity holders of the parent amounted to a decrease of Euro 35.8 million. In July 2015, GTC Group sold the shares of GTC Nekretnine Istok d.o.o (Galeria Osijek) for the amount of Euro 1.3 million and the shares of Galleria Varna AD (Galeria Varna) for the amount of Euro 5.5 million (see note 27).

On 30 June 2015, the shareholders of the Company approved a resolution regarding the issuance of up to 140,000,000 new shares at a price of not less than PLN 5 per share to existing shareholders. On 30 September 2015, the Company was informed that the exercise of the pre-emptive rights resulted in allocation of 108,906,190 Series K Shares at a price of PLN 5.47 per share.

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

In August 2015, the Company signed a credit facility agreement with Bank Polska Kasa Opieki S.A., finance the Galeria Pótnocna project. The facility comprises a construction loan in the amount of up to EUR 116 million and investment loan in the amount of up to EUR 150 million. (Under certain financial threshold the investment facility may be increased up to EUR 175 million).

On 21 October 2015, the share capital increase (in relation to shareholders' resolution from 30 June 2015) was registered by the district court in Warsaw. The Company increased its share capital from PLN 35,131,028.80 to PLN 46,021,647.80 through the issuance of 108,906,190 series K ordinary bearer shares in the Company with a nominal value of PLN 0.10 (ten groszy) each. On 26 October 2015, the funds from shares issuance in the total amount of PLN 595.7 million (Euro 140.1 million) were received by the Company.

In November 2015, the Company acquired Duna Tower office building in Budapest, Hungary, for the total cost of Euro 53.1 million. Duna Tower office building is located in the 13th District of Budapest and is leased to international tenants. GTC intends to continue the leasing activity through upgrading the property and improving its occupancy.

In December 2015, the Company acquired remaining 41.1% in BCG (owner of a company, which owns City Gate office building in Bucharest) for the total amount of Euro 18.1 million, which was paid in January 2016.

The impact of on the equity attributable to equity holders of the parent amounted to an increase of Euro 5.4 million (see note 27).

9. Revenue from operations

Revenue from operations comprises of the following:

	2015	2014
Rental revenue	79,636	84,124
Service revenue	25,363	25,511
Residential revenue	12,364	14,649
	117,363	124,284

Rental income includes turnover rent for the year ended 31 December 2015 of approximately Euro 2,347 thousand (2014: Euro 2,736 thousand)

leases typically include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

The Group has entered into various operational lease contracts on its property portfolio in Poland, Romania, Croatia, Serbia and Hungary. The commercial property

Future minimum rentals receivable under operating leases from completed projects are, as follows (in millions of Euro):

	31 December 2015	31 December 2014
Within 1 year	78	84
After 1 year, but not more than 5 years	229	221
More than 5 years	26	72
	333	377

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.

10. Cost of operations

Costs of operations comprise the following:

	2015	2014
Rental and service costs	26,462	28,703
Residential costs	10,871	14,452
	37,333	43,155

Majority of service costs represents external services costs. Service costs relate to investment properties, which generate rental income.

11. Selling expenses

Selling expenses comprise of the following:

	2015	2014
Brokerage and similar fees	203	242
Advertising and marketing	1,798	1,894
Payroll and related expenses	720	748
	2,721	2,884

12. Administration expenses

Administration expenses comprise of the following:

	2015	2014
Remuneration and management fees	6,089	6,645
Audit and valuations	1,221	1,395
Legal and tax advisers	930	779
Office expenses	799	744
Investors relations	58	116
Travel expenses	298	362
Supervisory board remuneration fees	109	133
Severance expenses	155	444
Depreciation and other	523	733
Total before share based payment	10,182	11,351
Share based payment	863	(2,570)
Total	11,045	8,781

13. Financial income and financial expense

Financial income comprise of the following:

	2015	2014
Interest on loans granted to associates and joint ventures	2,999	2,730
Interest on deposits and other	850	1,174
	3,849	3,904

Financial expense comprise of the following:

	2015	2014
Interest expenses (on financial liabilities that are not at fair value through profit or loss) and other charges	(29,559)	(41,225)
Settlement of financial instruments (derivatives)	(928)	(1,636)
Change in fair value of financial instruments and hedge ineffectiveness (derivatives)	(432)	(1,826)
Loan raising expenses	(2,286)	(1,754)
	(33,205)	(46,441)

The average interest rate (including hedges) on the Group's loans during the year ended 31 December 2015 was 3.4% p.a. (4.2% p.a. in year 2014).

14. Segmental analysis

The Group operating segments are carried out through subsidiaries that develop real estate projects.

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

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

Current 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 (South and Eastern Europe) countries (Romania, Serbia, Croatia, Slovakia)
- c. Secondary cities in Bulgaria
- d. Secondary cities in Croatia
- e. Secondary cities in Romania

Management monitors gross margin from operations of its business units for the purposes of making performance assessment and decision making. Operating segment performance is evaluated based on gross margin from operations.

The resource allocation decisions made by the management are based, amongst others, on segmental analysis.

14. Segmental analysis (continued)

Segment analysis for the year ended 31 December 2015 and year ended 31 December 2014 is presented below:

	Poland and Hungary		Capital cities in SEE countries		Bulgaria-secondary cities		Croatia-secondary cities		Romania-secondary cities		Consolidated	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Rental and service income	58,181	60,226	35,335	36,704	7,956	7,346	705	1,611	2,822	3,748	104,999	109,635
Contract income	5,311	3,509	7,053	11,140	-	-	-	-	-	-	12,364	14,649
Total income	63,492	63,735	42,388	47,844	7,956	7,346	705	1,611	2,822	3,748	117,363	124,284
Rental and service costs	12,623	12,028	8,956	9,124	2,083	2,445	695	1,803	2,125	3,303	26,462	28,703
Contract costs	4,003	2,203	6,868	12,249	-	-	-	-	-	-	10,871	14,452
Total costs	16,626	14,231	15,804	21,373	2,083	2,445	695	1,803	2,125	3,303	37,333	43,155
Rental result	45,558	48,198	26,399	27,580	5,873	4,901	10	(192)	697	445	78,537	80,932
Contract result	1,308	1,306	185	(1,109)	-	-	-	-	-	-	1,493	197
Segment result	46,866	49,504	26,584	26,471	5,873	4,901	10	(192)	697	445	80,030	81,129
Gain/(loss) from revaluation/impairment of assets												
Investment properties	27,958	(39,812)	1,811	(56,120)	(90)	(21,624)	(520)	(15,104)	(1,637)	(27,665)	27,522	(160,325)
Residential	(1,300)	(9,432)	-	(16,047)	-	-	-	(8,600)	-	-	(1,300)	(34,079)
	26,658	(49,244)	1,811	(72,167)	(90)	(21,624)	(520)	(23,704)	(1,637)	(27,665)	26,222	(194,404)

14. Segmental analysis (continued)

	Poland and Hungary		Capital cities in SEE countries		Bulgaria-secondary cities		Croatia-secondary cities		Romania-secondary cities		Consolidated	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Segment assets												
Allocated assets rental	809,611	732,293	448,317	418,927	59,460	64,533	-	1,751	6,819	13,273	1,324,207	1,230,777
Allocated assets residential	10,605	17,399	6,609	44,756	-	-	6,850	6,740	-	-	24,064	68,895
Unallocated assets	141,890	176,676	62,321	35,428	4,876	2,482	1,385	1,666	808	1,140	211,280	217,392
Total assets	962,106	926,368	517,247	499,111	64,336	67,015	8,235	10,157	7,627	14,413	1,559,551	1,517,064
Segment liabilities												
Allocated liabilities rental	68,796	25,365	65,823	43,741	2,637	1,548	-	887	1,145	698	138,401	72,239
Allocated liabilities residential	1,110	1,356	2,462	1,485	-	-	-	1,363	-	-	3,572	4,204
Unallocated liabilities	543,076	610,254	160,542	276,063	48,221	70,231	-	23,107	44,535	33,785	796,374	1,013,440
Total liabilities	612,982	636,975	228,827	321,289	50,858	71,779	-	25,357	45,680	34,483	938,347	1,089,883

Unallocated assets include mostly cash and cash equivalents, deposits, investments in associates and loans granted. Unallocated liabilities include mostly loans received, bonds and hedges, and unallocated part of deferred tax liability.

15. Taxation

The major components of tax expense are as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Current (corporate and capital gain) tax expense	7,011	2,766
Tax related to previous years	(85)	(42)
Deferred tax expense	5,011	10,144
	11,937	12,868

The Group companies pay taxes in the following jurisdictions: Poland, Serbia, Romania, Hungary, Netherlands, Ukraine, Bulgaria, Cyprus, Slovakia and Croatia. The Group does not constitute a tax group under local legislation. Therefore, every company in the Group is a separate taxpayer.

The reconciliation between tax expense and accounting profit multiplied by the applicable tax rates is presented below:

	Year ended 31 December 2015	Year ended 31 December 2014
Accounting profit/(loss) before tax	55,576	(194,522)
Taxable expenses (income) at the applicable tax rate in each country of activity	12,506	(41,785)
Tax effect of expenses that are not deductible in determining taxable profit	1,631	2,278
Share of profit/(loss) in associates and joint ventures	1,231	5,264
Tax effect of foreign currency differences	(1,045)	(447)
Change of tax rate	(341)	(605)
Previous year's tax	(85)	(42)
Unrecognised deferred tax asset, net	(2,077)	48,270
Other	117	(65)
Tax expense	11,937	12,868

The components of the deferred tax balance were calculated at a rate applicable when the Company expects to recover or settle the carrying amount of the asset or liability.

Net deferred tax assets comprise the following:

	As of 1 January 2014	Credit / (charge) to income statement	As of 31 December 2014	Credit / (charge) to income statement	As of 31 December 2015
Financial instruments	508	(103)	405	(285)	120
Tax loss carried forwards	4,124	(400)	3,724	4,526	8,250
Basis differences in non-current assets	735	(1,901)	(1,166)	1,166	-
Netting (**)	(1,215)	497	(718)	(7,005)	(7,723)
Net deferred tax assets	4,152	(1,907)	2,245	(1,598)	647

(**) Relate to deferred tax asset on tax losses carried forward

15. Taxation (continued)

Net deferred tax liability comprises of the following:

	As of 1 January 2014	Credit / (charge) to equity	Foreign exchange differences	Credit / (charge) to income statement	As of 31 Decem- ber 2014	Credit / (charge) to equity	Foreign exchange differences	Credit / (charge) to income statement	As of 31 Decem- ber 2015
Financial instruments (*)	(37,315)	(2,001)	(32)	(11,687)	(51,035)	85	(65)	(412)	(51,427)
Basis differences in non-current assets	(83,841)	-	-	3,612	(80,229)	-	-	(9,337)	(89,566)
Other	149	-	-	335	484	-	-	(669)	(185)
Netting (**)	1,215	-	-	(497)	718	-	-	7,005	7,723
Net deferred tax liability	(119,792)	(2,001)	(32)	(8,237)	(130,062)	85	(65)	(3,413)	(133,455)

(*) Mostly, unrealized interest and foreign exchange differences.

(**) Relate to deferred tax asset on tax losses carried forward

The enacted tax rates in the various countries were as follows:

Tax rate	Year ended 31 December 2015	Year ended 31 December 2014
Poland	19%	19%
Hungary	10%/19%	10%/19%
Ukraine	18%	18%
Bulgaria	10%	10%
Slovakia	22%	22%
Serbia	15%	15%
Croatia	20%	20%
Russia	20%	20%
Romania	16%	16%
Cyprus	12.5%	12.5%
The Netherlands	25%	25%

Future benefit for deferred tax assets have been reflected in these consolidated financial statements only if it is probable that taxable profits will be available when timing differences that gave rise to such deferred tax asset reverse.

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 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 the Group's countries than in countries that have a more established taxation system.

Tax settlements may be subject to inspections by tax authorities. Accordingly the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The Group companies have tax losses carried forward as of 31 December 2015 available in the amount of Euro 374 million. The expiry dates of these tax losses as of 31 December 2015 are as follows: within one year - Euro 19 million, between 2-5 years - Euro 140 million, afterwards - Euro 215 million.

16. Property, Plant and Equipment

The movement in property, plant and equipment for the periods ended 31 December 2015 and 31 December 2014 was as follows:

	Equipment	Vehicles	Total
Gross carrying amount			
As of 1 January 2015	2,862	935	3,797
Additions	130	50	180
Disposals, impairments and other decreases	(120)	(228)	(348)
Translation differences	-	-	-
As of 31 December 2015	2,872	757	3,629
Accumulated Depreciation			
As of 1 January 2015	1,685	632	2,317
Charge for the period	410	99	509
Disposals, impairments and other decreases	(50)	(217)	(267)
Translation differences	-	-	-
As of 31 December 2015	2,045	514	2,559
Net book value as of 31 December 2015	827	243	1,070

Gross carrying amount			
As of 1 January 2014	3,011	959	3,970
Additions	528	144	672
Disposals	(677)	(161)	(838)
Translation differences	-	(7)	(7)
As of 31 December 2014	2,862	935	3,797
Accumulated Depreciation			
As of 1 January 2014	1,748	636	2,384
Charge for the period	358	141	499
Disposals	(421)	(142)	(564)
Translation differences	-	(2)	(2)
As of 31 December 2014	1,685	632	2,317
Net book value as of 31 December 2014	1,177	303	1,480

17. Investment Property

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

Investment property can be split up as follows:

	31 December 2015	31 December 2014
Completed investment property	1,055,732	1,029,276
Investment property under construction at fair value	108,000	-
Investment property under construction at cost	124,797	192,043
Total	1,288,529	1,221,319

The movement in investment property for the periods ended 31 December 2015 and 31 December 2014 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	4,489	36,190	40,679
Purchase of completed asset	53,080	-	53,080
Adjustment to fair value / impairment	1,664	25,341	27,005
Disposals of Galeria Kazimierz office	(41,577)	-	(41,577)
Sale of subsidiary (Jarosova)	-	(8,494)	(8,494)
Reclassified as assets held for sale (*)	-	(5,950)	(5,950)
Purchase of subsidiary (Europort Cyprus 1)	-	2,467	2,467
Carrying amount as of 31 December 2015	771,232	517,297	1,288,529

Carrying amount as of 1 January 2014	762,355	613,383	1,375,738
Reclassification	9,468	(9,468)	-
Capitalised subsequent expenditure	4,345	16,956	21,301
Adjustment to fair value / impairment	(18,090)	(141,710)	(159,800)
Disposals	-	(4,654)	(4,654)
Reclassified as assets held for sale	-	(6,654)	(6,654)
Translation differences and other non-cash adjustments	(4,502)	(110)	(4,612)
Carrying amount as of 31 December 2014	753,576	467,743	1,221,319

(*) It relates to Arad (Romania), Lodz 1 (Poland) and Subotica (Serbia) in secondary cities

Fair value and impairment adjustment consists of the following:

	2015	2014
Adjustment to fair value of completed assets	2,546	(104,780)
Adjustment to fair value of property under construction	25,828	-
Impairment adjustment of IPUC at cost	(1,369)	(55,020)
Total (*)	27,005	(159,800)

(*) The amount does not include an amount of Euro 606 thousand as fair value adjustment on assets held for sale

17. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2015 and related sensitivity analysis are presented below.

Potfolio	Book value	NRA	Occupancy	Actual rent	ERV	Average duration	Fair Value Hierarchy Level	Impact on PBT (*) of 1% change in ERV
	'000 Euro	thousand sqm	%	Euro/ sqm	Euro/ sqm	Years		
Poland retail	150,200	49	90%	19.3	19.7	3.9	2	7,624
Poland office	266,436	135	92%	14.3	14.0	2.7	2	19,059
Serbia office capital city	123,600	64	92%	14.7	15.0	2.3	3	8,260
Croatia retail capital city	102,100	36	97%	20.0	21.3	4.7	3	4,793
Hungary office capital city	208,496	117	95%	11.7	12.0	3.5	2	17,341
Romania re-tail secondary cities	3,900	13	95%	5.7	5.6	5.2	3	696
Romania office capital city	146,100	48	93%	19.0	17.4	2.7	2	8,397
Bulgaria retail secondary cities	54,900	61	82%	9.4	9.3	5.0	3	5,931
Total	1,055,732	524	92%	14.3	14.2	3.4		

Actual variations in yield or ERV may vary between different markets
(*) Profit before tax.

Assumptions used in the valuations of completed assets as of 31 December 2014 and related sensitivity analysis are presented below.

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

17. Investment Property (continued)

The average yield as of 31 December 2015 and 2014 was 7.9% and 8.1% respectively.

The estimated impact on profit (loss) before tax due to change in yield of 0.25% for the whole investment property portfolio (in absolute terms) as of 31 December 2015 amounted to: EUR 33.3 million.

Investment properties under construction

- Information regarding investment properties under construction valued at cost and fair value as of 31 December 2015 is presented below:

	Book value	Estimated building rights (GLA)	Average book value/sqm of building rights
	'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

Investment properties under construction

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

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

18. Inventory and Residential landbank

The movement in residential landbank and inventory for the periods ended 31 December 2015 and 31 December 2014 was as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Carrying amount at the beginning of the period	64,983	121,267
Construction and foreign exchange differences	635	564
Impairment to net realisable value	(1,389)	(34,079)
Cost of units sold	(10,871)	(14,452)
Sale of subsidiary	(728)	-
Disposal of assets (*)	(22,696)	(8,317)
Carrying amount at the end of the period	29,934	64,983

(*) Disposal of Felicity in 2015

During 2015 a land in Poland in the amount of Euro 2,100 thousand was reclassified from Residential landbank into inventory.

Completed inventory as of 31 December 2015 consists of the following:

	Book value	Estimated building rights GLA	Average book value/sqm of building rights
	'000 Euro	thousand sqm	Euro/sqm
Poland	466	<1	1,333
Hungary	59	<1	391
Serbia	275	<1	810
Slovakia	145	<1	851
Romania	116	<1	789
Total/Average	1,061	1	917
Uncompleted inventory	2,100		
Total inventory	3,161		

Residential landbank and uncompleted inventory as of 31 December 2015 consists of the following:

	Book value	Estimated building rights GLA	Average book value/sqm of building rights
	'000 Euro	thousand sqm	Euro/sqm
Poland	2,100	4	525
Croatia	6,850	48	143
Hungary	7,980	123	65
Slovakia	4,500	56	80
Romania	7,443	138	54
Total/Average	28,873	369	78

18. Inventory and Residential landbank (continued)

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

	Book value	Estimated building rights GLA	Average book value/sqm of building rights
	'000 Euro	thousand sqm	Euro/sqm
Poland	3,923	3	1,348
Hungary	119	<1	745
Serbia	275	<1	810
Slovakia	173	<1	1,020
Romania	19,049	33	572
Total/Average	23,539	37	638

Residential landbank and uncompleted inventory as of 31 December 2014 consists of the following:

	Book value	Estimated building rights GLA	Average book value/sqm of building rights
	'000 Euro	thousand sqm	Euro/sqm
Poland	2,100	4	512
Croatia	6,700	48	143
Hungary	9,431	138	68
Slovakia	6,999	68	103
Romania	16,214	207	79
Total/Average	41,444	465	89

19. Investment in associates and joint ventures

The investment in associates and joint ventures comprises the following:

	31 December 2015	31 December 2014
Equity method accounting – associates (1)	(8,878)	(24,165)
Loans granted	26,352	47,018
Investment in associates	17,474	22,853
Equity method accounting – joint ventures (2)	(28,773)	39,896
Loans granted	34,366	33,297
Investment in joint ventures	5,593	73,193
Investment in associates and joint ventures	23,067	96,046

(1) Majority share in company Europort Investment Cyprus 1 was purchased in December 2015 (decrease of loans granted by EUR 23.7 million and investment by EUR 22.3 million).

(2) Decrease in the amount of Euro 67 million, relates to a joint venture liquidation in 2015

The loans finance investments in those associates. The loans and interest do not have specified maturity date and are denominated in EUR with the interest based on EURIBOR plus margin. The maturity of loans is expected to be over one year.

Summarised financial information of the associates and joint ventures comprises of the following:

	31 December 2015	31 December 2014
Non-current assets	176,994	342,304
Current assets	9,025	15,072
Total assets	186,019	357,376
Equity	(79,306)	54,428
Non-current liabilities	165,509	173,434
Current liabilities	99,816	129,514
Total equity and liabilities	186,019	357,376

	2015	2014
Rental revenue	12,762	11,263
Expenses	(12,986)	(10,271)
Loss from revaluation	(9,770)	(63,405)
Loss before tax	(9,994)	(62,413)
Tax income	636	5,800
Loss for the year	(9,358)	(56,613)
The Group's share in loss	(8,163)	(27,568)

19. Investment in associates and joint ventures (continued)

Summarised financial information of the material associates interest is presented below:

CID (Harfa mall)		
	As of 31 December 2015	As of 31 December 2014
Non-current assets	141,219	156,481
Current assets	7,186	1,557
Total assets	148,405	158,038
Equity	(27,598)	(25,347)
Non-current liabilities	92,730	75,556
Current liabilities	83,273	107,829
Total equity and liabilities	148,405	158,038

	2015	2014
Rental revenue	8,893	7,110
Loss for the year	(1,153)	(21,220)

20. Derivatives

The Company holds instruments (IRS and Cap) that hedge the risk involved in fluctuations of interest rate and currencies rates. The instruments hedge interest on loans for a period of 2-5 years

The movement in derivatives for the years ended 31 December 2015 and 31 December 2014 was as follows:

	31 December 2015	31 December 2014
Fair value as of beginning of the year	(6,044)	(32,890)
Charged to other comprehensive income	527	10,550
Charged to income statements	(1,360)	(6,102)
Disposals/paid	1,928	22,398
Fair value as of end of the year	(4,949)	(6,044)

For more information regarding derivatives, see note 34

21. Trade and other payables

An amount of Euro 11 million of trade creditors and accruals relates to payables due to development activity to be financed mostly by long term loans.

An amount of Euro 18.1 million relates to purchase of non-controlling interest in BCG.

22. Short term deposits

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

23. Cash and cash equivalents

Cash balance consists of cash in banks. Cash at banks earns interest at floating rates based on periodical bank deposit rates. Save for minor amount, all cash is deposited in banks.

All cash and cash equivalents are available for use by the Group.

24. Other expenses

Other expenses relate mainly to perpetual usufruct expenses of landbank, as well as unrecoverable taxes.

25. Deposits from tenants

Deposits from tenants represent amounts deposited by tenants to guarantee their performance of their obligations under tenancy agreements.

26. Long term payables

Long term payables represent long term commitments related with purchase of land and development of infrastructure.

27. Non-controlling interest

The movement in non-controlling interest and inventory for the periods ended 31 December 2015 and 31 December 2014 was as follows:

	2015	2014
Balance as of 1 January	(62,032)	(45,870)
Other comprehensive income	144	48
Profit /(loss) for the year	(1,553)	(23,568)
Total comprehensive income / (loss) for the period	(1,409)	(23,520)
Purchase of NCI shares (Slovakian Projects)	-	7,358
Purchase of NCI shares (Galeria Varna) (*)	27,982	-
Purchase of NCI shares (Osijek shopping center) (*)	16,663	-
Purchase of NCI shares (City Gate) (*)	(2,543)	-
Balance as of 31 December	(21,339)	(62,032)

(*) See note 8

28. Long-term loans and bonds

	31 December 2015	31 December 2014
Bonds series 2017-2018	47,847	47,872
Bonds series 2018-2019	69,717	69,735
Loan from OTP (GTC)	11,008	-
Loan from WBK (Globis Poznań)	14,407	14,914
Loan from WBK (Korona Business Park)	42,319	41,877
Loan from Pekao (Globis Wrocław)	24,692	25,415
Loan from ING (Nothus)	11,570	13,232
Loan from ING (Zephyrus)	11,570	13,232
Loan from Berlin Hyp (Corius)	11,874	12,295
Loan from Peko (Galeria Północna)	4,519	-
Loan from WBK (Kazimierz Office)	-	27,369
Loan from Pekao (Galeria Jurajska)	98,010	101,203
Loan from Berlin Hyp (UBP)	18,639	19,035
Loan from ING (Francuska Office Centre)	23,737	16,277
Loan from MKB (Centre Point I)	18,401	20,001
Loan from MKB (Centre Point II)	22,199	23,825
Loan from CIB (Metro)	18,630	19,573
Loan from Erste (Spiral)	27,146	-
Loan from MKB (Spiral)	-	21,992
Loan from Erste (White House)	2,859	3,859
Loan from MKB (Sasad Resort)	8,327	8,327
Loan from EBRD and Raiffeisen Bank (GTC House)	9,400	11,100
Loan from Erste (19 Avenue)	21,707	22,277
Loan from EBRD and Raiffeisen Bank (GTC Square)	13,760	15,685
Loan from Raiffeisen Bank (Forty one 1)	9,500	-
Loan from Unicredit (Felicity)	-	25,563
Loan from RZBR (Rose Garden)	-	2,987
Loan from Erste (City Gate)	86,544	88,782
Loan from EBRD and Raiffeisen Bank (Galeria Piatra)	5,042	5,778
Loan from EBRD and Raiffeisen Bank (Galeria Arad)	24,293	27,575
Loan from MKB and Zagrebacka Banka (Avenue Mall Zagreb)	21,220	25,674
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	15,750
Loan from MKB and OTP (Galeria Varna)	-	17,904
Loan from EBRD and Unicredit (Galeria Stara Zagora)	15,799	22,799
Loan from EBRD (Galeria Burgas)	23,006	25,356
Loan from VUB Bank (Jarosova)	-	3,475
Loans from minorities in subsidiaries and from joint ventures	27,047	118,268
Deferred issuance debt expenses	(5,677)	(6,815)
	739,112	922,191

28. Long-term loans and bonds (continued)

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

	31 December 2015	31 December 2014
Current portion of long term loans and bonds:		
Bonds series 2017-2018	915	949
Bonds series 2018-2019	680	711
Loan from OTP (GTC)	3,145	-
Loan from WBK (Globis Poznań)	14,407	507
Loan from WBK (Korona Business Park)	1,166	1,053
Loan from Berlin Hyp (UBP)	397	397
Loan from Pekao (Galeria Jurajska)	3,388	3,197
Loan from Pekao (Globis Wrocław)	769	724
Loan from ING (Nothus)	746	662
Loan from ING (Zephirus)	746	662
Loan from Berlin Hyp (Corius)	469	421
Loan from WBK (Kazimierz Office)	-	634
Loan from ING (Francuska Office Centre)	540	540
Loan from MKB (Centre Point I)	1,700	1,600
Loan from MKB (Centre Point II)	1,626	1,626
Loan from Erste (White House)	1,000	1,000
Loan from MKB (Sasad Resort)	8,327	8,327
Loan from CIB (Metro)	983	943
Loan from Erste (Spiral)	1,254	-
Loan from MKB (Spiral)	-	1,191
Loan from EBRD and Raiffeisen Bank (GTC House)	750	1,700
Loan from Erste (19 Avenue)	569	569
Loan from EBRD and Raiffeisen Bank (GTC Square)	2,060	1,926
Loan from Raiffeisen Bank (Forty one 1)	264	-
Loan from EBRD and Unicredit (Galeria Stara Zagora)	8,900	22,799
Loan from MKB and OTP (Galeria Varna)	-	918
Loan from EBRD (Galeria Burgas)	1,424	1,150
Loan from MKB and Zagrebacka Banka (Avenue Mall Zagreb)	4,454	4,454
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	964
Loan from EBRD and Raiffeisen Bank (Galeria Piatra)	2,613	-
Loan from EBRD and Raiffeisen Bank (Galeria Arad)	12,587	27,575
Loan from Erste (City Gate)	2,306	3,237
Loan from RZBR (Rose Garden)	-	2,987
Loan from Unicredit (Felicity)	-	25,563
Loan from VUB Bank (Jarosova)	-	574
Loans from minorities in subsidiaries	2,183	-
	80,368	119,560

28. Long-term loans and bonds (continued)

	31 December 2015	31 December 2014
Long term portion of long term loans and bonds:		
Bonds series 2017-2018	46,932	46,923
Bonds series 2018-2019	69,037	69,024
Loan from OTP (GTC)	7,863	-
Loan from WBK (Globis Poznań)	-	14,407
Loan from WBK (Korona Business Park)	41,153	40,824
Loan from Pekao (Globis Wrocław)	23,923	24,691
Loan from ING (Nothus)	10,824	12,570
Loan from ING (Zephirus)	10,824	12,570
Loan from Berlin Hyp (Corius)	11,405	11,874
Loan from Peko (Galeria Północna)	4,519	-
Loan from WBK (Kazimierz Office)	-	26,735
Loan from Pekao (Galeria Jurajska)	94,622	98,006
Loan from Berlin Hyp (UBP)	18,242	18,638
Loan from ING (Francuska Office Centre)	23,197	15,737
Loan from MKB (Centre Point I)	16,701	18,401
Loan from MKB (Centre Point II)	20,573	22,199
Loan from CIB (Metro)	17,647	18,630
Loan from Erste (Spiral)	25,892	-
Loan from MKB (Spiral)	-	20,801
Loan from Erste (White House)	1,859	2,859
Loan from EBRD and Raiffeisen Bank (GTC House)	8,650	9,400
Loan from Erste (19 Avenue)	21,138	21,708
Loan from EBRD and Raiffeisen Bank (GTC Square)	11,700	13,759
Loan from Raiffeisen Bank (Forty one 1)	9,236	-
Loan from Erste (City Gate)	84,238	85,545
Loan from EBRD and Raiffeisen Bank (Galeria Piatra)	2,429	5,778
Loan from EBRD and Raiffeisen Bank (Galeria Arad)	11,706	-
Loan from MKB and Zagrebacka Banka (Avenue Mall Zagreb)	16,766	21,220
Loan from EBRD and Raiffeisen Bank Austria (Osijek)	-	14,786
Loan from MKB and OTP (Galeria Varna)	-	16,986
Loan from EBRD (Galeria Burgas)	21,582	24,206
Loan from EBRD and Unicredit (Galeria Stara Zagora)	6,899	-
Loan from VUB Bank (Jarosova)	-	2,901
Loans from minorities in subsidiaries and from joint ventures	24,864	118,268
Deferred issuance debt expenses	(5,677)	(6,815)
	658,744	802,631

28. Long-term loans and bonds (continued)

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

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

In addition, substantially, all investment properties and IPUC that were financed by a lender have been pledged to secure the long-term loans from banks.

Unless otherwise stated, fair value of the pledged assets exceeds the carrying value of the related loans.

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

As of 31 December 2015, there were no breach of loan covenants.

For information regarding maturity dates and hedges on loans, see note 34.

29. Capital and Reserves

As at 31 December 2015, the shares structure was as follows:

Number of Shares	Share series	Total value	
		in PLN	in euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
100,000,000	I	10,000,000	2,341,372
31,937,298	J	3,193,729	766,525
108,906,190	K	10,890,619	2,561,293
460,216,478		46,021,647	10,410,240

All shares are entitled to the same rights.

Shareholders who as at 31 December 2015 held above 5% of the Company shares were as follows:

- LSREF III
- AVIVA OFE BZ WBK
- OFE PZU

The statutory financial statements of GTC S.A are prepared in accordance with Polish Accounting Standards. Dividends may be distributed based on the net profit reported in the standalone annual financial statements prepared for statutory purposes.

On 23 April 2015, the Company held an ordinary shareholders meeting. The ordinary shareholders meeting decided that the loss for the year 2014 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the Polish Accounting Standards shall be presented under Retained earnings.

Reserves are created based on provisions of the Polish Code of commercial companies.

30. Phantom shares

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 grant to the entitled persons a right for a settlement from the Company in the amount equal to the difference between the average closing price for the Company's shares on the Warsaw Stock Exchange during the 30-day period prior to the date of delivery to the Company

of the exercise notice, and settlement price ("strike") amount per share (adjustable for dividend). The Phantom Shares are not securities convertible or exchangeable into shares in the Company, in particular, they are not options on such shares. The Phantom Shares are merely a means of calculation of deferred variable compensation of the entitled persons, which depends on the future market price of the shares on the regulated market. The Phantom Shares (as presented in below mentioned table) have been accounted for based on future cash settlement.

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

Strike (PLN)	Blocked	Vested	Total
8.22	-	724,100	724,100
7.09	5,171,200	512,000	5,683,200
Total	5,171,200	1,236,100	6,407,300

The income/(expenses) recognized during the period is shown below:

	2015	2014
Income (expenses) arising from cash settled share based payments	(863)	2,570

As at 31 December 2015, phantom shares issued were as follows:

Last exercise date	Strike (in PLN)	Number of phantom shares
30/06/2016	8.22	724,100
31/05/2018	7.09	1,536,000
30/06/2019	7.09	4,147,200
Total		6,407,300

31. Earnings per share

Basic earnings per share were calculated as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Profit / (loss) for the period attributable to equity holders (euro)	45,192,000	(183,822,000)
Weighted average number of shares for calculating basic earnings per share	371,301,287	349,822,797
Basic earnings per share (euro)	0.12	(0.53)

There have been no potentially dilutive instruments as at 31 December 2015 and 31 December 2014.

32. Related party transactions

The company provides asset management services to subsidiaries within Lone Star group, which own real estate projects.

Transactions with the related parties are arm's length transactions.

The transactions and balances with related parties are presented below:

	Year ended 31 December 2015	Year ended 31 December 2014
Transaction		
Asset management services	476	-
Interest income from associates and joint Ventures	2,999	2,730
Balances		
Loans granted to associates	26,352	47,018
Loans granted to joint ventures	34,366	33,297
Loans from joint ventures	-	62,426

Management and Supervisory Board remuneration (including severance payment to the Company's former Management board members) for the year ended 31 December 2015, amounted to EUR 1.6 million, and 512,000 phantom shares were vested. Management and Supervisory Board remuneration for the year ended 31 December 2014, amounted to EUR 2.9 million, and 1,345,542 phantom shares were vested.

33. Commitments, contingent liabilities and Guarantees

Investment properties in secondary cities

In certain real estate markets in which the Company is active, including especially non-capital cities of SEE, there are indications of slower than expected recovery and revival of demand, as well as absence of liquidity and transactions, resulting in a lack of clarity and uncertainty as to estimated rental values, yields and property values. There are also markets with rising vacancies due to oversupply of real estate product and lack of economic growth that would create appropriate demand. Therefore property values are going through a period of increased volatility.

Commitments

As of 31 December 2015 (31 December 2014), the Group had commitments contracted for in relation to future building construction without specified date, amounting to Euro 158 million (Euro 8 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future instalments under already contracted sale agreements and yet to be contracted sale agreements.

Guarantees

GTC gave guarantees to third parties in order to secure construction cost-overruns and loans to its subsidiaries. As of 31 December 2015 and 31 December 2014, the guarantees granted amounted to Euro 74 million and Euro 149 million, respectively. Additionally, in connection with the sale of its assets, the Company gave typical warranties under the sale agreements, which are limited in time and amount. The risk involved in above warranties is very low.

Croatia

In relation to the Marlera Golf project in Croatia, part of the land is held on a lease basis from the State. There is furthermore a Consortium agreement with the Ministry of Tourism of Croatia (Ministry) which includes a deadline for the completion of a golf course that has passed in 2014. The Company has taken active steps to achieve an extension of the period for completing the project. In February 2014, the Company received a draft amendment from the Ministry expressing its good faith and intentions to prolong the abovementioned timeline however the amendment was not formalized. At the end of 2015 parliamentary elections were held in Croatia and in January 2016 a new Government was appointed. The Company has formally approached the new Minister of Tourism with a request to formalize the amendment to the Consortium agreement however the extension is no longer at the sole discretion of the Group. As a result, the Management has decided to revalue the freehold asset in assuming no development of the golf course project. As of 31 December 2015 the book value of the investment in Marlera was assessed by an independent valuer at Euro 6.9 million and is assumed to be fully recoverable.

33. Commitments, contingent liabilities and Guarantees (continued)

Russia

As of 31 December 2015, the Group holds 50% interest in Yatelsis, which indirectly owns land and buildings in St. Petersburg, Russia.

During the last year, the economic and political uncertainty in Russia remained high. The market uncertainty created an unclear view as for potential future development of the St. Petersburg project and availability of reliable information related to such project. The Group's balance sheet exposure to St. Petersburg amounted to approximately Euro 4.6 million. The above mentioned events could adversely impact the results and financial position of the Group and its St. Petersburg investments in a manner that could not be estimated at this stage.

34. Financial instruments and risk management

The Group's principal financial instruments comprise bank and shareholders' loans, hedging instruments, trade payables and other long-term financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, loans granted, derivatives and cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

Interest rate risk

The Group exposure to changes in interest rates which are not offset by hedge relates primarily to the Group's long-term debt obligations and loans granted.

The Group's policy is to obtain finance bearing variable interest rate. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps or cap transactions.

The majority of the Company's loans are nominated or swapped into Euro.

A 50bp change in Euribor rate would lead to Euro 1,115 thousand change in profit (loss) before tax.

Foreign currency risk

The group enters into transactions in currencies other than the Group's functional currency. Therefore it hedges the currency risk by either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures.

The table below presents the sensitivity of profit (loss) before tax due to change in foreign exchange:

	2015				2014			
	PLN/Euro				PLN/Euro			
	+10%	+5%	-5%	-10%	+10%	+5%	-5%	-10%
Cash and cash equivalents	5,588	2,794	(2,794)	(5,588)	2,878	1,439	(1,439)	(2,878)
Trade and other receivables	662	331	(331)	(662)	214	106	(106)	(214)
Trade and other payables	(1,598)	(779)	779	1,598	(558)	(279)	279	558
Bonds	(11,756)	(5,588)	5,588	11,756	(11,594)	(5,797)	5,797	11,594

Exposure to other currencies and other positions in statement of financial position are not material.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation. To manage this risk the Group periodically assesses the financial viability of its customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that those will not meet their payment obligations.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and blocked deposits the Company's exposure to credit risk equals to the carrying amount of these instruments.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

34. Financial instruments and risk management (continued)

Liquidity risk

As at 31 December 2015, the Company holds Cash and Cash Equivalent (as defined in IFRS) in the amount of approximately EUR 169 million. As described above, The Company attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) debt servicing of its existing assets

portfolio; (ii) capex; and (iii) development of commercial properties. Such funding will be sourced through available cash, operating income, sales of assets and refinancing. The Management Board believes that based on its current assumptions, the Company will be able to settle all its liabilities for at least the next twelve months.

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

	31 December 2015	31 December 2014
First year	100	139
Second year	165	76
Third year	119	172
Fourth year	176	134
Fifth year	150	179
Thereafter	87	302
	797	1,002

The above table does not contain payments relating to derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments.

All derivative instruments mature within 2-5 years from the balance sheet date.

Fair Value

As of 31 December 2015 and 2014, all loans bear floating interest rate (however, as of 31 December 2015 and 2014, 58% and 41% of loans are hedged). Therefore, the fair value of the loans which is related to the floating component of the interest equals to the market rate. Fair value of all other financial assets/liabilities equals to carrying value.

For fair value of investment property please refer to note 17.

Fair value hierarchy

As at 31 December 2015, the Group held several hedge instruments carried at fair value on the statement of financial position.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that

are not based on observable market data.

Valuations of hedges are considered as level 2 fair value measurements. During the year ended 31 December 2015 and 31 December 2014, there were no transfers between Level 1 and Level 3 fair value measurements.

Price risk

The Group is exposed to fluctuations of in the real estate markets in which it operates. These can have an effect on the Company's results.

Capital management

The primary objective of the Group's capital management is to ensure capital preservation and maintaining healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group decides on leverage policy, repayment of loans, investment or divestment of assets, dividend policy and the need, if any, to issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Company monitors its gearing ratio, which is Gross Debt less Cash & Deposits (as defined in IFRS) divided by its investment in real estate. The Company's policy is to maintain the gearing ratio at the level of around 50%.

34. Financial instruments and risk management (continued)

	31 December 2015	31 December 2014
(1) Loans, net of cash and deposits (*)	521,559	697,970
(2) Investment properties, inventory and assets held for sale	1,324,413	1,292,956
Gearing ratio [(1)/(2)]	39.4%	54.0%

(*) Excluding loans from joint ventures and minorities and deferred issuance debt expenses.

35. Material non-controlling interest

Summarised financial information of the material non-controlling interest as of 31 December 2015 is presented below:

	Avenue Mall	Burgas	Stara Zagora	GTC Ukraine (*)	Non-core residential projects	Total
Non-current assets	102,189	42,030	13,324	1,203	14,293	173,039
Current assets	2,310	3,322	2,881	55	2,735	11,303
Total assets	104,499	45,352	16,205	1,258	17,028	184,342
Equity	60,998	(9,469)	(63,749)	(26,384)	(64,545)	(103,149)
Non-current liabilities	37,355	52,183	69,458	27,622	78,618	265,236
Current liabilities	6,146	2,638	10,496	20	2,955	22,255
Total equity and liabilities	104,499	45,352	16,205	1,258	17,028	184,342
Revenue	10,501	5,611	2,382	-	5,149	23,643
Profit/(loss) for the year	3,602	3,153	(5,677)	(5,521)	(3,491)	(7,934)
NCI share in equity	18,304	(1,894)	(15,937)	(2,290)	(19,521)	(21,339)
NCI share in profit/(loss)	1,081	631	(1,419)	(552)	(1,293)	(1,553)

(*) NCI was purchased for Euro 1 in January 2016

36. Subsequent events

In January 2016, the Company purchased Pixel office building in Poznan, Poland for EUR 32 million. 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 purchase of the Property was financed by the Company's own sources and a bank loan.

37. Approval of the financial statements

The financial statements were authorised for issue by the Management Board on 16 March 2016.



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INDEPENDENT AUDITORS' OPINION

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

We have audited the attached consolidated financial statements of Globe Trade Centre Group (the "Group"), for which the holding company is Globe Trade Centre S.A. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and other explanatory notes to the consolidated financial statements (the "attached consolidated financial statements").

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the attached consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the attached consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the attached consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the attached consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

We also reported separately on the consolidated financial statements of Globe Trade Centre S.A. for the same period prepared in accordance with the International Financial Reporting Standards, as adopted by the EU using Polish zloty as the presentation currency.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością

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

Warsaw, 16 March 2016



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