

**ANNUAL REPORT FOR 2015
OF THE SUPERVISORY BOARD OF
GLOBE TRADE CENTRE S.A.**

March 2016



1. Legal basis for the report

This report (the “**Report**”) has been prepared and adopted by the supervisory board of Globe Trade Centre S.A., with its registered seat in Warsaw, Poland (the “**Company**” or “**GTC**”), (the “**Supervisory Board**”) pursuant to Article 382 § 3 of the Polish Commercial Companies Code and is addressed to the general meeting of the Company (the “**General Meeting**”).

The purpose of the Report is also to ensure compliance with Rules II.Z.10.1 – II.Z.10.4 of the 2016 Code of Best Practices of WSE Listed Companies.

2. The composition of the Supervisory Board

In 2015, the composition of the Supervisory Board of the Company was as follows:

Name and surname	Position within the Supervisory Board	Period in 2015 during which the given member served on the Supervisory Board
Alexander Hesse	Chairman	1 January 2015 – 31 December 2015
Philippe Couturier	Member	1 January 2015 – 31 December 2015
Michael Damnitz	Member	1 January 2015 – 13 July 2015
Jan Düdden	Member	1 January 2015 – 31 December 2015
Krzysztof Gerula	Member	1 January 2015 – 10 June 2015
Mariusz Grendowicz	Independent Member	1 January 2015 – 31 December 2015
Klaus Helmrich	Member	13 July 2015 – 31 December 2015
Jarosław Karasiński	Member	1 January 2015 – 31 December 2015
Tomasz Mazurczak	Independent Member	1 January 2015 – 10 June 2015
Marcin Murawski	Independent Member	1 January 2015 – 31 December 2015
Katharina Schade	Member	1 January 2015 – 31 December 2015
Dariusz Stolarczyk	Independent Member	1 January 2015 – 10 June 2015

3. Activities of the Supervisory Board

The Supervisory Board operates in compliance with the Polish Commercial Companies Code as well as on the basis of the Company’s Statute and the Bylaws of the Supervisory Board dated 14 April 2005.

The Supervisory Board of GTC exercised supervision over and evaluated the operations of the Company and its financial statements. The Supervisory Board reviewed issues related to the current operations of the Company and adopted resolutions regarding matters related to the Company’s activities and also those required under the regulations of the Polish Commercial Companies Code, the Company’s Statute and the Bylaws of the Supervisory Board.

The duties of the Supervisory Board were performed at meetings held on a quarterly basis. The Supervisory Board also adopted numerous resolutions related to the current operations of GTC on a regular basis between meetings. The meetings of the Supervisory Board were attended by members of the Company’s management board, invited guests (including, specifically, the representatives of Ernst & Young, which was mandated to review the financial statements of the Company and the capital group of the Company (the “**Capital Group**”). The Supervisory Board was also continuously updated by the management board in respect of the most important events affecting the Company.

In 2015, the most important resolutions adopted by the Supervisory Board related to, among others:

- the approval of the financial statements and the consolidated financial statements of the Capital Group made as at 31 December 2014 and the approval of the proposed coverage of the loss generated in 2014;
- the appointment of an entity qualified to audit the financial statements of the Company for the 12 months ended 31 December 2015;
- the granting of consent for the determination by the management board of (i) the number of the series K shares to be issued, and (ii) the issue price of the series K shares
- acquisition of the Duna Towers office building in Budapest
- acquisition of the Pixel office building in Poznań; and
- the appointment of an entity qualified to audit the financial statements of the Company and the Capital Group for the 12 months ended 31 December 2016 and 31 December 2017.

The Supervisory Board also dealt with the following issues:

- the evaluation of the financial position and the financial results of the Company and the Capital Group after each quarter of 2015;
- the evaluation of the 2015 budget and its utilisation;
- the composition of the Company's management board;
- the issue and public offering of the series K shares;
- the tender process for an entity qualified to audit the financial statements of the Company for the 12 months ended 31 December 2016 and 31 December 2017;
- the assessment of asset management agreements with a related party;
- the assessment of the progress of developed projects and new investments; and
- the acquisition of new projects.

The Supervisory Board also monitored selected business risks of the Capital Group and evaluated the methods that the Company uses to control and protect itself from risk.

In 2015, 9 Supervisory Board meetings were held.

4. Evaluation of the work of the Supervisory Board in 2015

The Supervisory Board has a positive opinion of its work in 2015. While performing its duties, the Supervisory Board acted in compliance with the law and, specifically, within the scope of competencies defined by the Polish Commercial Companies Code, the Statute of the Company and the Bylaws of the Supervisory Board.

The Supervisory Board consists of individuals with extensive experience, which allows them to make a thorough and accurate analysis of the Company's plans and the implementation thereof. The Supervisory Board supports the management board in the making all of strategic decisions of GTC.

5. Evaluation of the work of the committees of the Supervisory Board in 2015

Audit Committee

The objective of the audit committee of the Supervisory Board (the “**Audit Committee**”) is to evaluate the administrative financial control, financial reporting, external and internal auditing

of the Company and the companies within the Capital Group, and to provide the Supervisory Board with opinions in that respect.

In 2015, the Audit Committee consisted of the following members of the Supervisory Board: Mariusz Grendowicz, Marcin Murawski and Katharina Schade. The members of the Audit Committee actively participated in the quarterly meetings of the Audit Committee. All of the members of the Audit Committee are qualified in accounting and auditing. According to their statements presented to the management board, Mariusz Grendowicz and Marcin Murawski fulfil the independence criteria (both are Independent Members, as required under the articles of association).

The most important duties of the Audit Committee include, among other things: the evaluation of the current financial results of the Company, its liquidity, the level of its debts and receivables, the financing of projects and the monitoring of the accuracy of financial statements. The Audit Committee also evaluated the internal control and risk management systems material to the Company. During 2015 one of the most important tasks of the Audit Committee was also to conduct a tender procedure for choosing an entity qualified to audit the financial statements of the Company and the Capital Group for the 12 months ended 31 December 2016 and 31 December 2017.

The Audit Committee reviewed all of the financial statements of the Company and the Capital Group prior to their publication and recommended the approval thereof by the Supervisory Board.

In 2015, 5 Audit Committee meetings were held.

Moreover, on 19 March 2015, 12 May 2015, 18 August 2015 and 10 November 2015, the representatives of Ernst & Young (the entity mandated to review the financial statements of the Company and the Capital Group) participated in meetings of the Audit Committee. Members of the Audit Committee visited Capital Group's assets in various locations outside Poland.

Remuneration Committee

On 12 May 2014, the Supervisory Board established a Remuneration Committee of the Supervisory Board, which has no decision-making authority and which is responsible for making recommendations to the Supervisory Board with respect to the remuneration of the members of the management board and the policies for determining such remuneration.

In 2015, the Remuneration Committee consisted of the following members of the Supervisory Board: Alexander Hesse, Marcin Murawski, Mariusz Grendowicz and Krzysztof Gerula (until 10 June 2015). According to their statements presented to the management board, Mariusz Grendowicz and Marcin Murawski fulfil the independence criteria (both are Independent Members, as required under the articles of association).

In 2015, 2 Remuneration Committee meetings were held.

6. The assessment of the manner in which the company fulfils the disclosure obligations concerning the application of the corporate governance rules specified in the WSE Rules and the provisions governing current and interim information disclosed by issuers of securities.

In the opinion of the Supervisory Board, in 2015 the Company fulfilled all the disclosure obligations concerning the application of the corporate governance rules specified in the WSE Rules and the provisions governing current and interim information disclosed by issuers of securities.

7. Information on the rationale behind the Company's policy on sponsorship, charity and other similar activities.

The Company and the Group actively pursue the policies adopted by them which envisage supporting local communities that reside within or in close proximity of 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 Supervisory Board positively assesses the rationality behind and the implementation of the above-described policies of the Company and of the Group.

8. Overview of the operations of the Company.

Key developments and factors affecting the financial and operating results of the Capital Group in 2015

Following a review of the operations of the Capital Group, the Supervisory Board is of the opinion that the operations of GTC that were of key importance in 2015 included the following.

Changes in the Management Board

On 19 March 2015, the Supervisory Board of the Company appointed Erez Boniel as a member of the management board of the Company for a new three-year term. On 23 April 2015 (the date of the annual meeting of the shareholders of the Company approving the financial statements for the last full financial year), the mandates of management board members Piotr Kroenke and Mariusz Kozłowski expired. On 21 July 2015, Witold Zatoński resigned from serving as a member of the management board and as of 28 August 2015 Jacek Wachowicz and Yovav Carmi resigned from serving as members of the management board and assumed new functions within GTC.

The transfer of the Felicity project and the release of obligations from agreements with Unicredit

In March 2015, the Company transferred the Felicity project to a subsidiary of Unicredit in order to pay off loans granted to the Company by Unicredit and to release the Company from any payment obligations arising from such loan agreements.

The sale of the Kazimierz Office Center project in Krakow by a GTC subsidiary

In the performance of the preliminary sale agreement signed between GTC GK Office Sp. z o.o. and Kazimierz Office Center Sp. z o.o. (a subsidiary of a fund managed by GLL Real Estate Partners) on 31 March 2015, on 29 May 2015 GTC GK acquired real estate that includes the Kazimierz Office Centre office building located in Krakow for a net price of EUR 42 million.

Tender offer announced on 30 March 2015 by LSREF III GTC Investments B.V.

On 30 March 2015, LSREF III GTC Investments B.V. announced a tender offer to subscribe for the sale of the Company's shares. Subscriptions in the tender offer continued until 3 June

2015. The settlement took place on 10 June 2015. As a result of the settlement, LSREF III GTC Investments B.V. directly and Lone Star Real Estate Partners III L.P. indirectly (by LSREF III GTC Investments B.V.) acquired 79,898,397 ordinary shares in the Company, which resulted in LSREF III GTC Investments B.V. increasing its indirect share of the total votes in the Company to 55.24%. As of 31 December 2015 LSREF III GTC Investments B.V. holds 275,049,658 ordinary shares in the Company which gives 59.77% share of the total votes.

Decrease of investment in joint ventures

In April 2015, as a result of the liquidation of one of the joint venture companies, investment in joint ventures (Equity accounting – joint ventures) decreased by EUR 67 million and long-term liabilities decreased by EUR 63 million.

The repayment of loans granted by EBRD

In June 2015, a loan granted by the European Bank for Reconstruction and Development (the “**EBRD**”) and Raiffeisen Bank Austria in the amount of EUR 15.8 million and a loan granted by MKB Bank Zrt. and OTP Bank Nyrt in the amount of EUR 17.7 million were fully repaid (subsequently, MKB Bank Zrt. and OTP Bank Nyrt granted the Company a new loan in the amount of EUR 12.6).

Restructuring of loans extended by the EBRD

On 26 June 2015 and on 3 July 2015, the Company and the European Bank for Reconstruction and Development (the “**EBRD**”) entered into an agreement for the restructuring of a loan extended by the EBRD to Mars Commercial Center SRL, the owner of a shopping center in Piata Neamt, Mercury Commercial Center SRL, the owner of a shopping center in Arad and Galleria Stara Zagora AD, the owner of a shopping center in Stara Zagora, Bulgaria (the “**Restructured Loans**”).

Under the terms of the Restructured Loans, the existing guarantees of the Company were released and the Company became a co-borrower, jointly and severally, alongside the existing borrowers. The Restructured Loans will be repaid in quarterly tranches, until 31 December 2017.

As a result of this transaction, the borrowers are not in breach of certain financial covenants under the Restructured Loans that existed prior to entering into such transaction.

The sale of Group Companies

During the second quarter of 2015, the Company acquired the remaining 35% in Galeria Ikonov GmbH (owner of Galeria Varna) and the remaining 20% in GTC Nekretnine Istok d.o.o. (owner of Galeria Osijek). As a result, the impact of the equity attributable to equity holders of the Company amounted to a decrease of EUR 35.8 million. Subsequently, in July 2015, the Company sold its shares in GTC Nekretnine Istok d.o.o for the amount of EUR 1.3 million and its shares in Galleria Varna AD (Galeria Varna) for the amount of EUR 5.5 million.

Galeria Północna in Warsaw

On 8 July 2015, Centrum Światowida sp. z o.o., a subsidiary of the Company, concluded an agreement with Unibep S.A., with its registered seat in Bielsk Podlaski, concerning the construction work involved in the construction of Galeria Północna located at ul. Światowida in Warsaw (“**Galeria Północna**”), under which Unibep S.A. will act as the general contractor in connection with the construction of a retail shopping and entertainment centre consisting of three above-ground storeys and with a commercial area of approximately 64,000 square meters. The investment is to be completed in the second quarter of 2017. The price to be paid to Unibep S.A, assuming that all work associated with the indicative amount will have been performed, is EUR 85.3 million net.

On 17 August 2015, Centrum Światowida sp. z o.o., signed a credit facilities agreement with Pekao Investment Banking S.A, with its registered seat in Warsaw (“**Pekao**”), concerning the financing and refinancing of the total costs of the construction of Galeria Północna, under which Pekao granted to Centrum Światowida sp. z o.o. two credit facilities: (i) a construction loan facility in the amount of up to EUR 116 million and an investment loan facility in the amount of up to EUR 150 million or up to EUR 175 million.

Issue of the series K shares

Following the adoption of the resolution of the Extraordinary General Meeting of the Shareholders of the Company dated 30 June 2015 regarding the increase of the Company’s share capital by way of the issuance of ordinary bearer shares and Company’s management board resolutions regarding the determination of the issue price and number of the series K shares, between 14 September 2015 and 21 September 2015, within a public offering, investors subscribed for all of the 108,906,190 series K shares offered (with an oversubscription of more than 34% of the offered series K shares), which resulted in the generation of PLN 595,716,859.30 (five hundred and ninety-five million, seven hundred and sixteen thousand, eight hundred and fifty-nine zlotys and thirty groszy) from investors.

Subsequently, on 21 October 2015, the District Court for the Capital City of Warsaw in Warsaw registered the amendment of the Company’s articles of association and the increase of the Company’s 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.

Appointment of an entity qualified to audit financial statements

On 10 November 2015, acting pursuant to Art. 7.3c of the Company’s Articles of Association, the Supervisory Board approved the management board’s decision to appoint Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with its seat in Warsaw, Rondo ONZ 1 as the Company’s auditor to audit the financial statements for the 12 months ended 31 December 2016 and 31 December 2017.

Acquisition of Duna Towers

On 19 November 2015, GTC Duna Kft., a 100% subsidiary of the Company acquired from Duna Tower Ingatlanhasznosító és Kereskedelmi Korlátolt Felelősségű Társaság the Duna Tower office building located in the 13th District of Budapest for a net purchase price of EUR 52 million.

Acquisition of Pixel office building in Poznan

On 22 December 2015, GTC Wilson Park Sp. z o.o., a 100% subsidiary of the Company and Pixel 1 Sp. z o.o. entered into a purchase agreement regarding the Pixel office building located in Poznan. The net purchase price amounted to EUR 32 million.

The final purchase agreement was signed on 28 January 2016 following the satisfaction of standard conditions precedent.

Acquisition of the remaining shares in City Gate

In December 2015, the Company acquired the remaining 41.1% in Bucharest City Gate B.V. (owner of the company which owns the City Gate office building in Bucharest) for the total amount of EUR 18.1 million. The payment for the shares in Bucharest City Gate B.V. was made in 2016. As a result, the equity attributable to the equity holders of the Capital Group increased by EUR 5.4 million.

Selected financial data

Below is the most important data concerning the consolidated results achieved by the Capital Group in 2015.

- The revenues from the operations of the Capital Group amounted to EUR 117,363 thousand compared to EUR 124,284 thousand in 2014.
- The net profit of the Capital Group amounted to EUR 43,639 thousand compared to a loss of EUR 207,390 thousand in 2014.
- Total investment property of the Capital Group amounted to EUR 1,288,529 thousand compared to EUR 1,221,319 thousand in 2014.
- The total equity of the Capital Group amounted to EUR 621,202 thousand compared to EUR 427,181 thousand in 2014.
- The Capital Group's loan-to-value ratio amounted to 39.4 % as at 31 December 2015 in comparison to 54.0% as at 31 December 2014, whereas the Group's strategy is to keep its loan-to-value ratio at a level of around 50%.

9. Evaluation of the internal control, internal audit, compliance and risk management system.

In 2015, the Supervisory Board and the Audit Committee have met the Internal Auditor of the company, received information and a review report regarding the internal control systems used by the Company, as well as professional risk assessment thereof. The objective of the internal control systems used by the Company and the Capital Group is to control the Company's operating procedures and, consequently, limit the Company's material risks.

In March 2015 the Supervisory Board approved an internal audit plan to be carried during 2015 by Grant Thornton (an independent qualified international audit firm). The internal auditor has conducted 3 audits: construction of Fortyone office building in Serbia, Property Management of Galleria Burgas in Bulgaria, and construction of Galeria Północna in Poland. Based on information received and reviewed by the Audit Committee and Supervisory Board members, in the opinion of the Supervisory Board, the internal control and risk management systems material to the Company are at good levels.

10. Review of the report of the management board on the activities of the Company in the 2015 financial year, the financial statements of the Company for the 2015 financial year and the proposal of the management board concerning the division of profit generated by the Company in the 2015 financial year

The Company's Supervisory Board reviewed the stand-alone financial statements of the Company, which included:

- the statement of financial position as at 31 December 2015;
- the income statement for the year ended 31 December 2015;
- the statement of comprehensive income for the year ended 31 December 2015;
- the statement of changes in equity for the year ended 31 December 2015;
- the statement of cash flows for the year ended 31 December 2015;
- the notes to the stand-alone financial statements for the year ended 31 December 2015,

as well as the consolidated financial statements of the Capital Group for the year ended 31 December 2015, which included:

- the consolidated statement of financial position as at 31 December 2015;

- the consolidated statement of comprehensive income for the year ended 31 December 2015;
- the consolidated statement of changes in equity for the year ended 31 December 2015;
- the consolidated statement of cash flows for the year ended 31 December 2015; and
- the notes to the consolidated financial statements for the year ended 31 December 2015,

and reviewed the opinion and the report on the audit of such statements conducted by an independent statutory auditor, Ernst & Young Audit sp. z o.o., with its registered seat in Warsaw.

The Supervisory Board also reviewed the Management Board report on activities of the Company for 2015 and the Management Board report on activities of the Capital Group for 2015.

As a result of its evaluation, the Supervisory Board found that the above-mentioned statements and reports were prepared:

- in such a way that they truly and fairly reflect the results of the respective economic activities of the Capital Group and of the Company in 2015 as well as their respective financial positions as at 31 December 2015;
- in accordance with the legal regulations governing the preparation of financial statements in respect of form and content, as well as in accordance with the International Financial Reporting Standards as adopted by the European Union.

Based on the results of this review and on the positive opinion issued by Ernst & Young Audit Sp. z o.o. on 15 March 2016 on the financial statements for 2015 and on the consolidated financial statements for 2015, the Supervisory Board recommends that the General Meeting approves:

- the stand-alone financial statements of the Company for 2015;
- the consolidated financial statements of the Capital Group for 2015;
- the report of the management board on the Company's operations in 2015;
- the report of the management board on the operations of the Capital Group in 2015; and
- the proposal of the management board regarding the allocation of profit generated by the Company in 2015.

Furthermore, the Supervisory Board, after having reviewed the motion of the management board regarding the allocation of profit of PLN 305,257 thousand generated by the Company in 2015, wishes to issue a positive opinion in respect thereof and requests that the General Meeting adopts a relevant resolution regarding the division of such profit in the manner presented above.

In submitting this report, the Supervisory Board requests that all of its current and former members be acknowledged as having properly performed their duties in the 2015 financial year.