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)

	Note	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

Krzysztof Maksymik
Certified Auditor No. 11380

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

Warsaw, 28 July 2020