GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020
TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 September 2020
(in thousands of Euro)

	Note	30 September 2020 (unaudited)	31 December 2019 (audited)
ASSETS			
Non-current assets			
Investment property	8	2,161,131	2,247,030
Residential landbank		10,104	13,388
Property, plant and equipment		7,845	8,159
Blocked deposits	10	12,680	11,137
Derivatives		-	265
Other non-current assets		115	109
		2,191,875	**2,280,088**
Loan granted to non-controlling interest partner	9	11,183	10,976
Total non-current assets		**2,203,058**	**2,291,064**
Assets held for sale	8	**63,541**	**-**
Current assets			
Accounts receivables		7,823	10,269
Accrued income		1,317	2,180
VAT receivable	12	1,886	3,296
Income tax receivable	12	850	1,079
Prepayments and deferred expenses		5,023	2,187
Short-term blocked deposits	10	27,086	33,031
Cash and cash equivalents		139,078	179,636
		183,063	**231,678**
TOTAL ASSETS		**2,449,662**	**2,522,742**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 September 2020
(in thousands of Euro)

	Note	30 September 2020 (unaudited)	31 December 2019 (audited)
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		(49,489)	(43,098)
Hedge reserve		(7,290)	(4,994)
Foreign currency translation		(3,114)	943
Accumulated profit		513,856	530,242
		1,015,492	**1,044,622**
Non-controlling interest	9	17,511	14,040
Total Equity		**1,033,003**	**1,058,662**
Non-current liabilities			
Long-term portion of long-term borrowing	14	1,025,796	980,872
Deposits from tenants		12,680	11,137
Long term payable		2,578	2,648
Provision for share based payment		387	1,446
Lease liability	15	43,702	46,222
Derivatives	11	9,082	2,611
Provision for deferred tax liability		145,189	147,232
		1,239,414	**1,192,168**
Current liabilities			
Investment and trade payables and provisions	13	19,901	37,290
Deposits from tenants		28	1,605
Current portion of long-term borrowing	14	149,918	225,350
VAT and other taxes payable		2,247	1,817
Income tax payable		1,090	1,542
Derivatives	11	2,729	3,739
Current portion of lease liabilities	15	187	208
Advances received		1,145	361
		177,245	**271,912**
TOTAL EQUITY AND LIABILITIES		**2,449,662**	**2,522,742**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the nine-month period ended 30 September 2020
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2020 (unaudited)	Nine-month period ended 30 September 2019 (unaudited)	Three-month period ended 30 September 2020 (unaudited)	Three-month period ended 30 September 2019 (unaudited)
Rental revenue	5	91,697	93,866	32,659	32,903
Service revenue	5	29,877	30,763	10,225	10,444
Service costs	5	(30,591)	(30,861)	(10,536)	(10,690)
Gross margin from operations		**90,983**	**93,768**	**32,348**	**32,657**
Selling expenses		(1,002)	(1,098)	(295)	(363)
Administration expenses	6	(7,183)	(11,209)	(2,629)	(2,442)
Profit from revaluation/impairment of assets	8	(66,915)	21,784	917	5,302
Other income		769	934	714	647
Other expenses		(1,101)	(837)	(552)	(252)
Profit (loss) from continuing operations before tax and finance income / (expense)		**15,551**	**103,342**	**30,503**	**35,549**
Foreign exchange differences gain/ (loss), net		(4,109)	(275)	(873)	154
Finance income		252	282	79	101
Finance cost	7	(25,331)	(25,309)	(8,280)	(9,073)
Profit (loss) before tax		**(13,637)**	**78,040**	**21,429**	**26,731**
Taxation	17	(2,868)	(15,132)	(4,110)	(6,670)
Profit (loss) for the period		**(16,505)**	**62,908**	**17,319**	**20,061**
Attributable to:					
Equity holders of the Company		(16,386)	62,575	17,233	19,893
Non-controlling interest	9	(119)	333	86	168
Basic earnings per share (in Euro)	19	(0.03)	0.13	0.04	0.04

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the nine-month period ended 30 September 2020
(in thousands of Euro)

	Nine-month period ended 30 September 2020 (unaudited)	Nine-month period ended 30 September 2019 (unaudited)	Three-month period ended 30 September 2020 (unaudited)	Three-month period ended 30 September 2019 (unaudited)
Profit (loss) for the period	**(16,505)**	**62,908**	**17,319**	**20,061**
Gain (loss) on hedge transactions	(2,664)	(4,856)	(435)	(1,857)
Income tax	368	602	69	201
Net gain (loss) on hedge transactions	(2,296)	(4,254)	(366)	(1,656)
Foreign currency translation	(4,057)	(1,448)	(1,050)	(1,208)
Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	**(6,353)**	**(5,702)**	**(1,416)**	**(2,864)**
Total comprehensive income for the period, net of tax	**(22,858)**	**57,206**	**15,903**	**17,197**
Attributable to:				
Equity holders of the Company	(22,739)	56,873	15,817	17,029
Non-controlling interest	(119)	333	86	168

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the nine-month period ended 30 September 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	-	-	-	(2,296)	(4,057)	-	(6,353)	-	(6,353)
Profit / (loss) for the period ended 30 September 2020	-	-	-	-	-	(16,386)	(16,386)	(119)	(16,505)
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(2,296)**	**(4,057)**	**(16,386)**	**(22,739)**	**(119)**	**(22,858)**
Acquisition of non-controlling interest	**-**	**-**	**(6,391)**	**-**	**-**	**-**	**(6,391)**	**3,590**	**(2,801)**
Balance as of 30 September 2020 (unaudited)	**11,007**	**550,522**	**(49,489)**	**(7,290)**	**(3,114)**	**513,856**	**1,015,492**	**17,511**	**1,033,003**

	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	-	-	-	(4,254)	(1,448)	-	(5,702)	-	(5,702)
Profit / (loss) for the period ended 30 September 2019	-	-	-	-	-	62,575	62,575	333	62,908
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(4,254)**	**(1,448)**	**62,575**	**56,873**	**333**	**57,206**
Transactions with non-controlling interest	**-**	**-**	(7,044)	-	-	-	(7,044)	8,830	1,786
Distribution of dividend	**-**	**-**	-	-	-	(41,579)	(41,579)	(429)	(42,008)
Issuance of shares	47	3,811	-	-	-	-	3,858	-	3,858
Balance as of 30 September 2019 (unaudited)	**11,007**	**550,522**	**(43,098)**	**(8,796)**	**232**	**517,992**	**1,027,859**	**13,778**	**1,041,637**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the nine-month period ended 30 September 2020
(in thousands of Euro)

	Note	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before tax		(13,637)	78,040
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets		66,915	(21,784)
Foreign exchange differences loss/(gain), net		4,109	275
Finance income		(252)	(282)
Finance cost		25,331	25,310
Share based payment (income) / expenses		(1,059)	(3,389)
Depreciation and amortization		478	496
Operating cash before working capital changes		**81,885**	**78,666**
Increase in trade receivables, prepayments and other current assets		(454)	(3,120)
Increase/(decrease) in advances received		784	(35)
Increase/(decrease) in deposits from tenants		(34)	2,277
Increase/(decrease) in trade and other payables		(1,640)	289
Cash generated from operations		**80,541**	**78,077**
Tax paid in the period		(5,021)	(4,775)
Net cash flows from operating activities		**75,520**	**73,302**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property		(64,658)	(111,696)
Decrease in short term deposits		5,777	3,001
Proceeds related to expropriation of land		-	4,917
Purchase of minority		(1,802)	-
Sale of investment property	8	500	72,659
VAT/CIT on purchase/sale of investment property		1,410	19,169
Interest received		45	84
Net cash flows from/(used in) investing activities		**(58,728)**	**(11,866)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	14	157,248	172,641
Repayment of long-term borrowings	14	(183,729)	(87,804)
Repayment of lease liabilities		(156)	(1,682)
Dividends paid		-	(37,992)
Dividends paid to non-controlling interest		-	(429)
Interest paid		(22,582)	(21,774)
Loans origination cost		(954)	(1,269)
Decrease/(increase) in blocked deposits	10	(1,375)	(11,458)
Net cash from/(used in) financing activities		**(51,548)**	**10,233**
Effect of foreign currency translation		**(5,802)**	**(409)**
Net increase / (decrease) in cash and cash equivalents		**(40,558)**	**71,260**
Cash and cash equivalents at the beginning of the period		**179,636**	**80,456**
Cash and cash equivalents at the end of the period		**139,078**	**151,716**

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 commercial and residential real estate companies with a focus on Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. There is no seasonality in the business of the Group companies.

As at September 30, 2020 the majority shareholder was GTC Holding Zrt, holding 298,575,091 shares of Globe Trade Centre S.A, representing 61.49% of the share capital of Globe Trade Centre S.A and carrying the right to 61.49% of the total number of votes in Globe Trade Centre S.A, indirectly through its fully owned subsidiary GTC Dutch Holdings B.V. with its registered office in Amsterdam, the Netherlands (please see note 20).

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.

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.

1. Principal activities (continued)

In July 2020, the Group signed a letter of intent to sale of Spiral office building in Budapest. Accordingly, as of 30 September 2020, the asset is presented within the assets held for sale, with a total fair value of Euro 61.4 million (please see note 20).

On 17 September 2020 a subsidiary of GTC, operating the Galeria Północna project, entered into an annex to a loan agreement with Bank Pekao SA in order to relax the DSCR (debt service coverage ratio) covenant and to cure the LTV (loan-to-value) covenant breach. According to the annex, the subsidiary repaid in advance a part of outstanding loan in the amount of EUR 9.5 million and agreed to repay additionally up to EUR 3 million within 12 months of the date of the Annex. DSCR covenant was relaxed for 18 months from the signing of the annex.

On 18 September 2020, Mr. Yovav Carmi was appointed as the President of the Management Board of the Company.

In September 2020, the Group acquired the remaining 20% in Marlera Golf LD d.o.o. for a consideration of Euro 2.8 million, Euro 1.8 million of which was paid in September 2020 (the remaining part of Euro 1 million will be paid upon completion of certain conditions). Following the transaction GTC remained the sole owner of the subsidiary. As a result of the transaction, the NCI increased by Euro 3.6 million and the capital reserve decreased by Euro 6.4 million. Consequently, the total equity decreased by Euro 2.8 million.

Covid- 19 Outbreak

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 (for further information please see note 16).

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 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.

2. Basis of preparation (continued)

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 30 September 2020, the Group’s net working capital (defined as current assets less current liabilities) amounted to Euro 5.8 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	30 September 2020	31 December 2019
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. (2)	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a. (2)	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. (1)	GTC S.A.	Poland	-	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") (3)	GTC Hungary	Hungary	-	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. (4)	GTC Hungary	Hungary	-	100%

(1) Liquidated

(2) Under liquidation

(3) Merged to GTC Hungary Ltd. as of 30 September 2020

(4) Merged to Center Point I. Kft. as of 30 Sepetmber 2020

(in thousands of Euro)

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

Name	Holding Company	Country of incorporation	30 September 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. (1)	GTC S.A.	Croatia	100%	80%
Nova Istra Idaeus d.o.o. (1)	Marlera Golf LD d.o.o	Croatia	100%	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%

(1) NCI share was aquired

(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 six core markets: Poland, Budapest, Bucharest, Belgrade, Sofia and Zagreb.

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

Segment analysis of rental income and costs for the nine month period ended 30 September 2020 and 30 September 2019 is presented below:

	2020			2019		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	50,192	(14,467)	35,725	56,681	(15,337)	41,344
Belgrade	25,280	(6,123)	19,157	20,383	(4,559)	15,824
Budapest	17,094	(3,704)	13,390	18,569	(4,458)	14,111
Bucharest	12,784	(2,119)	10,665	13,011	(2,312)	10,699
Zagreb	7,961	(2,624)	5,337	8,202	(2,837)	5,365
Sofia	8,263	(1,554)	6,709	7,783	(1,358)	6,425
Total	**121,574**	**(30,591)**	**90,983**	**124,629**	**(30,861)**	**93,768**

Segment analysis of rental income and costs for the three month period ended 30 September 2020 and 30 September 2019 is presented below:

	2020			2019		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	18,416	(5,110)	13,306	18,458	(5,221)	13,237
Belgrade	8,711	(2,001)	6,710	8,678	(1,839)	6,839
Budapest	5,968	(1,200)	4,768	6,171	(1,412)	4,759
Bucharest	4,379	(730)	3,649	4,431	(726)	3,705
Zagreb	2,637	(935)	1,702	2,833	(991)	1,842
Sofia	2,773	(560)	2,213	2,776	(501)	2,275
Total	**42,884**	**(10,536)**	**32,348**	**43,347**	**(10,690)**	**32,657**

(in thousands of Euro)

5. Segmental analysis (continued)

Segment analysis of assets and liabilities for the years ended 30 September 2020 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and lease liability	Deferred tax liability	Other	Total liabilities
Poland	941,690	48,985	5,623	**996,298**	538,970	65,552	12,272.00	**616,794**
Belgrade	395,073	18,693	4,328	**418,094**	214,154	12,004	9,070	**235,228**
Budapest	291,765	16,201	64,914	**372,880**	127,577	15,958	4,175	**147,710**
Bucharest	209,193	12,771	3,299	**225,263**	106,247	13,184	3,335	**122,766**
Zagreb	160,403	6,219	12,063	**178,685**	59,772	17,173	3,871	**80,816**
Sofia	169,884	8,337	2,596	**180,817**	89,074	7,928	6,518	**103,520**
Other	9,730	27	17	**9,774**	-	-	1,192	**1,192**
Non allocated	-	67,611	240	**67,851**	90,073	13,390	5,170	**108,633**
	2,177,738	**178,844**	**93,080**	**2,449,662**	**1,225,867**	**145,189**	**45,603**	**1,416,659**

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 nine-months ended 30 September 2020 and 30 September 2019 comprises the following amounts:

	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019	Three-month period ended 30 September 2020	Three-month period ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration expenses	8,242	14,598	2,627	8,449
Expenses /(income) arising from share based payments (*)	(1,059)	(3,389)	2	(6,007)
	7,183	**11,209**	**2,629**	**2,442**

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

7. Finance costs

Finance costs for the period of nine -months ended 30 September 2020 and 30 September 2019 comprises the following amounts:

	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019	Three-month period ended 30 September 2020	Three-month period ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Finance costs related to loans and bonds	23,818	23,731	7,741	8,550
Finance costs related to lease liability	1,513	1,579	539	523
	25,331	**25,310**	**8,280**	**9,073**

(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:

	30 September 2020	31 December 2019
	(unaudited)	(audited)
Completed investment property	1,887,584	2,003,188
Investment property under construction	104,774	84,080
Investment property landbank at cost	125,592	115,277
Right of use of lands under perpetual usufruct	43,181	44,485
Total	**2,161,131**	**2,247,030**

The movement in investment property for the periods ended 30 September 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	-	5,714	42,600	48,314
Adjustment to fair value / (impairment)	-	(34,237)	(31,011)	(65,248)
Prepaid right of use of lands under perpetual usufruct	(133)	-	-	(133)
Amortization of right of use of lands under perpetual usufruct	(316)	-	-	(316)
Increase	96	-	-	96
Reclassified to assets held for sale (*)	-	(61,441)	-	(61,441)
Disposals (**)	-	-	(500)	(500)
Foreign exchange differences	(951)	(5,643)	(77)	(6,671)
Carrying amount as of 30 September 2020	**43,181**	**1,243,691**	**874,259**	**2,161,131**

(*) Amount includes Spiral office building in Hungary (Euro 61.4 million).

(**) Amount represents sale of Russe land in Bulgaria (Euro 0.5 million)

(in thousands of Euro)

8. Investment Property (continued)

Fair value and impairment adjustments consist of the following:

	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019	Three-month period ended 30 September 2020	Three-month period ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Adjustment to fair value of completed investment properties	(64,871)	14,209	(2,667)	8,826
Adjustment to fair value of Investment properties under construction	555	6,201	4,635	(4,057)
Reversal of impairment/(Impairment) adjustment	(932)	498	(17)	59
Total adjustment to fair value / (impairment) of investment property	**(65,248)**	**20,908**	**1,951**	**4,828**
Impairment of residential landbank	(1,157)	(532)	(850)	10
Adjustment of assets held for sale (*)	(164)	1,712	(70)	566
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(346)	(304)	(114)	(102)
Total	**(66,915)**	**21,784**	**917**	**5,302**

Assumptions used in the valuations of completed assets as of 30 September 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	465,500	113	91%	21.4	21.2	2
Poland office	394,140	196	90%	14.5	14.3	2
Belgrade office	276,678	122	94%	16.9	16.7	3
Belgrade retail	103,800	35	94%	20.1	21.2	3
Budapest office	200,238	88	98%	13.8	13.8	2
Bucharest office	183,815	67	94%	19.2	17.5	2
Zagreb retail	102,612	35	98%	20.2	20.0	3
Zagreb office	24,500	11	94%	13.7	14.9	3
Sofia office	34,001	16	100%	14.1	14.1	3
Sofia retail	102,300	33	94%	19.5	20.8	3
Total	**1,887,584**	**716**	**93%**	**17.1**	**16.9**	

(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 30 September 2020 (unaudited) is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Sofia (ABC II)	32,900	18
Budapest (Pillar)	53,000	29
Zagreb (Matrix II)	18,191	11
Sofia (Sofia Tower 2)	683	8
Total	**104,774**	**66**

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 30 September 2020 and 31 December 2019 is presented below:

	30 September 2020	31 December 2019 (audited)
Poland	37,913	38,148
Serbia	10,110	7,052
Hungary	33,143	25,398
Romania	15,478	15,256
Croatia	14,648	14,097
Total	**111,292**	**99,951**

Information regarding book value of investment property landbank (long term pipeline) as of 30 September 2020 and 31 December 2019 is presented below:

	30 September 2020	31 December 2019 (audited)
Poland	9,069	7,969
Hungary	3,400	3,400
Bulgaria (*)	-	1,900
Ukraine	1,831	2,057
Total	**14,300**	**15,326**
Grand Total	**125,592**	**115,277**

(*) Sold.

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 30 September 2020 (unaudited) is presented below:

	Avenue Mall	Non-core projects	Total
NCI share in equity	24,698	(7,187)	17,511
Loans received from NCI	-	8,471	8,471
Loans granted to NCI	(11,183)	-	(11,183)
Total as of 30 September 2020	**13,515**	**1,284**	**14,799**
NCI share in profit / (loss)	**388**	**(507)**	**(119)**

(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 30 September 2020 and 31 December 2019 was as follows:

	30 September 2020	31 December 2019
Fair value as of beginning of the year	**(6,085)**	**(5,623)**
Charged to other comprehensive income	(2,664)	(462)
Charged to income statements (*)	(3,062)	-
Fair value as of end of the year	**(11,811)**	**(6,085)**

(*) This loss offset a foreign exchange differences profit in an amount of Euro 3.0 million on bonds nominated in PLN.

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. Investment and trade and other payables

The balance of trade and other payables decreased from Euro 37.3 million to Euro 19.9 million in the period ended 30 September 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

	30 September 2020	31 December 2019
Bonds mature in 2022-2023	49,778	52,140
Bonds 0320	-	18,671
Bonds 0620	-	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,546	20,737
Bonds 0422	9,545	9,515
Loan from Santander (Globis Poznan)	17,108	17,579
Loan from Santander (Korona Business Park)	42,315	43,361
Loan from PKO BP (Pixel)	19,393	19,901
Loan from Santander (Globis Wroclaw)	21,541	22,061
Loan from Berlin Hyp (Corius)	10,122	10,378
Loan from Pekao (Sterlinga)	15,361	15,663
Loan from Pekao (Galeria Polnocna)	176,654	189,904
Loan from PKO BP (Artico)	13,976	14,359
Loan from Erste and Raiffeisen (Galeria Jurajska)	126,344	-
Loan from Pekao (Galeria Jurajska)	-	84,136
Loan from Berlin Hyp (UBP)	42,630	43,283
Loan from ING (Francuska)	21,172	21,577
Loan from OTP (Centre Point)	50,121	51,476
Loan from CIB (Metro)	13,570	14,437
Loan from Erste (Spiral)	17,550	20,593
Loan from UniCredit Bank (Kompakt)	7,417	-
Loan from OTP (Duna)	38,868	39,919
Loan from Erste (GTC House)	14,976	15,444
Loan from Erste (19 Avenue)	21,759	22,504
Loan from OTP (BBC)	21,187	21,790
Loan from Intesa Bank (Green Heart)	56,626	53,642
Loan from Raiffeisen Bank (Forty one)	36,758	38,148
Loan from Intesa Bank (Ada)	59,124	61,571
Loan from Erste (City Gate)	72,747	75,113
Loan from Banca Transilvania (Cascade)	3,857	4,118
Loan from Alpha Bank (Premium)	14,743	15,873
Loan from OTP (Mall of Sofia)	55,282	57,125
Loan from UniCredit (ABC I)	19,062	19,800
Loan from UniCredit (ABC II)	14,605	2,217
Loan from Erste (Matrix)	14,065	11,485
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	44,500	46,000
Loans from NCI	8,471	8,283
Deferred issuance debt expenses	(6,264)	(6,768)
	1,175,714	**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:

	30 September 2020	31 December 2019
Current portion of long term loans and bonds:		
Bonds mature in 2022-2023	1,178	479
Bonds 0320	-	18,671
Bonds 0620	-	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,546	243
Bonds 0422	105	75
Loan from Santander (Globis Poznan)	629	449
Loan from Santander (Korona Business Park)	1,395	1,395
Loan from PKO BP (Pixel)	19,393	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)	15,361	525
Loan from PKO BP (Artico)	510	510
Loan from Pekao (Galeria Polnocna)	8,000	5,000
Loan from ING (Francuska)	21,172	21,577
Loan from OTP (Centre Point)	1,807	1,807
Loan from OTP (Duna)	1,401	1,401
Loan from CIB (Metro)	1,172	14,437
Loan from Erste (Spiral)	17,550	1,446
Loan from Erste (GTC House)	624	624
Loan from Erste (19 Avenue)	994	994
Loan from Intesa Bank (Green Heart)	2,873	2,367
Loan from OTP (BBC)	805	805
Loan from Raiffeisen Bank (Forty one)	1,853	1,853
Loan from Intesa Bank (Ada)	3,473	3,315
Loan from OTP (Mall of Sofia)	2,457	2,457
Loan from UniCredit (ABC I)	862	1,000
Loan from UniCredit (ABC II)	1,680	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)	3,248	3,168
	149,918	**225,350**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

	30 September 2020	31 December 2019
Long term portion of long term loans and bonds:		
Bonds mature in 2022-2023	48,600	51,661
Bonds 0422	9,440	9,440
Bonds 0321	-	20,494
Loan from Santander (Globis Poznan)	16,479	17,130
Loan from Santander (Korona Business Park)	40,920	41,966
Loan from PKO BP (Pixel)	-	19,224
Loan from Santander (Globis Wroclaw)	20,848	21,368
Loan from Berlin Hyp (Corius)	9,780	10,036
Loan from Pekao (Sterlinga)	-	15,138
Loan from Pekao (Galeria Polnocna)	168,654	184,904
Loan from PKO BP (Artico)	13,466	13,849
Loan from Erste and Raiffeisen (Galeria Jurajska)	121,469	-
Loan from Berlin Hyp (UBP)	41,760	42,413
Loan from OTP (Centre Point)	48,314	49,669
Loan from CIB (Metro)	12,398	-
Loan from OTP (Duna)	37,467	38,518
Loan from Erste (Spiral)	-	19,147
Loan from UniCredit Bank (Kompakt)	7,417	-
Loan from Erste (GTC House)	14,352	14,820
Loan from Erste (19 Avenue)	20,765	21,510
Loan from Intesa Bank (Green Heart)	53,753	51,275
Loan from Intesa Bank (Ada)	55,651	58,256
Loan from OTP (BBC)	20,382	20,985
Loan from Raiffeisen Bank (Forty one)	34,905	36,295
Loan from Erste (City Gate)	69,499	71,945
Loan from Banca Transilvania (Cascade)	3,617	3,878
Loan from Alpha Bank (Premium)	13,718	14,848
Loan from OTP (Mall of Sofia)	52,825	54,668
Loan from UniCredit (ABC I)	18,200	18,800
Loan from UniCredit (ABC II)	12,925	2,159
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	42,500	44,000
Loan from Erste (Matrix)	13,485	10,961
Loans from NCI	8,471	8,283
Deferred issuance debt expenses	(6,264)	(6,768)
	1,025,796	**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.

The movement in long term loans and bonds for the years ended 30 September 2020 and 31 December 2019 was as follows:

	30 September 2020	**31 December 2019**
Balance as of the beginning of the year (excluding deferred debt expenses)	**1,212,990**	**1,121,718**
Drawdowns	157,248	264,520
Repayments	(183,729)	(152,561)
Transactions with of non-controlling interest	-	(1,785)
Change in accrued interest	443	394
Deconsolidation of Neptune	-	(19,915)
Capitalization of interest	-	1,205
Foreign exchange differences	(4,974)	(586)
Balance as of end of the year (excluding deferred debt expenses)	**1,181,978**	**1,212,990**

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

	30 September 2020 (unaudited)	**31 December 2019** (audited)
First year	175	251
Second year	147	189
Third year	294	199
Fourth year	138	198
Fifth year	343	270
Thereafter	170	196
	1,267	**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 30 September 2020 was as follows:

	Completed investment property	Investment property landbank at cost	Residential landbank	Fixed assets	Total
Country					
Poland	10,930	22,097	-	-	33,027
Romania	6,429	-	-	-	6,429
Serbia	3,725	-	-	-	3,725
Croatia	-	-	1,150		1,150
Bulgaria	-	-	-	147	147
Hungary	-	-	-	50	50
Balance as of 30 September 2020	**21,084**	**22,097**	**1,150**	**197**	**44,528**

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	Fixed assets	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 30 September 2020 was as follows:

	Completed investment property	Investment property landbank at cost	Residential landbank	Fixed assets	Total	Discount rate
Country						
Poland	10,930	21,424	-	-	32,354	4.2%
Romania	6,429	-	-	-	6,429	5.7%
Serbia	3,724	-	-	-	3,724	7.6%
Croatia	-	-	1,207	-	1,207	4.4%
Bulgaria	-	-	-	125	125	4.5%
Hungary	-	-	-	50	50	3.9%
Balance as of 30 September 2020	**21,083**	**21,424**	**1,207**	**175**	**43,889**	

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	Fixed assets	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 30 September 2020 and 31 December 2019 was as follows:

	30 September 2020	31 December 2019
Balance as of beginning of the year	**45,931**	**-**
Recognition of Right of Use asset for lands under perpetual usufruct	96	46,580
Recognition of Right of Use during the year	-	273
Amortization of right of use	(406)	(498)
Prepaid right of use of lands under perpetual usufruct	(133)	-
Disposals	-	(712)
Foreign exchange differences	(960)	288
Balance as of the end of the period	**44,528**	**45,931**

The movement in lease liability for the years ended 30 September 2020 and 31 December 2019 was as follows:

	30 September 2020	31 December 2019
Balance as of beginning of the year	**46,430**	**-**
Recognition of lease liability for lands under perpetual usufruct	96	46,580
Recognition of Right of Use during the year	-	273
Payments of leases	(156)	(1,739)
Change in provision for disputable amounts of perpetual usufruct	(1,001)	(352)
Change in accrued interest	848	1,817
Disposals	-	(712)
Foreign exchange differences	(2,328)	563
Balance as of the end of the period	**43,889**	**46,430**

16. Covid-19

The COVID- 19 pandemic has developed rapidly in 2020, with a significant number of cases. 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). The first closures were in the spring 2020 and now the Polish government decided to close the shops in shopping mall for an initial period between 7 to 29 November 2020.

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.

As of the balance sheet date, the loss of rent and service income related to the COVID-19 amounted to Euro 9.9 million.

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 (45.3% as at 30 September 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 30 September 2020 the Company holds cash in the amount of Euro 139.0 million.

Valuations

Notwithstanding the above, as of 30 September 2020 the Company received letters from its valuers confirming that the values of its assets as of 30 June 2020 are still substantially valid in all material respects, however subject to material uncertainty as regarding their value.

The increased uncertainty and increased volatility in the financial markets might have an effect in the future asset valuations, 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.

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 59.1 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 126.3 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.

On 17 September 2020 a subsidiary of GTC, operating the Galeria Północna project, entered into an annex to a loan agreement with Bank Pekao SA in order to relax the DSCR (debt service coverage ratio) covenant and to cure the LTV (loan-to-value) covenant breach. According to the annex, the subsidiary repaid in advance a part of outstanding loan in the amount of EUR 9.5 million and agreed to repay additionally up to EUR 3 million within 12 months of the date of the Annex. DSCR covenant was relaxed for 18 months from the date of the signed annex.

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

(in thousands of Euro)

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.

18. Capital and Reserves

Shareholders who as at 30 September 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 30 September 2020, phantom shares issued were as follows:

Strike (PLN)	Blocked	Vested	Total
6.11	150,000	1,351,200	1,501,200
6.31	1,950,000	-	1,950,000
8.96	10,000	20,000	30,000
Total	**2,110,000**	**1,371,200**	**3,481,200**

(in thousands of Euro)

18. Capital and Reserves (continued)

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	600,000
2021	501,200
2022	330,000
2023	2,050,000
Total	**3,481,200**

19. Earnings per share

Basic and diluted earnings per share were calculated as follows:

	Nine-month period ended 30 September 2020	Nine -month period ended 30 September 2019	Three-month period ended 30 September 2020	Three-month period ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit (loss) for the period attributable to equity holders (euro)	(16,386,000)	62,575,000	17,233,000	19,893,000
Weighted average number of shares for calculating basic earnings per share	485,555,122	484,357,553	485,555,122	485,555,122
Basic earnings per share (euro)	(0.03)	0.13	0.04	0.04

There have been no potentially dilutive instruments as at 30 September 2020, 30 September 2019.

20. Subsequent events

On 20 October 2020 Spiral I Kft., an indirect fully owned subsidiary of the Company, signed a sale and purchase agreement for the sale of Spiral office building for a consideration of Euro 62.7 million. On 5 November 2020 all conditions precedents for the sale were concluded and the purchase price was paid in full. In parallel with the Closing Spiral I kft repaid the full outstanding amount of the loan with Erste Bank.

On 27 October 2020 the Company received a notification from GTC Holding Zrt regarding an increase to 66% in the total number of votes in the Company, as a result of acquisition conducted on 22 October 2020 of 21,891,289 shares of the Company, entitling to 21,891,289 votes in the Company, representing 4.51% of the share capital of the Company and carrying the right to 4.51% of the total number of votes in the Company.

As of 7 November 2020, the Polish government has implemented rigorous measures to contain the spread of COVID-19, including, among others, the closure of shops in shopping malls, except those selling essential goods (such as groceries, other food stores and pharmacies). Measures taken by the government will affect our business. The currently known impact is a decline in revenues of shopping malls. The magnitude of the impact is not yet fully known and will depend between the others, on the length of the closure.

On 12 November 2020, Scope Ratings assigned a first-time issuer rating of BBB-/Stable investment grade to the Company and its subsidiary GTC Real Estate Development Hungary Zrt. GTC plans to issue green bonds within the framework of the Bond Funding for Growth Scheme in Hungary. The potential unsecured debt has also been rated BBB-.

On 13 November 2020 GTC Future Kft, a newly established fully owned subsidiary acquired a land plot with an existing old office and industrial buildings in Vaci Corridor in Budapest for a total amount of Euro 21.35 million. The buildings have leasable area of 12,000 sqm. The Company plans to demolish the buildings and develop office buildings in phases with a total leasable area of 64,000 sqm.

21. Release date

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 23 November 2020.

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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 30 September 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 30 September 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 the valuations of investment property as of 30 September 2020 that in accordance with the external valuers are 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, 23 November 2020