CONSOLIDATED QUARTERLY REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

Place and date of publication: Warsaw, 29 July 2020

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

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Item 1.Introduction

The GTC Group is a leading real estate investor and developer focusing on Poland and capital cities in Eastern and Southern Europe: Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group was established in 1994.

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

Since its establishment and as at 31 March 2020 the Group has: (i) developed approximately 1.2 million sq m of gross commercial space and approximately 300 thousand sq m of residential space; (ii) sold approximately 570 thousand sq m of gross commercial space in completed commercial properties and approximately 300 thousand sq m of residential space; and (iii) acquired approximately 150 thousand sq m of commercial space in completed commercial properties. Additionally GTC Group developed and sold over 100 thousand sq m of commercial space and approximately 76 thousand sq m of residential space through its associates in Czech Republic.

As of 31 March 2020, the Group`s property portfolio comprised the following properties:

- 46 completed commercial buildings, including 41 office buildings and five retail properties with a total combined commercial space of approximately 746 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 735 thousand sq m of GLA;

- three office buildings under construction with total GLA of approximately 58 thousand sq m, of which the Group's proportional interest amounts to 58 thousand sq m of GLA;

- commercial landbank designated for future development; and

- residential landbank designated for sale.

As of 31 March 2020, the book value of the Group's portfolio amounts to €2,268,818 with: (i) the Group's completed investment properties account for 88% thereof; (ii) investment properties under construction – 4%; (iii) an investment landbank intended for future development – 6%; (iv) right of use of lands under perpetual usufruct – 2% and (v) residential landbank account for less than 1%. Based on the Group's assessment approximately 99% of the portfolio is core and remaining 1% is non-core assets, including landplots designated for sale and residential landbank.

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in mWIG 40.

The Group's headquarters are located in Warsaw, at Komitetu Obrony Robotników 45A.

In the Management Board's report references to the Company or GTC are to Globe Trade Centre S.A. and all references to the Group or the GTC Group are references to Globe Trade Centre S.A. and its consolidated subsidiaries. Expressions such as: "Shares" relate to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code and inward listed on Johannesburg Stock Exchange in August 2016 and are marked under the ISIN PLGTC0000037 code; "Bonds" refers to the bonds issued by Globe Trade Centre S.A. and introduced to alternative trading market and marked with the ISIN codes PLGTC0000177, PLGTC0000219 PLGTC0000227, PLGTC0000235, PLGTC0000243, PLGTC0000268, PLGTC0000276, PLGTC0000292 and PLGTC0000318; „the Report" refers to the consolidated quarterly report prepared pursuant to art. 66 of the Decree of the Finance Minister of 29 March 2018 on current and periodical information published by issuers of securities and conditions of qualifying as equivalent the information required by the provisions of law of a country not being a member state; "CEE" refers to the group of countries that are within the region of Central and Eastern Europe (Hungary, Poland); "SEE" refers to the group of countries that are within the region of South-Eastern Europe (Bulgaria, Croatia, Romania and Serbia); "net rentable area", "NRA", or "net leasable area", "NLA" refer to the metric of the area of a given property as indicated by the real property appraisal experts for the purposes of the preparation of the relevant real property valuations. With respect to commercial properties, net leasable (rentable) area is all the leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to different methodologies and standards applicable in the various geographic markets on which the Group operates; ''gross rentable area", or "gross leasable area", "GLA" refer to the metric of the all the leasable area of a property multiplied by add-on-factor; "Commercial properties" refer to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties; ''FFO", "FFO I" is profit before tax less tax paid, after adjusting for non-cash transactions (such as fair value or real estate re-measurement, share based payment provision and unpaid financial expenses) and one off items (such as FX differences and residential activity); "EPRA NAV" is total equity less non-controlling interest, less: deferred tax liability related to real estate assets and derivatives at fair value; "EBITDA" is earning before fair value adjustments, interest, tax, depreciation and amortization; "In-place rent" is rental income that was in place as of the reports date. It includes headline rent from premises, income from parking and other rental income; "EUR", "€" or "euro" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; "PLN" or "zloty" refers to the lawful currency of Poland; "JSE" refers to the Johannesburg Stock Exchange.

Presentation of financial information

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

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

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

Forward-looking statements

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

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

The Group discloses important risk factors that could cause its actual results to differ materially from its expectations under Item 5. "Operating and financial review", and elsewhere in this Report as well as under Item 3. "Key risk factors" in Management Board's report on the activities of Globe Trade Centre S.A. Capital Group in the financial year ended 31 December 2019. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on behalf of the Group. When the Group indicates that an event, condition or circumstance could or would have an adverse effect on the Group, it means to include effects upon its business, financial situation and results of operations.

Item 2. Selected financial data

The following tables present the Group's selected historical financial data for the three-month period ended 31 March 2020 and 2019. The historical financial data should be read in conjunction with Item 5. "Operating and Financial Review" and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020.

Selected financial data presented in PLN is derived from the consolidated financial statements for the three-month period ended 31 March 2020 presented in accordance with IFRS and prepared in the Polish language and in Polish zloty as a presentation currency.

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

	For the three-month period ended 31 March			
	2020		2019	
(in thousands)	€	PLN	€	PLN
Consolidated Income Statement				
Revenue from rental activity	41,025	177,335	39,460	169,804
Service costs	(11,158)	(48,232)	(9,909)	(42,640)
Gross margin from operations	29,867	129,103	29,551	127,164
Selling expenses	(323)	(1,396)	(368)	(1,584)
Administrative expenses	(1,421)	(6,142)	(4,523)	(19,463)
Profit/(loss) from revaluation/impairment of assets, net	(5,781)	(26,317)	6,719	28,900
Financial income/(expense), net	(8,643)	(37,360)	(7,904)	(34,012)
Foreign exchange differences gain/(loss), net	(5,331)	(23,044)	(79)	(340)
Net profit / (loss)	2,786	11,586	19,749	84,973
Basic and diluted earnings per share (not in thousands)	0.01	0.02	0.04	0.17
Weighted average number of issued ordinary shares (not in thousands)	485,555,122	485,555,122	483,536,996	483,536,996
Consolidated Cash Flow Statement				
Net cash from operating activities	22,393	96,796	24,608	105,893
Net cash used in investing activities	(14,467)	(62,540)	(26,383)	(113,531)
Net cash from/(used in) financing activities	16,184	69,957	15,303	65,852
Cash and cash equivalents at the end of the period	196,546	894,736	94,216	405,251

	As of 31 March 2020		As of 31 December 2019	
	EUR	PLN	EUR	PLN
Consolidated statement of financial position				
Investment property completed and under contruction	2,085,775	9,495,074	2,087,268	8,888,631
Investment property landbank	126,150	574,273	115,277	490,907
Right of use of lands under perpetual usufruct	43,515	198,093	44,485	189,439
Residential landbank	13,378	60,901	13,388	57,013
Cash and cash equivalents	196,546	894,736	179,636	764,980
Others	78,638	357,983	82,688	352,127
Total assets	2,544,002	11,581,060	2,522,742	10,743,097
Non-current liabilities	1,285,933	5,853,953	1,192,168	5,076,847
Current liabilities	200,133	911,065	271,912	1,157,938
Total Equity	1,057,936	4,816,042	1,058,662	4,508,312
Share capital	11,007	48,556	11,007	48,556

Item 3. Presentation of the Group

Item 3.1. General information about the Group

The GTC Group is a leading real estate investor and developer focusing on Poland and capital cities in Eastern and Southern Europe: Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group was established in 1994.

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The Group's headquarters are located in Warsaw, at Komitetu Obrony Robotników 45A.

Item 3.2. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 31 March 2020 is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020 *in Note 4 "Investment in subsidiaries, associates and joint ventures".*

The following changes in structure of the Group occurred in the three-month period ended 31 March 2020:

- Julesberg Sp. z o.o. was liquidated.

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

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

On 16 April 2020 the Supervisory Board of the Company appointed Mr. Yovav Carmi as member of the Management Board of the Company.

On 22 June 2020 the Supervisory Board of the Company adopted a resolution regarding the dismissal of Mr. Thomas Kurzmann from the position of member of the Management Board of the Company and the appointment of Mr. Robert Snow to the Management Board of the Company effective as of the moment of receipt by the Company of the notification issued by LSREF III GTC INVESTMENTS B.V. regarding the indirect disposal of shares in the share capital of the Company resulting from the disposal by LSREF III GTC INVESTMENTS B.V. of all of the shares in the share capital of GTC DUTCH HOLDINGS B.V. On 23 June 2020 the Company received from LSREF III GTC INVESTMENTS B.V. and Lone Star Real Estate Partners III, L.P. mentioned above notification of a change in the shareholding of the Company

On 1 July 2020, the Supervisory Board of the Company appointed Mr. Gyula Nagy as member of the Management Board of the Company.

On 28 July 2020, the Supervisory Board of the Company appointed Mr. Ariel Alejandro Ferstman as member of the Management Board of the Company.

On 28 July 2020, the Company and Mr. Erez Boniel have mutually agreed to terminate his appointment as a member to the Management Board of the Company.

Item 4. Main events of the first quarter of 2020

On 27 January 2020, Midroog announced cessation of debt rating for Globe Trade Centre S.A. at the Company's request, in light of not raising debt in Israel.

In February 2020, the Group signed with Erste Group Bank AG and Raiffeisenlandesbank Niederosterreich-Wien AG a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000.

In March 2020, GTC Group has completed the construction of office building (Green Heart N3) in Belgrade.

From mid-March 2020 it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with an increased volatility in the financial markets might lead to a potential decrease in the Company assets' values , as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined , it is clear that it poses substantial risks. (see *Item 5.2 in this Report and note 16 in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020).*

Events that took place after 31 March 2020:

On 6 April 2020 the Company received notification from LSREF III GTC INVESTMENTS B.V. ("Seller") and OPTIMUM VENTURES MAGÁNTŐKEALAP ("Buyer"), that the Seller and the Buyer entered into a conditional share purchase agreement relating to the acquisition of 100% of the shares in GTC Dutch Holdings B.V., which, according to the notification, holds 298,575,091 shares in the Company representing 61.49% of the share capital of the Company and carrying the right to 61.49% of the total number of votes in the Company. (see current report no 4/20202).

On 9 April 2020 Mr. Alexander Hesse, Chairman of the Supervisory Board, resigned from the Supervisory Board of the Company, effective 16 April 2020.

On 16 May 2020, the GTC Dutch Holdings B.V appointed Mr. Christian Harlander as a Supervisory Board member.

On 16 April 2020, the Supervisory Board of the Company chose Mr. Jan-Christoph Düdden as a Chairman of the Supervisory Board.

On 16 April 2020 the Supervisory Board of the Company appointed Mr. Yovav Carmi as member of the Management Board of the Company.

On 22 June 2020 the Supervisory Board of the Company adopted a resolution regarding the dismissal of Thomas Kurzmann from the position of member of the Management Board of the Company and the appointment of Robert Snow to the Management Board of the Company effective as of the moment of receipt by the Company of the notification issued by LSREF III GTC INVESTMENTS B.V. regarding the indirect disposal of shares in the share capital of the Company resulting from the disposal by LSREF III GTC INVESTMENTS B.V. of all of the shares in the share capital of GTC DUTCH HOLDINGS B.V.

On 23 June 2020 it received resignations of the following five members of the Supervisory Board of Globe Trade Centre S.A.: Jan-Christoph Düdden, Olivier Brahin, Patrick Haerle, Christian Harlander and Katharina Schade, such resignations being effective as of the moment of receipt by the Company of the notification issued by LSREF III GTC INVESTMENTS B.V. regarding the indirect disposal of shares in the share capital of the Company resulting from the disposal by LSREF III GTC INVESTMENTS B.V. of all of the shares in the share capital of GTC DUTCH HOLDINGS B.V.

On 23 June 2020 the Company received from LSREF III GTC INVESTMENTS B.V. ("LSREF") and Lone Star Real Estate Partners III, L.P. ("Lone Star") a notification of a change in the shareholding of the Company issued pursuant to Article 69 section 1 item 2 in conjunction with Article 87 section 5 item 1 of the Act of 29 July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

According to the notification, on 23 June 2020, on 23 June 2020, as a result of the disposal of the shares held by LSREF in the share capital of GTC Dutch Holdings B.V. (the majority shareholder of the Company) to GTC Holding Zártkörüen Müködö Részvénytársaság, the indirect disposal of 298,575,091 shares in the Company constituting 61.49% of the shares in the share capital of the Company, corresponding to 298,575,091 votes at the general meeting of the shareholders of the Company constituting 61.49% of the votes at the general meeting of shareholders of the Company occurred.

On 23 June 2020, the GTC Dutch Holdings B.V appointed Dr. Zoltán Fekete, Mr.Balázs Figura, Dr. János Péter Bartha, Mr. Bálint Szécsényi and Mr. Péter Bozó as members of the Supervisory Board of the Company, effective immediately.

On 1 July 2020, the Supervisory Board of the Company appointed Mr. Gyula Nagy as member of the Management Board of the Company.

On 1 July 2020, the Supervisory Board of the Company chose Mr. Zoltán Fekete as a Chairman of the Supervisory Board.

On 28 July 2020, the Supervisory Board of the Company appointed Mr. Ariel Alejandro Ferstman as member of the Management Board of the Company.

On 28 July 2020, the Company and Mr. Erez Boniel have mutually agreed to terminate his appointment as a member to the Management Board of the Company.

Item 5. Operating and financial review

Item 5.1. General factors affecting operating and financial results

General factors affecting operating and financial results

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

Economic conditions in CEE and SEE

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

The reduced demand for property that, on the one hand, may result in a drop in sales dynamics, and, on the other, an increase in vacancy rates and lower rent revenues from leased space, may significantly impact the results of operations of the Group. Specifically, the Group may be force to change some of its investment plans. Additionally, the Group may not able to develop numerous plans in the countries where it operates.

Real estate market in CEE and SEE

The Group derives the majority of its revenue from operations from rental activities, including rental and service revenue. For the three-month period ended 31 March 2020 and for the three-month period ended 31 March 2019, the Group derived 76% and 74% of its revenues from operations as rental revenue, which greatly depends on the rental rates per sq m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favorable rent levels. Moreover, for the three-month period ended 31 March 2020 and for the three-month period ended 31 March 2019, the Group derived 24% and 26% of its revenues from operations as service revenue, which reflects certain costs the Group passes on to its tenants.

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

Real estate valuation

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

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

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

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

The Group recognized net loss from revaluation and impairment of assets of €5,781 in the three-month period ended 31 March 2020 and €6,719 gain in three-month period ended 31 March 2019.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. Increases in interest rates generally increase the Group's financing costs. At 31 March 2020, 94% of the Group's borrowings are hedged. In addition, in an economic environment in which availability of financing is not scarce, demand for investment properties generally tends to increase when interest rates are low, which can lead to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, which can result in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have demonstrated significant volatility, changing from 1.343% as of 2 January 2012, through 0.188% as of 2 January 2013, to 0.280% as of 3 January 2014, 0.076% as of 2 January 2015 and – 0.1320% as of 4 January 2016, -0.3180% as of 2 January 2017, -0.328% as of 2 January 2018, as -0.3100% as of 2 January 2019 and -0.379 % as 2 January 2020 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the three-month period ended 31 March 2020 and for the three -month period ended 31 March 2019 a vast majority of the Group's revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against euro of the local currencies of the countries in which the Group operates are an important factor as the credit facilities that are obtained may be denominated in either euro or local currencies.

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

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

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

Availability of financing

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

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

Item 5.2. Specific factors affecting financial and operating results

COVID-19

Since mid-March 2020 until mid-May 2020, local governments in the six countries of our operations have implemented rigorous measures to contain the spread of COVID-19, including, among others, the closure of all stores except those selling essential goods (such as groceries, other food stores and pharmacies). Such measures were prompt and efficient, leading to a low rate of COVID-19 infections and fatalities in the CEE.

Starting from mid-May 2020 gradual easing of restrictions has commenced. Governments are adopting different plans for ending the lockdowns, mostly focused on a phased approach.

Governments across the Group's CEE region have adopted laws implementing measures to assist tenants, ranging from allowing the ability to defer rental payments for businesses impacted by COVID-19, to providing state financial aid covering part of their costs for the duration of the restrictions.

The Group, just as many other landlords in the market, has an ongoing active dialogue with its tenants regarding their business performance and ability to pay. The Group usually collects over 99% of its income. Over 93% of the rent and other charges invoiced for Q1 2020 have been collected.

As of the balance sheet date, the loss of rent and service income related to the COVID-19 amounted to €2,060.

The asset management team is committed to working together with tenants to maintain sustainable, long-term relationships. Any discounts will be agreed on case-by-case basis, based on a thorough analysis of the tenants' financial situation, occupancy cost ratio and other factors, and will be focused on maintaining a functioning retail environment for the long term.

The Group is committed to its prudent financial policy, focused on a conservative gearing ratio of (44.3% as at 31 March 2020) and robust liquidity. In response to the recent events, the Company actively implemented various measures focused on optimizing the costs, including:

- reducing non-critical operating expenses, especially for the period in which most of the retailers in the shopping centres were not trading and allocating capital;

- deferring non-committed development projects;

- deferring non-essential capital expenditure;

- retaining all the profits earned by the Company in 2019, and not to distribute dividend for 2019.

The Group plans compliance with debt-service obligation. As of 31 March 2020 the Group holds cash in the amount of €196,600.

Valuations

Notwithstanding the above, as of 31 March 2020, the Group received letters from its valuers confirming that the values of its assets as of 31 December 2019 are still substantially valid in all material respects, however subject to material uncertainty-as regarding their value, which has not been fully assessed yet.

The increased uncertainty might be reflected in the future in lower asset valuations and increased volatility in the financial markets, as well as impact on the Group's compliance with financial covenants. While the exact effect of the coronavirus is unknown and unknowable, it is clear that it poses substantial risks of reduction of income, increasing yields, increasing collection costs, and FX volatility.

The Group run stress tests which indicated that the going concern assumption remains valid for at least 12 months from the financial statement publication date.

The Group assesses the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

As of 30 June 2020, valuation received by the Company indicates a loss of approximately €62,000 (subject to material uncertainty as regarding their value which has not been fully assessed yet) related mostly to the retail assets.

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.

With respect to a €188,700 loan from Bank Pekao SA granted to a subsidiary of GTC operating the Galeria Północna project, the LtV (loan-to-value) and DSCR (debt service coverage ratio) covenants were not met as of 30 June 2020. Accordingly, the loan will need to be reclassified as a current liability due to the non-compliance with the respective loan covenants. In parallel, the Company has initiated negotiations with the financing bank in order to obtain a waiver in respect to such covenants or to reach a common understanding to relax the present financial covenants.

With respect to a €60,800 loan from Banka Intesa ad Beograd, Vseobecna Uverova Banka a.s. and Privredna Banka Zagreb d.d. granted to a subsidiary of GTC operating the Ada Mall project, the DSCR covenant which would not have been met was waived by the banks as of 30 June 2020 until the end of June 2021.

With respect to a €128,800 loan from Erste Group Bank AG and Raiffeisenlandesbank Niederosterreich-Wien AG granted to a subsidiary (Galeria Jurajska), the DSCR covenant was waived as of 30 June 2020 until the end of June 2021.

The Group is continuously assessing the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

Other

In February 2020, the Group signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000.

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

The Group did not present forecasts for the first quarter of 2020 nor the full year 2020.

Item 5. 4. Statement of financial position

Item 5.4.1. Key items of the statement of financial position

Investment property

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

Residential landbank

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

Investment in associates and joint ventures

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

Assets held for sale

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

Blocked deposits

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

Derivatives

Derivatives include hedge instruments held by the Group that mitigate the risk of interest and currency rates fluctuations. In relation to the instruments qualified as cash flow hedges, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income and the ineffective portion (if any) is recognized in net profit or loss. The classification of hedges in the statement of financial position depends on their maturity. For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly in net profit and loss for the year. The fair value of interest rate swap contracts is determined by calculating the present value of cash flows of each leg of the transaction, taking into account several risk statistics.

Item 5.4.2. Financial position as of 31 March 2020 compared to 31 December 2019

Note: The analysis below is presented without taking into account the impact of Covid-19 outbreak, save for direct impact on income due to the closure that was announced in the Group's countries of activity. For details about the assessed impact as of 31 May 2020, please refer to Note 16 COVID 19 in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020.

Assets

Total assets increased by €21,260 (1%) to €2,544,002 as of 31 March 2020 from €2,522,742 as of 31 December 2019. The increase was mainly due to an increase in cash and cash equivalents as a result of refinancing of Galeria Jurajska and the development of Green Heart, GTC X, Advance Business Center (II), Matrix (B) and Pillar.

The value of investment property and investment property landbank increased by €8,410 to €2,255,440 as of 31 March 2020 from €2,247,030 as of 31 December 2019, mainly due to an investment of €15,531 mostly into assets under construction: Green Heart, Advance Business Center (II), Matrix (B) and Pillar, partially offset by revaluation loss on investment properties of €5,781 attributed mainly to Ada Mall (€3,000) and foreign exchange differences due to weakening of local currencies as a result of COVID-19 outbreak.

The value of short-term blocked deposits decreased by €3,841 (12%) to €29,190 as of 31 March 2020 from €33,031 as of 31 December 2019 mainly as a result of a release of retention deposit related to construction works in Ada Mall.

The value of cash and cash equivalents increased by €16,910 (9%) to €196,546 as of 31 December 2020 from 179,636 as of 31 December 2019 mainly as a result of refinancing of loan related to Galeria Jurajska with the top-up of €46,000 (€44,645 net) partially offset by repayment of bonds in the amount of € 18,671 and investment (net of loans received) in planned projects and projects under construction of approximately €7,500.

Liabilities

The value of loans and bonds increased by €20,259 (2%) to €1,226,481 as of 31 March 2020 from 1,206,222 as of 31 December 2019. This increase comes mainly from refinancing of loans (net) related to Galeria Jurajska in amount of €44,645 and a drawdown of €8,049 from loans in projects under construction. The increase was partially offset by, repayment of bonds in the amount of €18,671 and periodical amortization of existing loans in the amount of €9,373.

The value of lease liability (incl. current portion of lease liabilities) decreased by €2,467 (5%) to €43,963 as of 31 March 2020 from €46,430 as of 31 December 2019, mainly due to foreign exchange gain, resulted from devaluation of local currencies.

The value of provision for deferred tax liability increased by €3,553 (2%) to €150,785 as of 31 March 2020 from €147,232 as of 31 December 2019, mainly due to foreign exchange differences, resulted from devaluation of local currencies.

The value of derivatives increased by €3,388 (53%) to €9,738 as of 31 March 2020 from €6,350 as of 31 December 2019, mainly due to foreign exchange differences on hedged liabilities, resulted from devaluation of local currencies.

The value of provision for share based payment decreased by €1,118 (77%) to €328 as of 31 March 2020 from €1,446 as of 31 December 2019, mainly due to significant decrease in the share price in March 2020.

Equity

The amount of accumulated profit increased by €2,577 to €532,819 as of 31 March 2020 from €530,242 as of 31 December 2019, following recognition of profit for the period in the amount €2,786.

Equity decreased by €726 to €1,057,936 as of 31 March 2020 from €1,058,662 as of 31 December 2019 mainly due to decrease in foreign currency translation balance in the amount of €3,189, partially offset by increase in accumulated profit in the amount of €2,577.

Item 5.5. Consolidated income statement

Item 5.5.1. Key items of the consolidated income statement

Revenues from operations

Revenues from operations consist of:

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

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

Cost of operations

Costs of operations consist of:

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

Gross margin from operations

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

Selling expenses

Selling expenses include:

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

Administrative expenses

Administration expenses include:

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

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

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

Financial income/(expense), net

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

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

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

Taxation

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

Item 5.5.2. Comparison of financial results for the three-month period ended 31 March 2020 with the result for the corresponding period of 2019

Note: The analysis below is presented without taking into account the impact of Covid-19 outbreak, save for direct impact on income due to the closure that was announced in the Group's countries of activity. For details about the assessed impact as of 31 May 2020, please refer to Note 16 COVID 19 in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020

Revenues from rental activity

Rental and service charge revenues increased by €1,565 to €41,025 in the three-month period ended 31 March 2020. During this period, the Group has improved the rental revenue through completion and leasing of Green Heart complex as well as opening of Ada Mall, Advance Business Center I and Matrix A. The increases were partially offset by sale of GTC White House in the third quarter of 2019, Neptun Office Center in the fourth quarter of 2019 of €1,482 and a decrease in income of €2,060 due to rent and service charge relief imposed by governments during lockdown of shopping malls starting on second half of March 2020 following introduction of COVID-19 outbreak prevention measures.

Cost of rental activity

Service cost increased by €1,249 to €11,158 in three-month period ended 31 March 2020 mainly as a result of increased asset portfolio following completion of assets partially offset by sale of GTC White House in the third quarter of 2019 and Neptun Office Center in the fourth quarter of 2019 of €447 and service charge loss due lockdown of shopping malls in the second half of March 2020 following introduction of COVID-19 outbreak prevention measures.

Gross margin from operations

Gross margin (profit) from operations increased by €316 to €29,867 in the three-month period ended 31 March 2020 from €29,551 in the three-month period ended 31 March 2019 mostly resulting from newly completed and acquired properties partially offset by sale of assets.

Gross margin on rental activities in the three-month period ended 31 March 2020 was 73% compared to 75% in the three-month period ended 31 March 2019, mostly due to lockdown of retail projects across the portfolio in the second half of March 2020 following introduction of COVID-19 outbreak prevention measures.

Administrative expenses

Administrative expenses (before provision for share based program) decreased by €594 to €2,539 in the three-month period ended 31 March 2020 mainly due to decrease in legal costs. Mark-to-market of share based program resulted in recognition of decrease in provision for share based payment of €1,118 in the three-month period ended 31 March 2020 compared to an expense arising from share based payment of €1,390 recognized in the three-month period ended 31 March 2019. The combined result was that expenses decreased by €3,102 to €1,421 in the three-month period ended 31 March 2020 from €4,523 in the three-month period ended 31 March 2019.

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

Net loss from the revaluation/impairment of the investment properties amounted to €5,781 in the three-month period ended 31 March 2020, as compared to a net profit of €6,719 in the three-month period ended 31 March 2019. Net loss from the revaluation of the investment properties reflects mainly devaluation of Ada Mall in amount of €3,000 which resulted from longer than expected stablisation period.

Other expense, net

Other expenses (net of other income) mainly related to cost of non-recoverable VAT amounted to €274 in the three-month period ended 31 March 2020 as compared to an expense of €108 in the three-month period ended 31 March 2019.

Foreign exchange differences gain (loss)

Foreign exchange differences loss amounted to €5,331 in the three-month period ended 31 March 2020, as compared to a foreign exchange loss of €79 in the three-month period ended 31 March 2019. An increase is mainly due to significant devaluation of local currencies at the end of March 2020 due to the COVID-19 situation.

Financial income

Financial income amounted to €90 in the three-month period ended 31 March 2020 as compared to €82 in the three-month period ended 31 March 2019.

Financial cost

Financial cost increased by €747 to €8,733 in the three-month period ended 31 March 2020 as compared to €7,986 in the three-month period ended 31 March 2019, mainly due to increase debt balance and completion of new projects.

Profit before tax

Profit before tax decreased by €15,194 to €8,094 in the three-month period ended 31 March 2020, as compared to profit before tax of €23,288 in the three-month period ended 31 March 2019. A decrease is mainly due to a decrease in rental and service charge revenue and recognition of from revaluation/impairment of assets in the amount of €5,781 combined with higher foreign exchange differences loss by €5,252.

Taxation

Tax amounted to €5,308 in the three-month period ended 31 March 2020. Taxation consist mainly of €1,729 of current tax expenses and €3,579 of deferred tax expenses.

Net profit/ (loss)

Net profit amounted to €2,786 in the three-month period ended 31 March 2020, as compared to a net profit of €19,749 in three-month period ended 31 March 2019. This mostly resulted from a decrease in rental and service charge revenue combined with loss from revaluation/impairment of assets in the amount of €5,781, higher foreign exchange differences loss by €5,252 and higher tax expenses by €1,769 resulted in from foreign exchange devaluations of foreign currencies and its impact on fixed assets values in local currencies.

Item 5. 6. Consolidated cash flow statement

Item 5.6.1. Key items from consolidated cash flow statement

Net cash from (used in) operating activities

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

Net cash used in investing activities

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

Net cash from (used in) financing activities

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

Cash and cash equivalents

Cash balance consists of cash in banks. Cash in banks may earn interest at floating rates based on daily bank deposit rates, if those are positive. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates, if those are positive. All cash is deposited in banks. All cash and cash equivalents are available for use by the Group.

Item 5.6.2. Cash flow analysis

Note: The analysis below is presented without taking into account the impact of Covid-19 outbreak, save for direct impact on income due to the closure that was announced in the Group's countries of activity. For details about the assessed impact as of 31 May 2020, please refer to Note 16 COVID 19 in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020

The table below presents an extract of the cash flow for the period of three months ended on 31 March 2020 and 2019:

	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**22,393**	**24,608**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(18,804)	(31,456)
Decrease in blocked deposits	3,758	
Proceeds related to expropriation of land		4,917
VAT/tax on purchase/sale of investment property	557	140
Interest received	22	16
Net cash used in investing activities	**(14,467)**	**(26,383)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	138,049	103,970
Repayment of long-term borrowings	(113,399)	(51,360)
Repayment of lease liability	(90)	(1,730)
Interest paid	(7,225)	(6,740)
Loans origination cost	(945)	(611)
Dividend paid to non-controlling interest		(428)
Decrease/(increase) in short term deposits	(206)	(27,798)
Net cash from (used in) financing activities	**16,184**	**15,303**
Net foreign exchange difference	(7,200)	232
Net increase/(decrease) in cash and cash equivalents	16,910	13,760
Cash and cash equivalents, at the beginning of the year	**179,636**	**80,456**
Cash and cash equivalents, at the end of the period	**196,546**	**94,216**

Net cash flow from operating activities decreased to €22,393 in the three-month period ended 31 March 2020 compared to €24,608 in the three -month period ended 31 March 2019, following the decrease in income as result sale of assets as well as of the lockdown of retail projects in the second half of March 2020.

Net cash flow used in investing activities amounted to €14,467 in the three-month period ended 31 March 2020 compared to €26,383 used in the three-month period ended 31 March 2019. Cash flow used in investing activities mainly composed of (i) expenditure on investment properties under construction of €18,804 related to: Green Heart, Advance Business Center, Matrix and Pillar and (ii) decrease in blocked deposits of €3,758.

Net cash flow from financing activities amounted to €16,184 in the three-month period ended 31 March 2020, compared to €15,303 of cash flow from financing activities in the three-month period ended 31 March 2019. Cash flow from financing activities manly composed of (i) proceeds from long-term borrowings for the three-month period ended 31 March 2020 in the amount of €138,049 that are related mainly to loans related to assets under construction in the amount of €8,049, refinancing of loans related to Galeria Jurajska in amount of €130,000; (ii) repayment of long-term borrowings in the amount of €113,399 mainly loan repayment of €84,000 related to Galeria Jurajska), settlement of maturing bonds in amount of €18,671, as well as amortization of existing loans in amount of €9,373 and (iii) interest paid in the amount of €7,225.

Cash and cash equivalents as 31 March 2020 amounted to €196,546 compared to €94,216 as of 31 March 2019. The Group keeps its cash in the form of bank deposits.

Item 5.7. Future liquidity and capital resources

As of 31 March 2020, the Group believes that its cash balances, cash generated from leasing activities of its investment properties and cash available under its existing and future loan facilities will fund its needs.

The Group endeavors to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) development and acquisition of commercial properties, (ii) debt servicing of its existing assets portfolio and (iii) capex. Such funding will be sourced through available cash, operating income and refinancing.

As of 31 March 2020, the Group's non-current liabilities amounted to €1,285,933 compared to €1,192,168 as of 31 December 2019.

The Group's total debt from long and short-term loans and borrowings as of 31 March 2020 amounted to €1,226,481 as compared to €1,206,222 as of 31 December 2019.

The Group's loans and borrowings are mainly denominated in Euro. Debt in other currencies include bonds (series matures in 2022-2023) in PLN and investment loan of Spiral in HUF.

The Group's loan-to-value ratio amounted to 44.3% as of 31 March 2020, as compared to 44% as of 31 December 2019. The Group's strategy is to keep its loan-to-value ratio at the level not exceeding 50%.

During the first quarter of 2020, the Group signed a loan agreement which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000. The Group plans a number of refinancing transactions which will defer the amortization profile of its debt.

As of 31 March 2020, 94% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate swaps and cap transactions.

Availability of financing

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

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

With reference to the Covid-19 outbreak, the management has prepared and analysed cash flow budget based on certain hypothetical defensive assumptions, to assess the reasonableness of the going concern assumption in view of the current developments on the market. This analysis assumed certain loans repayment acceleration, negative impact on NOI as well as other offsetting measures, which the Management may take to mitigate the risks, including deferring the development activity and dividend pay-out.

Based on management's analysis, the current cash liquidity of the Company and the budget assumptions, Management concluded that there is no material uncertainty as to the Company's ability to continue as a going concern in the foreseeable future i.e. at least in the next 12 months. Management notes that it is difficult to predict ultimate short, medium and long-term impact of the macroeconomic conditions on the financial markets and the Company's activities but the expected impact may be significant. Accordingly Management conclusions will be updated and may change from time to time.

More information regarding impact of the Covid-19 outbreak is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2020 in Note 16 COVID 19.

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

During the three-month period ended 31 March 2020 the Group did not grant loans of with the total value is material.

Item 7. Information on granted and received guarantees with a particular emphasis on guarantees granted to related entities

During the three-month period ended 31 March 2020 the Group did not grant guarantees of with the total value is material.

GTC gives guarantees to third parties in the normal course of its business activities. As of 31 March 2020 the guarantees granted amounted to €2,000.

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

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

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

The following table presents the Company's shareholders, who had no less than 5% of votes at the Ordinary Shareholders Meeting of GTC S.A., as of the date of publication of this Report. The table is prepared based on information received directly from the shareholders.

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes	Change in number of shares since 19 March 2020 (not in thousand)
GTC Dutch Holdings B.V.[1]	298,575,091	61.49%	298,575,091	61.49%	No change
OFE PZU Złota Jesień	48,555,169	10.00%	48,555,169	10.00%	No change
AVIVA OFE Aviva BZ WBK	37,739,793	7.77%	37,739,793	7.77%	No change
Other shareholders	100,685,069	20.74%	100,685,069	20.74%	No change
Total	**485,555,122**	**100.00%**	**485,555,122**	**100.00%**	

[1] GTC Dutch Holdings B.V. is 100% subsidiary of GTC Holding Zártkörüen Müködö Részvénytársaság.

On 6 April 2020 the Company received notification from LSREF III GTC INVESTMENTS B.V. ("Seller") and OPTIMUM VENTURES MAGÁNTŐKEALAP ("Buyer"), that the Seller and the Buyer entered into a conditional share purchase agreement relating to the acquisition of 100% of the shares in GTC Dutch Holdings B.V., which, according to the notification, holds 298,575,091 shares in the Company representing 61.49% of the share capital of the Company and carrying the right to 61.49% of the total number of votes in the Company (see current report no 4/2020).

On 23 June 2020 the Company received from LSREF III GTC INVESTMENTS B.V. ("LSREF") and Lone Star Real Estate Partners III, L.P. ("Lone Star") a notification of a change in the shareholding of the Company issued pursuant to Article 69 section 1 item 2 in conjunction with Article 87 section 5 item 1 of the Act of 29 July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

On 23 June 2020, as a result of the disposal of the shares held by LSREF III GTC INVESTMENTS B.V. in the share capital of GTC Dutch Holdings B.V. to GTC Holding Zártkörüen Müködö Részvénytársaság, the indirect disposal of 298,575,091 shares in the Company constituting 61.49% of the shares in the share capital of the Company, corresponding to 298,575,091 votes at the general meeting of the shareholders of the Company constituting 61.49% of the votes at the general meeting of shareholders of the Company occurred (see current report no 13/2020).

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

Shares held by members of the Management Board

The following table presents shares owned directly or indirectly by members of the Company's Management Board as of 29 July 2020, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (annual report for the twelve-month period ended 31 December 2019) on 19 March 2020.

The information included in the table is based on information received from members of the Management Board.

Management Board Member	Balance as of 29 July 2020 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 19 March 2020 (not in thousand)
Thomas Kurzmann [1]	55,000	5,500	No change
Erez Boniel [2]	143,500	14,350	No change
Yovav Carmi [3]	0	0	No change
Robert Snow [4]	0	0	No change
Gyula Nagy [5]	0	0	No change
Ariel Alejandro Ferstman [6]	0	0	No change
Total	**198,500**	**19,850**	

[1] Balance as of 23 June 2020

[2] Balance as of 28 June 2020

[3] Change since 16 April 2020.

[4] Change since 23 June 2020.

[5] Change since 1 July 2020.

[6] Change since 28 July 2020.

Between 19 March and 29 July 2020, the following changes in the composition of the Management Board took place:

- on 16 April 2020 the Supervisory Board of the Company appointed Yovav Carmi as member of the Management Board of the Company (see current report no 7/2020);
- on 22 June 2020 the Supervisory Board of the Company adopted a resolution regarding the dismissal of Mr. Thomas Kurzmann from the position of member of the Management Board of the Company and the

appointment of Mr. Robert Snow to the Management Board of the Company effective as of the moment of receipt by the Company of the notification issued by LSREF III GTC INVESTMENTS B.V. regarding the indirect disposal of shares in the share capital of the Company resulting from the disposal by LSREF III GTC INVESTMENTS B.V. of all of the shares in the share capital of GTC DUTCH HOLDINGS B.V. On 23 June 2020 the Company received from LSREF III GTC INVESTMENTS B.V. and Lone Star Real Estate Partners III, L.P. mentioned above notification of a change in the shareholding of the Company (see current reports no 11/2020 and 13/2020);

- on 1 July 2020, the Supervisory Board of the Company appointed Mr. Gyula Nagy as member of the Management Board of the Company (see current report no 16/2020);

- on 28 July 2020, the Supervisory Board of the Company appointed Mr. Ariel Alejandro Ferstman as member of the Management Board of the Company (see current report no 18/2020);

- on 28 July 2020, the Company and Mr. Erez Boniel have mutually agreed to terminate his appointment as a member to the Management Board of the Company (see current report no 18/2020).

Shares of GTC held by members of the Supervisory Board

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 29 July 2020, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (annual report for the twelve-month period ended 31 December 2019) on 19 March 2020.

The information included in the table is based on information received from members of the Supervisory Board.

Members of Supervisory Board	Balance as of 29 July 2020 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 19 March 2020
Alexander Hesse[1]	0	0	No change
Olivier Brahin [3]	0	0	No change
Jan-Christoph Düdden [3]	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Patrick Haerle [3]	0	0	No change
Christian Harlander [2]	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade [3]	0	0	No change
Ryszard Wawryniewicz	0	0	No change
Zoltán Fekete [4]	0	0	No change
János Péter Bartha [4]	0	0	No change
Péter Bozó [4]	0	0	No change
Balázs Figura [4]	0	0	No change
Bálint Szécsényi [4]	0	0	No change
Total	**10,158**	**1,016**	

[1] Balance as of 16 April 2020.

[2] Change between 16 April 2020 and 23 June 2020.

[3] Balance as of 23 June 2020.

[4] Change since 23 June 2020.

Between 19 March and 29 July 2020, the following changes in the composition of the Supervisory Board took place:

- on 9 April 2020 Mr. Alexander Hesse, Chairman of the Supervisory Board, resigned from the Supervisory Board of the Company, effective 16 April 2020 (see current report no 5/2020);
- on 16 May 2020, the GTC Dutch Holdings B.V appointed Mr. Christian Harlander as a Supervisory Board member (see current report no 6/2020);
- on 16 April 2020, the Supervisory Board of the Company chose Mr. Jan-Christoph Düdden as a Chairman of the Supervisory Board;
- on 23 June 2020 it received resignations of the following five members of the Supervisory Board of Globe Trade Centre S.A.: Jan-Christoph Düdden, Olivier Brahin, Patrick Haerle, Christian Harlander and Katharina Schade, such resignations being effective as of the moment of receipt by the Company of the notification issued by LSREF III GTC INVESTMENTS B.V. regarding the indirect disposal of shares in the share capital of the Company resulting from the disposal by LSREF III GTC INVESTMENTS B.V. of all of the shares in the share capital of GTC DUTCH HOLDINGS B.V. On 23 June 2020 the Company received from LSREF III GTC INVESTMENTS B.V. and Lone Star Real Estate Partners III, L.P. mentioned above notification of a change in the shareholding of the Company (see current reports no 12/2020 and 13/2020);
- on 23 June 2020, the GTC Dutch Holdings B.V appointed Dr. Zoltán Fekete, Mr.Balázs Figura, Dr. János Péter Bartha, Mr. Bálint Szécsényi and Mr. Péter Bozó as members of the Supervisory Board of the Company, effective immediately (see current report no 14/2020);
- on 1 July 2020, the Supervisory Board of the Company chose Mr. Zoltán Fekete as a Chairman of the Supervisory Board.

Item 10. Material transactions with related parties concluded on terms other than market terms

The Group did not conduct any material transactions with the related parties that are not based on arm's length basis.

Item 11. Proceedings before a court or public authority involving Globe Trade Centre SA or its subsidiaries the total value of the liabilities or claims is material

There are no individual proceeding or group of proceedings before a court or public authority involving Globe Trade Centre SA or its subsidiaries, with the total value of liabilities or claims is material.

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2020
(in thousands of Euro)

	Note	31 March 2020	31 December 2019
ASSETS			
Non-current assets			
Investment property	8	2,255,440	2,247,030
Residential landbank		13,378	13,388
Property, plant and equipment		8,052	8,159
Blocked deposits	10	11,426	11,137
Derivatives		-	265
Other non-current assets		117	109
		2,288,413	**2,280,088**
Loan granted to non-controlling interest partner	9	11,044	10,976
Total non-current assets		**2,299,457**	**2,291,064**
Current assets			
Accounts receivables		8,186	10,269
Accrued income		1,617	2,180
VAT receivable	12	2,740	3,296
Income tax receivable	12	989	1,079
Prepayments and deferred expenses		5,277	2,187
Short-term blocked deposits	10	29,190	33,031
Cash and cash equivalents		196,546	179,636
		244,545	**231,678**
TOTAL ASSETS		**2,544,002**	**2,522,742**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2020
(in thousands of Euro)

	Note	31 March 2020	31 December 2019
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	18	11,007	11,007
Share premium		550,522	550,522
Capital reserve		(43,098)	(43,098)
Hedge reserve		(5,317)	(4,994)
Foreign currency translation		(2,246)	943
Accumulated profit		532,819	530,242
		1,043,687	**1,044,622**
Non-controlling interest	9	14,249	14,040
Total Equity		**1,057,936**	**1,058,662**
Non-current liabilities			
Long-term portion of long-term borrowing	14	1,070,681	980,872
Deposits from tenants		11,426	11,137
Long term payable		2,648	2,648
Provision for share based payment		328	1,446
Lease liability	15	43,662	46,222
Derivatives	11	6,403	2,611
Provision for deferred tax liability		150,785	147,232
		1,285,933	**1,192,168**
Current liabilities			
Investment and trade payables and provisions	13	33,911	37,290
Deposits from tenants		1,218	1,605
Current portion of long-term borrowing	14	155,800	225,350
VAT and other taxes payable		1,775	1,817
Income tax payable		1,970	1,542
Derivatives	11	3,335	3,739
Current portion of lease liabilities	15	301	208
Advances received		1,823	361
		200,133	**271,912**
TOTAL EQUITY AND LIABILITIES		**2,544,002**	**2,522,742**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the three-month period ended 31 March 2020
(in thousands of Euro)

	Note	Three-month period ended 31 March 2020 (unaudited)	Three-month period ended 31 March 2019 (unaudited)
Rental revenue	5	30,998	29,274
Service revenue	5	10,027	10,186
Service costs		(11,158)	(9,909)
Gross margin from operations		**29,867**	**29,551**
Selling expenses		(323)	(368)
Administrative expenses	6	(1,421)	(4,523)
Profit from revaluation/ impairment of assets	8	(5,781)	6,719
Other income		14	283
Other expenses		(288)	(391)
Profit from continuing operations before tax and finance income / (expense)		**22,068**	**31,271**
Foreign exchange differences gain/(loss), net		(5,331)	(79)
Finance income		90	82
Finance costs	7	(8,733)	(7,986)
Profit before tax		**8,094**	**23,288**
Taxation	17	(5,308)	(3,539)
Profit for the period		**2,786**	**19,749**
Attributable to:			
Equity holders of the Company		2,577	19,583
Non-controlling interest	9	209	166
Basic earnings per share (Euro)	19	0.01	0.04

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the three-month period ended 31 March 2020
(in thousands of Euro)

	Three-month period ended 31 March 2020 (unaudited)	**Three-month period ended 31 March 2019 (unaudited)**
Profit for the period	**2,786**	**19,749**
Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods	-	-
Gain/(loss) on hedge transactions	(318)	(1,112)
Income tax	(5)	138
Net gain/(loss) on hedge transactions	(323)	(974)
Foreign currency translation	(3,189)	111
Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	*(3,512)*	*(863)*
Total comprehensive income for the period, net of tax	**(726)**	**18,886**
Attributable to:		
Equity holders of the Company	(935)	18,720
Non-controlling interest	209	166

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the three-month period ended 31 March 2020
(in thousands of Euro)

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2020	**11,007**	**550,522**	**(43,098)**	**(4,994)**	**943**	**530,242**	**1,044,622**	**14,040**	**1,058,662**
Other comprehensive income	-	-	-	(323)	(3,189)	-	(3,512)	-	(3,512)
Profit / (loss) for the period ended 31 March 2020	-	-	-	-	-	2,577	2,577	209	2,786
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(323)**	**(3,189)**	**2,577**	**(935)**	**209**	**(726)**
Balance as of 31 March 2020	**11,007**	**550,522**	**(43,098)**	**(5,317)**	**(2,246)**	**532,819**	**1,043,687**	**14,249**	**1,057,936**

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2019	**10,960**	**546,711**	**(36,054)**	**(4,542)**	**1,680**	**496,996**	**1,015,751**	**5,044**	**1,020,795**
Other comprehensive income	-	-	-	(452)	(737)		(1,189)		(1,189)
Profit / (loss) for the year ended 31 December 2019	-	-	-	-	-	74,825	74,825	596	75,421
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(452)**	**(737)**	**74,825**	**73,636**	**596**	**74,232**
Acquisition of non-controlling interest	-	-	(7,044)	-	-	-	(7,044)	8,829	1,785
Dividend distribution of non-controlling interest	-	-	-	-	-	-	-	(429)	(429)
Distribution of dividend	47	3811	-	-	-	(41,579)	(37,721)	-	(37,721)
Balance as of 31 December 2019	**11,007**	**550,522**	**(43,098)**	**(4,994)**	**943**	**530,242**	**1,044,622**	**14,040**	**1,058,662**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the three-month period ended 31 March 2020
(in thousands of Euro)

		Three-month period ended 31 March 2020	Three-month period ended 31 March 2019
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		8,094	23,288
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets		5,781	(6,719)
Foreign exchange differences loss/(gain), net		5,331	79
Finance income		(90)	(82)
Finance cost		8,733	7,986
Share based payment expenses		(1,118)	1,390
Depreciation and amortization		162	131
Operating cash before working capital changes		**26,893**	**26,073**
Increase in in account receivables and prepayments and other current assets		(2,752)	(2,141)
Increase/(decrease) in advances received		1,462	1,170
Increase in deposits from tenants		(98)	1,052
Increase in trade and other payables		(1,785)	100
Cash generated from operations		**23,720**	**26,254**
Tax paid in the period		(1,327)	(1,646)
Net cash from operating activities		**22,393**	**24,608**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property under construction		(18,804)	(31,456)
Decrease in blocked deposits		3,758	-
Proceeds related to expropriation of land		-	4,917
VAT/tax on purchase/sale of investment property		557	140
Interest received		22	16
Net cash from/(used in) investing activities		**(14,467)**	**(26,383)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	14	138,049	103,970
Repayment of long-term borrowings	14	(113,399)	(51,360)
Repayment of lease liability		(90)	(1,730)
Interest paid		(7,225)	(6,740)
Loans origination cost		(945)	(611)
Dividend paid to non-controlling interest		-	(428)
Increase in short term deposits		(206)	(27,798)
Net cash from/(used in) financing activities		**16,184**	**15,303**
Net foreign currency translation differences		**(7,200)**	**232**
Net increase / (decrease) in cash and cash equivalents		**16,910**	**13,760**
Cash and cash equivalents at the beginning of the year		**179,636**	**80,456**
Cash and cash equivalents at the end of the period		**196,546**	**94,216**

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 Komitetu Obrony Robotników 45a Street. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies with a focus on Poland, Budapest, Bucharest, and Belgrade. Additionally, the Company operates in Zagreb and Sofia. There is no seasonality in the business of the Group companies.

The major shareholder of the Company is GTC Dutch Holdings B.V. ("LSREF III"), controlled by Lone Star, a global private equity firm, which held 298,575,091 shares 61.49% of total share as of 31 March 2020.

Events in the period

In February 2020, GTC CTWA signed with Erste Group Bank AG and Raiffeisenlandesbank Niederosterreich-Wien AG a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million.

In March 2020, GTC Group has completed the construction of office building (Green Heart N3) in Belgrade.

Covid- 19 Panademia

From mid-March 2020 it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with an increased volatility in the financial markets might lead to a potential decrease in the Company assets' values , as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined , it is clear that it poses substantial risks (see note 16).

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2019, which were authorized for issue on 18 March 2020. The interim financial results are not necessarily indicative of the full year results.

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

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

As of 31 March 2020, the Group's net working capital (defined as current assets less current liabilities) amounted to Euro 44.4 million.

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 (see Note 7 to the consolidated financial statements for 2019). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

(in thousands of Euro)

4. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 March 2020	31 December 2019
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 Sterlinga Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. z o.o.(2)	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o	GTC S.A.	Poland	100%	100%
Julesberg Sp. z o.o. (1)	GTC S.A.	Poland	-	100%
Jowett Sp. z o.o. (2)	GTC S.A.	Poland	100%	100%
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. ("Riverside") (2)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
SASAD Resort Kft. ("Sasad")	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft. ("formerly Szeremi Gate")	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft	GTC Hungary	Hungary	100%	100%
GTC White House Kft. ("formerly GTC Renaissance Plaza Kft.")	GTC Hungary	Hungary	100%	100%
VRK Tower Kft	GTC Hungary	Hungary	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%

(1) Liquidated

(2) Under liquidation

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	31 March 2020	31 December 2019
GTC Nekretnine Zagreb d.o.o.("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o	Croatia	80%	80%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Seven Gardens d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L	GTC S.A.	Romania	100%	100%
Cascade Building S.R.L	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park SRL	GTC S.A.	Romania	100%	100%
Deco Intermed S.R.L.	GTC S.A.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o	GTC S.A.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Europort Ukraine Holdings 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

(in thousands of Euro)

5. Segmental analysis

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

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

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

Segment analysis of rental income and costs for the three month period ended 31 March 2020 and 31 March 2019 is presented below:

	2020			**2019**		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	16,794	(5,293)	11,501	18,970	(4,929)	14,041
Belgrade	8,521	(2,259)	6,262	4,906	(1,284)	3,622
Budapest	5,600	(1,353)	4,247	6,187	(1,519)	4,668
Bucharest	4,261	(767)	3,494	4,250	(803)	3,447
Zagreb	2,844	(956)	1,888	2,638	(897)	1,741
Sofia	3,005	(530)	2,475	2,509	(477)	2,032
Total	**41,025**	**(11,158)**	**29,867**	**39,460**	**(9,909)**	**29,551**

(in thousands of Euro)

5. Segmental analysis (continued)

Segment analysis of assets and liabilities for the years ended 31 March 2020 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and lease liability	Deferred tax liability	Other	Total liabilities
Poland	977,601	79,633	7,547	**1,064,781**	556,216	71,440	10,183	**637,839**
Belgrade	407,102	19,437	5,729	**432,268**	215,670	13,281	19,245	**248,196**
Budapest	326,929	19,849	1,628	**348,406**	123,466	14,292	6,103	**143,861**
Bucharest	219,186	11,103	1,453	**231,742**	108,654	13,157	4,494	**126,305**
Zagreb	161,745	6,101	12,374	**180,220**	61,007	17,747	6,143	**84,897**
Sofia	170,890	8,489	2,244	**181,623**	82,401	8,978	5,579	**96,958**
Other	12,071	21	17	**12,109**	-	-	1,184	**1,184**
Non allocated		92,529	324	**92,853**	130,294	11,890	4,643	**146,827**
	2,275,524	**237,162**	**31,316**	**2,544,002**	**1,277,708**	**150,785**	**57,574**	**1,486,067**

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

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	978,398	38,399	5,062	**1,021,859**	516,539	70,600	10,506	**597,645**
Belgrade	404,219	18,427	5,625	**428,271**	216,805	13,570	19,545	**249,920**
Budapest	326,832	20,364	4,705	**351,901**	126,524	14,090	5,756	**146,370**
Bucharest	219,271	10,578	1,941	**231,790**	110,272	12,844	4,793	**127,909**
Zagreb	160,366	4,305	12,326	**176,997**	58,710	17,538	7,161	**83,409**
Sofia	166,070	8,825	1,733	**176,628**	79,321	8,940	5,360	**93,621**
Other	12,029	20	15	**12,064**	-	-	1,184	**1,184**
Non allocated		122,886	346	**123,232**	151,249	9,650	3,123	**164,022**
Total	**2,267,185**	**223,804**	**31,753**	**2,522,742**	**1,259,420**	**147,232**	**57,428**	**1,464,080**

(in thousands of Euro)

6. Administrative expenses

Administrative expenses for the period of three-months ended 31 March 2020 and 31 March 2019 comprises the following amounts:

	Three-month period ended 31 March 2020	**Three-month period ended 31 March 2019**
	(unaudited)	(unaudited)
Administrative expenses	2,539	3,133
Expenses (income) arising from share base payments (*)	(1,118)	1,390
	1,421	4,523

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

7. Finance costs

Finance costs for the period of three-months ended 31 March 2020 and 31 March 2019 comprises the following amounts:

	Three-month period ended 31 March 2020	**Three-month period ended 31 March 2019**
	(unaudited)	(unaudited)
Finance costs related to loans and bonds	8,217	7,460
Finance costs related to lease liability	516	526
	8,733	7,986

(in thousands of Euro)

8. Investment Property

The investment properties that are owned by the Group are office and shopping centre space, including property under construction. (Please refer to note 16 regarding the uncertainty related to the assets' values due to Covid-19 impact):

Investment property can be split up as follows:

	31 March 2020	31 December 2019
	(unaudited)	(audited)
Completed investment property	2,002,194	2,003,188
Investment property under construction	83,581	84,080
Investment property landbank at cost	126,150	115,277
Right of use of lands under perpetual usufruct	43,515	44,485
Total	**2,255,440**	**2,247,030**

(in thousands of Euro)

8. Investment Property (continued)

The movement in investment property for the periods ended 31 March 2020 (unaudited) and 31 December 2019 (audited) was as follows:

	Right of Use of land	Level 2	Level 3	Total
Carrying amount as of 1 January 2019	**-**	**1,377,317**	**735,751**	**2,113,068**
Capitalised subsequent expenditure		13,745	113,445	127,190
Recognition of right of use of lands under perpetual usufruct	45,362	-	-	45,362
Adjustment to fair value / (impairment)		1,246	14,559	15,805
Amortization of right of use of lands under perpetual usufruct	(441)	-	-	(441)
Classified to assets for own use, net		(899)	(301)	(1,200)
Disposals	(712)	(43,973)	(7,050)	(51,735)
Foreign exchange differences	276	(1,339)	44	(1,019)
Carrying amount as of 31 December 2019	**44,485**	**1,346,097**	**856,448**	**2,247,030**
Reclassification		(6,799)	6,799	-
Capitalised subsequent expenditure		2,522	16,928	19,450
Adjustment to fair value / (impairment)		(2,566)	(3,007)	(5,573)
Prepaid right of use of lands under perpetual usufruct	(372)	-	-	(372)
Amortization of right of use of lands under perpetual usufruct	(105)			(105)
Increase	96			96
Foreign exchange differences	(589)	(4,550)	53	(5,086)
Carrying amount as of 31 March 2020	**43,515**	**1,334,704**	**877,221**	**2,255,440**

(in thousands of Euro)

8. Investment Property (continued)

Fair value and impairment adjustments consist of the following:

	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019
Adjustment to fair value of completed investment properties	(5,714)	1,373
Adjustment to fair value of investment properties under construction	141	4,350
Reversal of impairment/(Impairment) adjustment	-	1,145
Total adjustment to fair value / (impairment) of investment property	**(5,573)**	**6,838**
Impairment of residential landbank	(10)	-
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(114)	(119)
Sold assets	(84)	-
Total	**(5,781)**	**6,719**

Assumptions used in the valuations of completed assets as of 31 March 2020 (unaudited) are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	‘000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	497,370	113	92%	21.9	21.7	2
Poland office	398,828	196	93%	14.4	14.1	2
Belgrade office	276,478	122	96%	16.8	16.7	3
Belgrade retail	116,300	35	97%	20.2	19.5	3
Budapest office	248,071	118	97%	13.8	14.3	2
Bucharest office	190,435	67	94%	19.2	19.4	2
Zagreb retail	104,812	35	99%	20.6	20.1	3
Zagreb office	24,500	11	91%	13.3	14.6	3
Sofia office	36,800	16	100%	14.1	14.1	3
Sofia retail	108,600	33	96%	21.7	20.8	3
Total	**2,002,194**	**746**	**95%**	**17.1**	**17.0**	

(in thousands of Euro)

8. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2019 (audited) are presented below:

Portfolio	**Book value**	**GLA thousand**	**Average Occupancy**	**Actual Average rent**	**Average ERV**	**Fair Value Hierarchy Level**
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	497,370	113	94%	21.7	21.7	2
Poland office	398,888	196	92%	14.4	14.1	2
Belgrade office	263,081	117	98%	16.9	16.6	3
Belgrade retail	119,300	35	97%	20.8	21.5	3
Budapest office	259,419	125	97%	12.9	13.9	2
Bucharest office	190,418	67	96%	19.0	19.4	2
Zagreb retail	104,812	35	99%	20.7	20.1	3
Zagreb office	24,500	11	89%	13.3	14.6	3
Sofia office	36,800	16	99%	14.0	14.1	3
Sofia retail	108,600	33	98%	21.3	20.8	3
Total	**2,003,188**	**748**	**95%**	**17.0**	**17.0**	

Information regarding investment properties under construction as of 31 March 2020 (unaudited) is presented below:

	Book value	**Estimated area (GLA)**
	'000 Euro	thousand sqm
Sofia (ABC II)	24,880	18
Budapest (Pillar)	41,101	29
Zagreb (Matrix II)	17,600	11
Total	**83,581**	**58**

Information regarding investment properties under construction as of 31 December 2019 is presented below:

	Book value	**Estimated area (GLA)**
	'000 Euro	thousand sqm
Belgrade (Green Heart N3)	10,310	5
Sofia (ABC II)	20,670	18
Budapest (Pillar)	36,600	29
Zagreb (Matrix II)	16,500	11
Total	**84,080**	**63**

(in thousands of Euro)

8. Investment Property (continued)

Information regarding book value of investment property landbank for construction as of 31 March 2020 and 31 December 2019 is presented below:

	31 March 2020	31 December 2019 (audited)
Poland	38,205	38,148
Serbia	9,831	7,052
Hungary	32,343	25,398
Romania	15,406	15,256
Croatia	14,377	14,097
Bulgaria	610	-
Total	**110,772**	**99,951**

Information regarding book value of investment property landbank (long term pipeline) as of 31 March 2020 and 31 December 2019 is presented below:

	31 March 2020	31 December 2019 (audited)
Poland	7,969	7,969
Hungary	3,400	3,400
Bulgaria	1,900	1,900
Ukraine	2,109	2,057
Total	**15,378**	**15,326**
Grand Total	**126,150**	**115,277**

(in thousands of Euro)

9. Non-controlling interest

The Company's subsidiary that holds Avenue Mall (Euro Structor d.o.o.) has granted in year 2018 its shareholders a loan, pro-rata to their stake in the subsidiary. The loan principle and interest shall be repaid by 30 November 2022. In the event that Euro Structor renders a resolution for the distribution of dividend, Euro Structor has the right to set-off the dividend against the loan. In case a shareholder will sell its stake in Euro Structor, the loan shall be due for repayment upon the sale.

Summarised financial information of the material non-controlling interest as of 31 March 2020 (unaudited) is presented below:

	Avenue Mall	Non-core projects	Total
NCI share in equity	24,604	(10,355)	14,249
Loans received from NCI		8,343	8,343
Loans granted to NCI	(11,044)		(11,044)
Total as of 31 March 2020	**13,560**	**(2,012)**	**11,548**
NCI share in profit / (loss)	**294**	**(85)**	**209**

(in thousands of Euro)

10. Short term deposits

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

11. Derivatives

The Group holds instruments (IRS, Cap and currency forward, SWAP currency) 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 March 2020 and 31 December 2019 was as follows:

	31 March 2020	31 December 2019
Fair value as of beginning of the year	**(6,085)**	**(5,623)**
Charged to other comprehensive income	(318)	(462)
Charged to income statements	(3,335)	-
Fair value as of end of the year	**(9,738)**	**(6,085)**

12. VAT and other tax receivable

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

13. Trade and other payables

The balance of trade and other payables decrease from Euro 37.3 million to Euro 33.9 million in the period ended 31 March 2020.

The majority of the payables relates to development activity payables in Ada Mall, Green Heart, ABC, Pillar and Matrix. Amount is planned to be financed mostly by long term loans.

(in thousands of Euro)

14. Long-term loans and bonds

	31 March 2020	31 December 2019
Bonds mature in 2022-2023	49,491	52,140
Bonds 0320	-	18,671
Bonds 0620	40,444	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,548	20,737
Bonds 0422	9,606	9,515
Loan from Santander (Globis Poznan)	17,422	17,579
Loan from Santander (Korona Business Park)	43,013	43,361
Loan from PKO BP (Pixel)	19,731	19,901
Loan from Santander (Globis Wroclaw)	21,887	22,061
Loan from Berlin Hyp (Corius)	10,293	10,378
Loan from Pekao (Sterlinga)	15,531	15,663
Loan from Pekao (Galeria Polnocna)	188,654	189,904
Loan from PKO BP (Artico)	14,231	14,359
Loan from Erste and Raiffeisen (Galeria Jurajska)	128,781	-
Loan from Pekao (Galeria Jurajska)	-	84,136
Loan from Berlin Hyp (UBP)	43,065	43,283
Loan from ING (Francuska)	21,442	21,577
Loan from OTP (Centre Point)	51,025	51,476
Loan from CIB (Metro)	14,153	14,437
Loan from Erste (Spiral)	18,629	20,593
Loan from OTP (Duna)	39,569	39,919
Loan from Erste (GTC House)	15,288	15,444
Loan from Erste (19 Avenue)	22,256	22,504
Loan from OTP (BBC)	21,589	21,790
Loan from Intesa Bank (Green Heart)	54,345	53,642
Loan from Raiffeisen Bank (Forty one)	37,685	38,148
Loan from Intesa Bank (Ada)	60,782	61,571
Loan from Erste (City Gate)	74,328	75,113
Loan from Banca Transilvania (Cascade)	4,058	4,118
Loan from Alpha Bank (Premium)	15,255	15,873
Loan from OTP (Mall of Sofia)	56,512	57,125
Loan from UniCredit (ABC I)	19,550	19,800
Loan from UniCredit (ABC II)	6,179	2,217
Loan from Erste (Matrix)	14,355	11,485
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	45,500	46,000
Loans from NCI	8,343	8,283
Deferred issuance debt expenses	(7,264)	(6,768)
	1,226,481	**1,206,222**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

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

	31 March 2020	31 December 2019
Current portion of long term loans and bonds:		
Bonds mature in 2022-2023	1,164	479
Bonds 0320	-	18,671
Bonds 0620	40,444	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,548	243
Bonds 0422	166	75
Loan from Santander (Globis Poznan)	629	449
Loan from Santander (Korona Business Park)	1,395	1,395
Loan from PKO BP (Pixel)	19,731	677
Loan from Berlin Hyp (UBP)	870	870
Loan from Erste and Raiffeisen (Galeria Jurajska)	4,875	-
Loan from Pekao (Galeria Jurajska) (*)	-	84,136
Loan from Santander (Globis Wroclaw)	693	693
Loan from Berlin Hyp (Corius)	342	342
Loan from Pekao (Sterlinga)	525	525
Loan from PKO BP (Artico)	510	510
Loan from Pekao (Galeria Polnocna)	5,000	5,000
Loan from ING (Francuska)	21,442	21,577
Loan from OTP (Centre Point)	1,807	1,807
Loan from OTP (Duna)	1,401	1,401
Loan from CIB (Metro)	1,169	14,437
Loan from Erste (Spiral)	1,348	1,446
Loan from Erste (GTC House)	624	624
Loan from Erste (19 Avenue)	994	994
Loan from Intesa Bank (Green Heart)	2,555	2,367
Loan from OTP (BBC)	805	805
Loan from Raiffeisen Bank (Forty one)	1,853	1,853
Loan from Intesa Bank (Ada)	3,394	3,315
Loan from OTP (Mall of Sofia)	2,458	2,457
Loan from UniCredit (ABC I)	950	1,000
Loan from UniCredit (ABC II)	860	58
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	2,000	2,000
Loan from Erste (Matrix)	580	524
Loan from Alpha Bank (Premium)	1,025	1,025
Loan from Banca Transilvania (Cascade)	240	240
Loan from Erste (City Gate)	3,198	3,168
	155,800	**225,350**

(*) In February 2020, the Group signed with Erste and Raiffeisen a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million.

(in thousands of Euro)

14. Long-term loans and bonds (continued)

	31 March 2020	31 December 2019
Long term portion of long term loans and bonds:		
Bonds mature in 2022-2023	48,327	51,661
Bonds 0422	9,440	9,440
Bonds 0321	-	20,494
Loan from Santander (Globis Poznan)	16,793	17,130
Loan from Santander (Korona Business Park)	41,618	41,966
Loan from PKO BP (Pixel)		19,224
Loan from Santander (Globis Wroclaw)	21,194	21,368
Loan from Berlin Hyp (Corius)	9,951	10,036
Loan from Pekao (Sterlinga)	15,006	15,138
Loan from Pekao (Galeria Polnocna)	183,654	184,904
Loan from PKO BP (Artico)	13,721	13,849
Loan from Erste and Raiffeisen (Galeria Jurajska)	123,906	-
Loan from Berlin Hyp (UBP)	42,195	42,413
Loan from OTP (Centre Point)	49,218	49,669
Loan from CIB (Metro)	12,984	-
Loan from OTP (Duna)	38,168	38,518
Loan from Erste (Spiral)	17,281	19,147
Loan from Erste (GTC House)	14,664	14,820
Loan from Erste (19 Avenue)	21,262	21,510
Loan from Intesa Bank (Green Heart)	51,790	51,275
Loan from Intesa Bank (Ada)	57,388	58,256
Loan from OTP (BBC)	20,784	20,985
Loan from Raiffeisen Bank (Forty one)	35,832	36,295
Loan from Erste (City Gate)	71,130	71,945
Loan from Banca Transilvania (Cascade)	3,818	3,878
Loan from Alpha Bank (Premium)	14,230	14,848
Loan from OTP (Mall of Sofia)	54,054	54,668
Loan from UniCredit (ABC I)	18,600	18,800
Loan from UniCredit (ABC II)	5,319	2,159
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	43,500	44,000
Loan from Erste (Matrix)	13,775	10,961
Loans from NCI	8,343	8,283
Deferred issuance debt expenses	(7,264)	(6,768)
	1,070,681	**980,872**

(in thousands of Euro)

14. 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 Group undertakes to comply with certain financial covenants that are listed in those agreements. The main covenants are: maintaining a Loan-to-Value and Debt Service Coverage ratios in the company that holds the project.

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.

Loan received by Spiral is nominated in Hungarian Forint (HUF).

Bonds (series matures in 2022-2023) are nominated in PLN. All other bank loans and bonds are denominated in Euro.

As of 31 March 2020, there were no breach of loan and bonds covenants. For information regarding breach of loans as of 30 June 2020, please see note 16.

The movement in long term loans and bonds for the years ended 31 March 2020 and 31 December 2019 was as follows:

	31 March 2020	**31 December 2019**
Balance as of the beginning of the year (excluding deferred debt expenses)	**1,212,990**	**1,121,718**
Drawdowns	138,049	264,520
Repayments	(113,399)	(152,561)
Transactions with of non-controlling interest	-	(1,785)
Change in accrued interest	1,073	394
Deconsolidation of Neptune	-	(19,915)
Capitalization of interest	-	1,205
Foreign exchange differences	(4,968)	(586)
Balance as of end of the year (excluding deferred debt expenses)	**1,233,745**	**1,212,990**

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

	31 March 2020 (unaudited)	**31 December 2019** (audited)
First year	183	251
Second year	156	189
Third year	206	199
Fourth year	219	198
Fifth year	371	270
Thereafter	195	196
	1,330	**1,303**

(in thousands of Euro)

15. Lease liability and Right of Use of land

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

The balance of Right of Use of land as of 31 March 2020 was as follows:

	Completed investment property	Investment property landbank at cost	Residential landbank	Fixed assets	Total
Country					
Poland	10,866	22,251			33,117
Romania	6,670				6,670
Serbia	3,728				3,728
Croatia			1,188		1,188
Bulgaria				160	160
Hungary				58	58
Balance as of 31 March 2020	**21,264**	**22,251**	**1,188**	**218**	**44,921**

The balance of Right of Use as of 31 December 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total
Country						
Poland	11,648	-	22,247	-	-	33,895
Romania	6,884	-	-	-	-	6,884
Serbia	3,606	100	-	-	-	3,706
Croatia	-	-	-	1,197	-	1,197
Bulgaria	-	-	-	-	179	179
Hungary	-	-	-	-	70	70
Balance as of 31 December 2019	**22,138**	**100**	**22,247**	**1,197**	**249**	**45,931**

(in thousands of Euro)

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

The balance of lease liability as of 31 March 2020 was as follows:

	Completed investment property	Investment property landbank at cost	Residential landbank	Fixed assets	Total	Discount rate
Country						
Poland	10,866	21,332			32,198	4.2%
Romania	6,670				6,670	5.7%
Serbia	3,728				3,728	7.6%
Croatia			1,172		1,172	4.4%
Bulgaria				138	138	4.5%
Hungary				57	57	3.9%
Balance as of 31 March 2020	**21,264**	**21,232**	**1,172**	**196**	**43,963**	

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

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total	Discount rate
Country							
Poland	11,648	-	22,726	-	-	34,374	4.2%
Romania	6,884	-	-	-	-	6,884	5.7%
Serbia	3,606	100	-	-	-	3,706	7.6%
Croatia	-	-	-	1,225	-	1,225	4.4%
Bulgaria					179	179	4.5%
Hungary	-	-	-	-	62	62	3.9%
Balance as of 31 December 2019	**22,138**	**100**	**22,726**	**1,225**	**241**	**46,430**	

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

(in thousands of Euro)

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

The movement in Right of Use of land for the years ended 31 March 2020 and 31 December 2019 was as follows:

	31 March 2020	**31 December 2019**
Balance as of beginning of the year	**45,931**	**-**
Recognition of Right of Use asset for lands under perpetual usufruct	-	46,580
Recognition of Right of Use during the year	96	273
Amortization of right of use	(114)	(498)
Prepaid right of use of lands under perpetual usufruct	(372)	-
Disposals	-	(712)
Foreign exchange differences	(620)	288
Balance as of the end of the period	**44,921**	**45,931**

The movement in lease liability for the years ended 31 March 2020 and 31 December 2019 was as follows:

	31 March 2020	**31 December 2019**
Balance as of beginning of the year	**46,430**	**-**
Recognition of lease liability for lands under perpetual usufruct	-	46,580
Recognition of Right of Use during the year	96	273
Payments of leases	(90)	(1,739)
Change in provision for disputable amounts of perpetual usufruct	(337)	(352)
Change in accrued interest	(14)	1,817
Disposals	-	(712)
Foreign exchange differences	(2,122)	563
Balance as of the end of the period	**43,963**	**46,430**

16. Covid-19

Since mid-March 2020 until mid-May 2020, local governments in the six countries of our operations have implemented rigorous measures to contain the spread of COVID-19, including, among others, the closure of all stores except those selling essential goods (such as groceries, other food stores and pharmacies). Such measures were prompt and efficient, leading to a low rate of COVID-19 infections and fatalities in the CEE.

Starting from mid-May 2020 gradual easing of restrictions has commenced. Governments are adopting different plans for ending the lockdowns, mostly focused on a phased approach.

Governments across the Group's CEE region have adopted laws implementing measures to assist tenants, ranging from allowing the ability to defer rental payments for businesses impacted by COVID-19, to providing state financial aid covering part of their costs for the duration of the restrictions.

The Company, just as many other landlords in the market, has an ongoing active dialogue with its tenants regarding their business performance and ability to pay. The Group usually collects over 99% of its income. Over 93% of the rent and other charges invoiced for Q1 2020 have been collected.

As of the balance sheet date, the loss of rent and service income related to the COVID-19 amounted to Euro 2,060 thousands.

The asset management team is committed to working together with tenants to maintain sustainable, long-term relationships. Any discounts will be agreed on case-by-case basis, based on a thorough analysis of the tenants' financial situation, occupancy cost ratio and other factors, and will be focused on maintaining a functioning retail environment for the long term.

The Group is committed to its prudent financial policy, focused on a conservative gearing ratio of (44.3% as at 31 March 2020) and robust liquidity. In response to the recent events, the Company actively implemented various measures focused on optimizing the costs, including:

- reducing non-critical operating expenses, especially for the period in which most of the retailers in the shopping centres were not trading and allocating capital;

- deferring non-committed development projects;

- deferring non-essential capital expenditure;

- retaining all the profits earned by the Company in 2019, and proposed not to distribute dividend for 2019;

16. Covid-19 (continued)

The Group plans to be compliant with debt-service obligation. As of 31 March 2020 the Company holds cash in the amount of Euro 196.6 million.

Valuations

Notwithstanding the above, as of 31 March 2020 the Company received letters from its valuers confirming that the values of its assets as of 31 December 2019 are still substantially valid in all material respects, however subject to material uncertainty as regarding their value which has not been fully assessed yet.

The increased uncertainty might be reflected in the future in lower asset valuations and increased volatility in the financial markets, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is unknown and unknowable, it is clear that it poses substantial risks of reduction of income, increasing yields, increasing collection costs, and FX volatility.

The Company run stress tests which indicated that the going concern assumption remains valid for at least 12 months from the financial statement publication date.

As of 30 June 2020, valuation received by the Company indicates a loss of approximately Euro 62 million (subject to material uncertainty) related mostly to the shopping centres assets.

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.

With respect to a EUR 188.7 million loan from Bank Pekao SA granted to a subsidiary of GTC operating the Galeria Północna project, the LtV (loan-to-value) and DSCR (debt service coverage ratio) covenants were not met as of 30 June 2020. Accordingly, the loan will need to be reclassified as a current liability due to the non-compliance with the respective loan covenants. In parallel, the Company has initiated negotiations with the financing bank in order to obtain a waiver in respect to such covenants or to reach a common understanding to relax the present financial covenants.

With respect to a EUR 60.8 million loan from Banka Intesa ad Beograd, Vseobecna Uverova Banka a.s. and Privredna Banka Zagreb d.d. granted to a subsidiary of GTC operating the Ada Mall project, the DSCR covenant which would not have been met was waived by the banks as of 30 June 2020 until the end of June 2021.

With respect to a EUR 128.8 million loan from Erste Group Bank AG and Raiffeisenlandesbank Niederosterreich-Wien AG granted to a subsidiary (Galeria Jurajska), the DSCR covenant was waived as of 30 June 2020 until the end of June 2021.

The Group is continuously assessing the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

17. Taxation

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These frequent changes result in there being little point of reference, inconsistent interpretations not consistent and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax settlements and other areas of activity (e.g. customs or foreign currency related issues) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Group's countries than in countries that have a more established taxation system.

Effective 15 July 2016, the Polish Tax Code was amended for the General Anti-Abuse Rule (GAAR) provisions. The new regulation will require significantly more judgement in assessment of the tax consequences of particular transactions.

(in thousands of Euro)

18. Capital and Reserves

Shareholders who as at 31 March 2020 held above 5% of the Company shares were as follows:

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

Phantom shares

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

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

As at 31 March 2020, phantom shares issued were as follows:

Strike (PLN)	**Blocked**	**Vested**	**Total**
6.11	1,751,200	300,000	2,051,200
7.02	-	50,000	50,000
8.96	20,000	10,000	30,000
Total	**1,771,200**	**360,000**	**2,131,200**

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

Last year of exercise date	**Number of phantom shares**
2020	50,000
2021	1,651,200
2022	330,000
2023	100,000
Total	**2,131,200**

(in thousands of Euro)

19. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Three-month period ended 31 March 2020	**Three-month period ended 31 March 2019**
	(unaudited)	(unaudited)
Profit for the period attributable to equity holders (Euro)	2,577,000	19,583,000
Weighted average number of shares for calculating basic earnings per share	485,555,122	483,536,996
Basic earnings per share (Euro)	0.01	0.04

There have been no potentially dilutive instruments as at 31 March 2020, 31 March 2019.

20. Subsequent events

On 16 April 2020, Mr. Yovav Carmi was appointed as member of the Management Board of the Company.

On June 23 2020 the Company received a notification from GTC HOLDING ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG ("GTC Holding Zmr") registered in Budapest, Hungary, and LSREF III GTC INVESTMENTS B.V. with its registered office in Amsterdam, the Netherlands of 100% of shares of GTC Dutch Holdings B.V. (the "Majority Shareholder") whereby the Majority Shareholder has sold all its shares, 298,575,091, representing 61.49% of the shares in the share capital of the Company to GTC Holding Zmr. After the abovementioned acquisition, GTC Holding Zmr (i.e. through the Majority Shareholder) holds indirectly 298,575,091 shares of the Company, representing 61.49% of the shares.

On 23 June 2020, Mr. Robert Snow was appointed as member of the Management Board of the Company.

On 23 June 2020, Mr. Thomas Kurzmann was dismissed from the Management Board of the Company.

On 1 July 2020, Mr. Gyula Nagy was appointed as member of the Management Board of the Company.

On 28 July 2020, Mr. Ariel Alejandro Ferstman was appointed as member of the Management Board of the Company.

On 28 July 2020, the Company and Mr. Erez Boniel have mutually agreed to terminate his appointment as a member to the Management Board of the Company.

21. Release date

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 28 July 2019.

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INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS AND SUPERVISORY BOARD OF GLOBE TRADE CENTRE S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of the Globe Trade Centre S.A. Group ("the Group"), where the parent company is Globe Trade Centre S.A. with its registered office in Warsaw at Komitetu Obrony Robotników 45A ("the Company", "the Parent Company"), comprising the consolidated statement of financial position prepared as at 31 March 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 January 2020 to 31 March 2020, as well as notes and explanatory information ("interim condensed consolidated financial statements").

The Parent Company's Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of European Commission regulations.

Our responsibility is to form a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review

We performed the review in accordance with National Standard on Review Engagements 2410 in the wording of International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, adopted in a resolution passed by the National Council of Certified Auditors.

A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing in the wording of International Standards on Auditing. As a result, a review is not sufficient to obtain assurance that all significant matters that might be identified in an audit, have been identified. Accordingly, we do not express an audit opinion on the accompanying interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of European Commission regulations.

Explanatory Paragraph - significant uncertainty relating to the valuation of investment property

We draw your attention to Note 16 “Covid-19” to the interim condensed consolidated financial statements, in which the Company presents among others the uncertainties related to the valuation of Group’s investment property. In particular, the Company received letters from its valuers confirming that the value of investment property as of 31 December 2019 is still substantially valid as of 31 March 2020 in all material respects, however, subject to material uncertainty. Also, the Company received the valuations as of 30 June 2020 that indicate a loss of approximately Euro 62 million. According to the valuers these valuations are also subject to material uncertainty. Our conclusion has not been modified in this respect.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered on the list of audit firms in number **3355**

on behalf of which the review
of financial statements was performed by

Signed by / Podpisano przez: Krzysztof Maksymik
Date / Data: 2020-07-28 15:33

Krzysztof Maksymik
Certified Auditor No. 11380

Signed by / Podpisano przez: André Helin
Date / Data: 2020-07-28 15:42

Dr. André Helin
President of the General Partner’s Management Board
Certified Auditor No. 90004

Warsaw, 28 July 2020