



## **LC CORP GROUP**

# **CONSOLIDATED QUARTERLY REPORT**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 9 MONTHS, ENDED 30 September 2018**

**drawn up in accordance with the International Financial Reporting Standards**

**CONTAINING THE QUARTERLY FINANCIAL INFORMATION OF LC CORP S.A.**

**(unaudited financial data)**

**Wrocław, 15 November 2018**

## CONSOLIDATED QUARTERLY REPORT

<b>1. SELECTED FINANCIAL DATA .....</b>	<b>4</b>
<b>2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE LC CORP GROUP .....</b>	<b>5</b>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	9
CONSOLIDATED STATEMENT OF CASH FLOWS .....	11
OTHER INFORMATION AND NOTES .....	12
2.1 General information about the LC Corp Group .....	12
2.2 Composition of Group .....	12
2.3 Changes in Structure of Group .....	13
2.4 Composition of Management Board of Parent Undertaking .....	15
2.5 Approval of Interim Condensed Consolidated Financial Statements .....	15
2.6 Rules Adopted for Preparing Quarterly Report .....	15
2.7 Information on Material Estimates and Professional Judgement .....	16
2.8 Significant Accounting Principles (Policies) .....	20
2.9 New Standards and Interpretations Published But Not Effective Yet .....	23
2.10 Seasonal or Cyclical Character of LC Corp Group's Operations .....	24
2.11 Information on Investment Properties and Their Revaluation .....	24
2.12 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect .....	26
2.13 Information about Impairment Losses in Respect of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Losses .....	27
2.14 Information about Creating, Increasing, Utilising and Reversing Provisions .....	28
2.15 Information about Deferred Tax Liabilities and Deferred Tax Assets .....	28
2.16 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment .....	29
2.17 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment .....	29
2.18 Information about Significant Settlements on Account of Litigation .....	29
2.19 Disclosure of Correction of Errors of Previous Periods .....	29
2.20 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Group's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost) .....	30
2.21 Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period .....	30
2.22 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length) .....	30
2.23 Transactions with Related Undertakings .....	31
2.24 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value .....	33
2.25 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets .....	33
2.26 Financial Liabilities .....	33
2.27 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares .....	45
2.28 Events Subsequent to 30 September 2018, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of LC Corp Group .....	45
2.29 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year .....	46
2.30 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations .....	47
2.31 Revenue and Profit-Loss Attributable to Respective Operating Segments .....	47
<b>3. INTERIM CONDENSED FINANCIAL STATEMENTS OF LC CORP S.A. ....</b>	<b>49</b>
STATEMENT OF FINANCIAL POSITION .....	49
STATEMENT OF COMPREHENSIVE INCOME .....	50
STATEMENT OF CHANGES IN EQUITY .....	52
STATEMENT OF CASH FLOWS .....	54
OTHER INFORMATION AND NOTES .....	55
3.1 General Information about Issuer .....	55
3.2 Rules Adopted for Preparing Quarterly Report .....	55
3.3 Approval of Interim Condensed Financial Statements .....	56
3.4 Information on Material Estimates and Professional Judgement .....	56
3.5 Significant Accounting Principles (Policies) .....	58
3.6 New Standards and Interpretations Published But Not Effective Yet .....	60
3.7 Seasonal or Cyclical Character of Issuer's Operations .....	61

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**CONSOLIDATED QUARTERLY REPORT**


---

3.8	Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect.....	61
3.9	Information about Write-Downs Resulting from Impairment Loss of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Write-Downs .....	61
3.10	Information about Creating, Increasing, Utilising and Reversing Provisions .....	62
3.11	Information about Deferred Tax Liabilities and Deferred Tax Assets .....	63
3.12	Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment .....	63
3.13	Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment .....	63
3.14	Information about Significant Settlements on Account of Litigation .....	64
3.15	Disclosure of Correction of Errors of Previous Periods.....	64
3.16	Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Issuer's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost) .....	64
3.17	Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period .....	64
3.18	Information on Single or Numerous Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length) .....	64
3.19	Transactions of LC Corp S.A. with Related Entities.....	64
3.20	Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value.....	68
3.21	Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets.....	68
3.22	Financial Liabilities .....	69
3.23	Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares.....	73
3.24	Events Subsequent to 30 September 2018, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of Issuer.....	73
3.25	Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year.....	73
3.26	Other Information Deemed by Issuer as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations.....	73
<b>4.</b>	<b>MANAGEMENT BOARD'S COMMENTS ON ACTIVITY OF ISSUER AND ITS GROUP .....</b>	<b>74</b>
4.1	Main Achievements and Failures of LC Corp Group .....	74
4.2	Description of Factors and Events, Particularly Non-typical Ones, Which Have Significant Impact on Achieved Financial Results .....	79
4.3	Management Board's Opinion Regarding Feasibility of Meeting Earlier Published Financial Forecasts for Given Year, in View of Results Presented in This Quarterly Report as Compared to Forecast Results.....	80
4.4	Ownership Structure of Issuer's Qualifying Holding.....	80
4.5	Changes in Issuer's Shares or Options Held by Management and Supervisory staff of Issuer as at 15 November 2018, in Period Following Submission of Previous Quarterly Report (Including Changes in Ownership) .....	81
4.6	Information about Proceedings Before Courts, Relevant Arbitration Authority or Public Administration Authority.....	82
4.7	Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length).....	82
4.8	Information about Loan or Borrowing Surety or Guarantee Granted by ISSUER or Its Subsidiary Undertaking .....	82
4.9	Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations.....	82
4.10	Factors Which in Issuer's Opinion May Affect Its Performance at Least in Perspective of Following Quarter.....	82

## CONSOLIDATED QUARTERLY REPORT

## 1. SELECTED FINANCIAL DATA

## Data concerning interim condensed consolidated financial statements of LC Corp Group

	PLN'000		EUR'000	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
I. Non-current assets	2,017,923	1,920,718	472,427	460,504
II. Current assets	1,474,194	1,378,931	345,131	330,608
III. Total assets	3,492,117	3,299,649	817,558	791,112
IV. Equity	1,484,413	1,448,376	347,524	347,257
V. Equity attributable to shareholders of the parent	1,484,413	1,448,376	347,524	347,257
VI. Minority interest	-	-	-	-
VII. Non-current liabilities	1,104,914	1,047,931	258,677	251,248
VIII. Current liabilities	902,790	803,342	211,357	192,607
IX. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	3.32	3.24	0.78	0.78

  

	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017
	X. Sales revenue	637,450	581,550	149,865
XI. Gross profit on sales	242,934	216,256	57,114	50,805
XII. Net profit	144,432	100,611	33,956	23,636
XIII. Net profit attributable to shareholders of the parent	144,432	100,611	33,956	23,636
XIV. Net profit attributable to minority interest	-	-	-	-
XV. Basic profit per share (in PLN/EUR) attributable to equity holders of the parent	0.32	0.22	0.08	0.05

## Data concerning interim condensed financial statements of LC Corp S.A.

	PLN'000		EUR'000	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
XVI. Total assets	1,540,842	1,470,516	360,735	352,566
XVII. Equity	905,670	882,436	212,031	211,570

  

	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017
	XVIII. Net profit	130,648	36,111	30,715

Selected financial data was converted to EUR acc. to the following principles:

- financial data concerning selected items of assets and liabilities was calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 30/09/2018 it stood at EUR/PLN 4.2714, and at the balance-sheet date of 31/12/2017 at EUR/PLN 4.1709;
- financial data concerning selected items of the statement of comprehensive income for the three quarters of 2018 and the three quarters of 2017 was calculated using the EUR/PLN rate which is an arithmetic mean of average exchange rates quoted by the National Bank of Poland and effective on the last day of each month in the accounting period, i.e. EUR/PLN 4.2535 and EUR/PLN 4.2566 respectively.

## CONSOLIDATED QUARTERLY REPORT

## 2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE LC CORP GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2018 (unaudited)	31 December 2017 (audited)
<b>Assets</b>			
<b>A. Non-current assets</b>		<b>2,017,923</b>	<b>1,920,718</b>
1. Intangible assets		410	452
2. Property, plant and equipment		5,725	5,749
2.1. Tangible assets		5,660	5,731
2.2. Tangible assets under construction		65	18
3. Non-current receivables		12,697	11,684
4. Land classified as fixed assets	2.12	86,364	86,254
5. Investment property	2.11	1,900,637	1,804,524
6. Non-current prepayments and accrued income		1,091	2,459
7. Deferred tax assets	2.15	10,999	9,596
<b>B. Current assets</b>		<b>1,474,194</b>	<b>1,378,931</b>
1. Inventory	2.12	929,220	977,865
2. Trade and other receivables	2.13	38,189	31,972
3. Income tax receivable		1,041	1,191
4. Current financial assets		16,424	16,915
5. Cash and other cash equivalents		479,891	344,248
6. Current prepayments and accrued income		9,429	6,740
<b>C. Non-current assets classified as held for sale</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>3,492,117</b>	<b>3,299,649</b>
<b>Equity and liabilities</b>			
<b>A. Equity</b>		<b>1,484,413</b>	<b>1,448,376</b>
<b>I. Equity attributable to shareholders of the parent</b>		<b>1,484,413</b>	<b>1,448,376</b>
1. Share capital		447,558	447,558
2. Other capital		892,423	920,578
3. Net profit/(loss)		144,432	80,240
<b>II. Minority interest</b>		<b>-</b>	<b>-</b>
<b>B. Non-current liabilities</b>		<b>1,104,914</b>	<b>1,047,931</b>
1. Non-current liabilities on account of loans and bonds	2.26	954,380	902,108
2. Non-current liabilities on account of acquisition of subsidiary	2.26.6	38,653	37,641
3. Provisions	2.14	22	22
4. Deferred tax liability	2.15	111,859	108,160
<b>C. Current liabilities</b>		<b>902,790</b>	<b>803,342</b>
1. Current liabilities on account of loans and bonds	2.26	231,875	179,601
2. Current liabilities on account of acquisition of subsidiary	2.26.6	40,044	38,996
3. Current trade and other payables		119,984	118,423
4. Income tax payables		12,911	9,257
5. Provisions	2.14	1,537	1,799
6. Accrued expenses and revenue		496,439	455,266
<b>Total equity and liabilities</b>		<b>3,492,117</b>	<b>3,299,649</b>

## CONSOLIDATED QUARTERLY REPORT

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	30 September 2018 (unaudited)	31 December 2017 (audited)
Book value of equity (PLN'000)	1,484,413	1,448,376
Book value of equity attributable to shareholders of the parent, per share (in PLN'000)	1,484,413	1,448,376
Number of registered shares (pcs)	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	3.32	3.24

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## CONSOLIDATED QUARTERLY REPORT

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2018 period from 01/07/2018 to 30/09/2018  (unaudited)	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018  (unaudited)	Q3 2017 period from 01/07/2017 to 30/09/2017  (unaudited)	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017  (unaudited)
<b>Operating activity</b>				
<b>Sales revenue</b>	<b>149,743</b>	<b>637,450</b>	<b>227,093</b>	<b>581,550</b>
Revenue from sales of services	35,492	107,193	35,246	107,518
Revenue from sales of goods and products	114,251	530,257	191,847	474,032
<b>Cost of sales</b>	<b>(98,996)</b>	<b>(394,516)</b>	<b>(149,788)</b>	<b>(365,294)</b>
<b>Pre-tax profit/(loss) on sales</b>	<b>50,747</b>	<b>242,934</b>	<b>77,305</b>	<b>216,256</b>
Gain/(loss) on disposal of non-financial fixed assets	-	61	(3)	(1)
Revaluation of non-financial fixed assets	(47,023)	11,113	22,835	(61,104)
Write-downs of inventories	(1,153)	(1,153)	-	-
Selling and distribution cost	(4,553)	(13,594)	(3,988)	(11,354)
General administrative expenses	(6,107)	(24,466)	(5,438)	(17,948)
Other operating income	1,107	3,712	614	1,676
Other operating expenses	(1,398)	(4,324)	(1,823)	(2,633)
<b>Operating profit/(loss)</b>	<b>(8,380)</b>	<b>214,283</b>	<b>89,502</b>	<b>124,892</b>
Financial income	15,176	4,679	1,370	23,188
Financial expenses	(9,192)	(43,099)	(19,504)	(24,112)
<b>Pre-tax profit/(loss)</b>	<b>(2,396)</b>	<b>175,863</b>	<b>71,368</b>	<b>123,968</b>
Income tax (tax expense)	(264)	(31,431)	(13,499)	(23,357)
<b>Net profit/(loss) on business activities</b>	<b>(2,660)</b>	<b>144,432</b>	<b>57,869</b>	<b>100,611</b>
<b>Discontinued operations</b>				
Profit/(loss) on discontinued operations	-	-	-	-
<b>Net profit/(loss)</b>	<b>(2,660)</b>	<b>144,432</b>	<b>57,869</b>	<b>100,611</b>
<b>Other comprehensive income</b>				
<i>Items subject to reclassification to profit/(loss) in subsequent reporting periods:</i>				
Financial assets available for sale	-	-	-	-
Cash flow hedges	(1,307)	(1,267)	(270)	2,728
Income tax relating to other components of comprehensive income	310	286	2	(437)
<b>Other comprehensive income (net)</b>	<b>(997)</b>	<b>(981)</b>	<b>(268)</b>	<b>2,291</b>
<b>Total comprehensive income</b>	<b>(3,657)</b>	<b>143,451</b>	<b>57,601</b>	<b>102,902</b>

## CONSOLIDATED QUARTERLY REPORT

	Q3 2018 period from 01/07/2018 to 30/09/2018  (unaudited)	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018  (unaudited)	Q3 2017 period from 01/07/2017 to 30/09/2017  (unaudited)	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017  (unaudited)
<b>Net profit/(loss) attributable to:</b>				
Equity holders of the parent	(2,660)	144,432	57,869	100,611
Minority interest	-	-	-	-
	<b>(2,660)</b>	<b>144,432</b>	<b>57,869</b>	<b>100,611</b>
<b>Comprehensive income attributable to:</b>				
Equity holders of the parent	(3,657)	143,451	57,601	102,902
Minority interest	-	-	-	-
	<b>(3,657)</b>	<b>143,451</b>	<b>57,601</b>	<b>102,902</b>
Net profit/(loss) (PLN'000)	(2,660)	144,432	57,869	100,611
Average weighted number of ordinary shares (pcs)	447,558,311	447,558,311	447,558,311	447,558,311
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - basic	(0.01)	0.32	0.12	0.22
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - diluted	(0.01)	0.32	0.12	0.22



## CONSOLIDATED QUARTERLY REPORT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other capital		Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Supplementary capital, reserve funds and retained earnings	Other funds				
<b>As at 1 January 2018</b>	<b>447,558</b>	<b>920,338</b>	<b>240</b>	<b>80,240</b>	<b>1,448,376</b>	<b>-</b>	<b>1,448,376</b>
<i>Net profit/(loss) for the period of 9 months ended 30 September 2018</i>	-	-	-	144,432	144,432	-	144,432
<i>Other comprehensive income for the period of 9 months ended 30 September 2018</i>	-	-	(981)	-	(981)	-	(981)
<b>Other comprehensive income for the period of 9 months ended 30 September 2018</b>	<b>-</b>	<b>-</b>	<b>(981)</b>	<b>144,432</b>	<b>143,451</b>	<b>-</b>	<b>143,451</b>
Transfer of profit for the previous period to undistributed profit	-	80,240	-	(80,240)	-	-	-
Payment of dividend	-	(107,414)	-	-	(107,414)	-	(107,414)
<b>As at 30 September 2018 (unaudited)</b>	<b>447,558</b>	<b>893,164</b>	<b>(741)</b>	<b>144,432</b>	<b>1,484,413</b>	<b>-</b>	<b>1,484,413</b>

## CONSOLIDATED QUARTERLY REPORT

	<i>Other capital</i>			<i>Net profit/(loss)</i>	<i>Total capital attributable to shareholders of the parent</i>	<i>Minority interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Supplementary capital, reserve funds and retained earnings</i>	<i>Other funds</i>				
<b>As at 1 January 2017</b>	<b>447,558</b>	<b>838,543</b>	<b>(3,073)</b>	<b>113,124</b>	<b>1,396,152</b>	<b>-</b>	<b>1,396,152</b>
<i>Net profit/(loss) for 2017</i>	-	-	-	80,240	80,240	-	80,240
<i>Other comprehensive income for 2017</i>	-	-	3,313	-	3,313	-	3,313
<b>Total comprehensive income for 2017</b>	<b>-</b>	<b>-</b>	<b>3,313</b>	<b>80,240</b>	<b>83,553</b>	<b>-</b>	<b>83,553</b>
Transfer of profit for the previous period to undistributed profit	-	113,124	-	(113,124)	-	-	-
Payment of dividend	-	(31,329)	-	-	(31,329)	-	(31,329)
<b>As at 31 December 2017 (audited)</b>	<b>447,558</b>	<b>920,338</b>	<b>240</b>	<b>80,240</b>	<b>1,448,376</b>	<b>-</b>	<b>1,448,376</b>

	<i>Other capital</i>			<i>Net profit/(loss)</i>	<i>Total capital attributable to shareholders of the parent</i>	<i>Minority interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Supplementary capital, reserve funds and retained earnings</i>	<i>Other funds</i>				
<b>As at 1 January 2017</b>	<b>447,558</b>	<b>838,543</b>	<b>(3,073)</b>	<b>113,124</b>	<b>1,396,152</b>	<b>-</b>	<b>1,396,152</b>
<i>Net profit/(loss) for the period of 9 months ended 30 September 2017</i>	-	-	-	100,611	100,611	-	100,611
<i>Other comprehensive income for the period of 9 months ended 30 September 2017</i>	-	-	2,291	-	2,291	-	2,291
<b>Other comprehensive income for the period of 9 months ended 30 September 2017</b>	<b>-</b>	<b>-</b>	<b>2,291</b>	<b>100,611</b>	<b>102,902</b>	<b>-</b>	<b>102,902</b>
Transfer of profit for the previous period to undistributed profit	-	113,124	-	(113,124)	-	-	-
Payment of dividend	-	(31,329)	-	-	(31,329)	-	(31,329)
<b>As at 30 September 2017 (unaudited)</b>	<b>447,558</b>	<b>920,338</b>	<b>(782)</b>	<b>100,611</b>	<b>1,467,725</b>	<b>-</b>	<b>1,467,725</b>

## CONSOLIDATED QUARTERLY REPORT

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period of 9 months ended 30 September 2018	Period of 9 months ended 30 September 2017
		(unaudited)	(unaudited)
<b>A. Cash flows from operating activities</b>			
I. Pre-tax profit/(loss)		175,863	123,968
II. Total adjustments		105,833	23,543
1. Depreciation and amortisation		859	793
2. Foreign exchange gains/(losses)		13,971	(15,825)
3. Interest and profit sharing (dividends)		32,643	25,714
4. Profit (loss) on investing activities		-	-
5. Profit (loss) in respect of revaluation of non-financial fixed assets		(11,931)	60,692
6. Change in provisions		(262)	32
7. Change in inventories		48,230	(38,563)
8. Change in receivables		(7,230)	(8,066)
9. Change in current liabilities except for loans and bonds	31.1	14,010	26,963
10. Change in accruals and deferrals		39,852	(9,130)
11. Income tax paid		(25,045)	(20,141)
12. Other adjustments	31.2	736	1,074
III. Net cash flow from operating activities (I+II)		281,696	147,511
<b>B. Cash flows from investing activities</b>			
I. Cash inflows		-	-
II. Outflows		(95,122)	(56,483)
1. Acquisition of intangible assets and property, plant and equipment		(551)	(681)
2. Investment in property		(94,571)	(55,802)
III. Net cash flow from investing activities (I+II)		(95,122)	(56,483)
<b>C. Cash flows from financing activities</b>			
I. Cash inflows		116,515	29,677
1. Loans and borrowings	26	71,515	29,677
2. Issue of debt securities	26	45,000	-
II. Expenses		(167,446)	(102,783)
1. Repayment of loans and borrowings	26	(30,650)	(45,291)
2. Redemption of debt securities		-	-
3. Interest		(29,382)	(26,163)
4. Dividends paid to equity holders of the parent		(107,414)	(31,329)
III. Net cash flows from financing activities (I+II)		(50,931)	(73,106)
D. Total net cash flows, (A.III+B.III+C.III)		135,643	17,922
E. Balance-sheet change in cash, including:		135,643	17,922
F. Cash at the beginning of period		344,248	354,851
G. Cash at the end of period (F+D)		479,891	372,773
- restricted cash		2,419	11,592

## CONSOLIDATED QUARTERLY REPORT

## OTHER INFORMATION AND NOTES

## 2.1 General information about the LC Corp Group

The LC Corp Group (the "Group") consists of LC Corp S.A. and its subsidiary undertakings. The composition of the Group is presented in item 2.2.

LC Corp S.A. the "Parent Undertaking", the "Company") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Parent Undertaking has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, the 4th Commercial Division of the National Court Register, under KRS No. 0000253077.

The Parent Undertaking and the Group's subsidiaries were established for an indefinite period. The Parent Undertaking's primary activity is:

- PKD 6420Z Activities of financial holding companies
- PKD 6820Z Rental and management of own or leased real estate
- PKD 4110Z Completion of construction projects related to putting up buildings
- PKD 6810Z Buying and selling of own real estate
- PKD 4120Z Construction works related to the completion of residential and non-residential buildings

There is no parent undertaking of LC Corp S.A. as at the date hereof nor was there any such entity throughout the period covered by these financial statements.

Interim Condensed Consolidated Financial Statements of the LC Corp Group cover the period of 9 months ended 30 September 2018. The detailed description of the component parts of the consolidated financial statements is included in item 2.6.

## 2.2 Composition of Group

As at 30 September 2018 and 31 December 2017, the LC Corp Group comprised the following subsidiaries of LC Corp S.A.:

Company name	Registered office	Effective share of LC Corp S.A.	
		30 September 2018 Share in Capital	31 December 2017 Share in Capital
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Sky Tower S.A.	Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o.	Wrocław	100%	100%
Kraków Zielony Złocień Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VIII Sp. z o.o.	Wrocław	100%	100%

## CONSOLIDATED QUARTERLY REPORT

LC Corp Invest IX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest X Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVIII Sp. z o.o. in liquidation	Wrocław	100%	100%
LC Corp Invest XIX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XXI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XXII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XXIII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XXIV Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k.	Wrocław	100% (directly and indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k.	Wrocław	100% (directly and indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k.	Wrocław	100% (directly and indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 9 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 12 Sp. k.	Wrocław	100% (directly and indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 14 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o. Finance S.K.A.	Wrocław	100% (directly and indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)

As at 30 September 2018 and as at 31 December 2017, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

## 2.3 Changes in Structure of Group

### Acquisition and Sale of Subsidiaries

**CONSOLIDATED QUARTERLY REPORT**

As regards the acquisition and sale of business units in the period of 9 months ended 30 September 2018, only the internal transactions referred to below were effected by companies belonging to the Group.

No transaction consisting in the acquisition or sale of business units was completed by the companies belonging to the Group in the year ended 31 December 2017.

**Newly Established Entities and Changes within Group**

The following changes occurred in the Group in the period of 9 months ended 30 September 2018:

1. On 24 April 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XVIII sp. z o.o. up to the amount of PLN 180,000, and all the new shares were taken up by LC Corp S.A.
2. On 27 April 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XX sp. z o.o. up to the amount of PLN 1,000,000, and all the new shares were taken up by LC Corp S.A.
3. On 22 May 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XVIII sp. z o.o. Real Estate SKA up to the amount of PLN 120,000.
4. On 20 June 2018, as a result of amendments being made to the company deed of LC Corp Invest XV sp. z o.o. Projekt 14 sp. k., the contribution of LC Corp S.A. was reduced from PLN 5,049,000 to PLN 49,000, and the amount resulting from such reduction was paid to LC Corp S.A..
5. On 20 June 2018, as a result of amendments being made to the company deed of LC Corp Invest XV sp. z o.o. Projekt 12 sp. k., the respective contribution of shareholders in the company was increased as follows: the contribution of Corp Invest XV sp. z o.o. (the limited partner) from PLN 100.00 to PLN 1,400.00, the contribution of LC Corp Invest IX sp. z o.o. (the general partner) from PLN 4,900.00 to PLN 68,600.00 and of LC Corp Invest VIII sp. z o.o. (the general partner) from PLN 5,000.00 to PLN 70,000.00.
6. On 20 June 2018, LC Corp Invest XVII Sp. z o.o. disposed of all the shares (4,950) it held in LC Corp Invest XV Sp. z o.o. Finance S.K.A. to LC Corp S.A..
7. On 20 June 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XV sp. z o.o. Finance SKA up to the amount of PLN 210,000. All the shares in the increased share capital were taken up by LC Corp S.A..
8. On 29 June 2018, the Extraordinary General Meeting adopted a resolution on initiating the liquidation of LC Corp Invest XVIII sp. z o.o.
9. On 20 July 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest VIII sp. z o.o. up to the amount of PLN 13,600,000, and all the new shares were taken up by LC Corp S.A.
10. On 20 July 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XX sp. z o.o. up to the amount of PLN 2,000,000. All the new shares were taken up by LC Corp S.A.
11. On 24 August 2018, LC Corp S.A. acquired from Kraków Zielony Złocień Sp. z o.o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k., becoming thus its limited partner.
12. On 24 August 2018, LC Corp S.A. acquired from LC Corp Invest XII Sp. z o. o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k., becoming thus its sole limited partner.
13. On 24 August 2018, LC Corp S.A. acquired from Kraków Zielony Złocień Sp. z o.o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k., becoming thus its sole limited partner.
14. On 24 August 2018, LC Corp S.A. acquired from Kraków Zielony Złocień Sp. z o.o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k., becoming thus its limited partner.
15. On 24 August 2018, LC Corp S.A. acquired from LC Corp Invest X Sp. z o. o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k., becoming thus its sole limited partner.
16. On 24 August 2018, LC Corp S.A. acquired from LC Corp Invest VIII Sp. z o. o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 12 Sp. k., becoming thus its limited partner.
17. On 24 August 2018, LC Corp S.A. acquired from LC Corp Invest IX Sp. z o. o. all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 12 Sp. k., becoming thus its sole limited partner.

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**CONSOLIDATED QUARTERLY REPORT**

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18. On 17 September 2018, the Extraordinary General Meeting passed a resolution on increasing the share capital of LC Corp Invest XXIV sp. z o.o. up to the amount of PLN 2,050,000. All the new shares were taken up by LC Corp S.A.

Apart from the aforementioned events, no other significant changes in the composition of the Group took place in the period from 1 January 2018 to 30 September 2018.

## 2.4 Composition of Management Board of Parent Undertaking

As at 1 January 2018, the Management Board of LC Corp S.A. was composed of the following persons:

- President of Management Board – Dariusz Niedośpiał
- First Vice President of Management Board – Jakub Malski
- Member of Management Board – Mirosław Kujawski
- Member of Management Board – Tomasz Wróbel
- Member of Management Board – Małgorzata Danek
- Member of Management Board – Radosław Stefurak

On 9 February 2018, Jakub Malski was removed from the Management Board of LC Corp S.A.

On 27 June 2018, i.e. the day on which the Ordinary General Meeting was held, due to the fact that the term of office of the whole Management Board expired and that Mrs Małgorzata Danek was not appointed to the Issuer's Management Board for another tenure, the term of office of Mrs Małgorzata Danek, who had served as an Issuer's Management Board Member, ran out.

As at 30 September 2018 and the date of the publication hereof, the Management Board of LC Corp S.A. was composed of the following persons:

- President of Management Board – Dariusz Niedośpiał
- Member of Management Board – Mirosław Kujawski
- Member of Management Board – Tomasz Wróbel
- Member of Management Board – Radosław Stefurak

## 2.5 Approval of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements of the Group concerning the period of 9 months ended 30 September 2018 was approved by the Management Board on 15 November 2018.

## 2.6 Rules Adopted for Preparing Quarterly Report

These Interim Condensed Consolidated Financial Statements of the LC Corp Group are comprised of:

- Consolidated Statement of Financial Position as at 30 September 2018 and comparable financial data as at 31 December 2017;
- Consolidated Statement of Comprehensive Income for the three quarters of 2018, i.e. for the period of 9 months, cumulatively from 1 January 2018 to 30 September 2018, as well as comparable data for a corresponding period of the previous year, i.e. from 1 January 2017 to 30 September 2017;
- Consolidated Statement of Cash Flows for the three quarters of 2018, i.e. for the period of 9 months, cumulatively from 1 January 2018 to 30 September 2018, as well as comparable data for a corresponding period of the previous year, i.e. from 1 January 2017 to 30 September 2017;



**CONSOLIDATED QUARTERLY REPORT**

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- Consolidated Statement of Changes in Equity as at 30 September 2018 and comparable data as at 30 September 2017 and as at 31 December 2017;
- Notes to the Consolidated Financial Statements.

Notes to financial statements and other information defined by § 87 of the Regulation of the Minister of Finance dated 19 February 2009 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report for Q3 2018, are included in item 4.

These Interim Condensed Consolidated Financial Statements of the LC Corp Group and the separate condensed financial statements of LC Corp S.A. were prepared in accordance with the International Financial Reporting Standards (“IFRS”) adopted by the EU, in particular with the International Accounting Standard No. 34.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

IFRS comprise standards and interpretations accepted by the International Accounting Standard Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These Interim Condensed Consolidated Financial Statements were prepared using the historical cost method, except for investment property which is measured at fair value.

The Interim Condensed Consolidated Financial Statements are presented in thousand Polish Zlotys (“PLN”), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group companies would continue as a going concern in the foreseeable future. As at the day of the approval of these Financial Statements, no circumstances were identified implying any threats to the continuation of the Group companies' business activity.

The Interim Condensed Consolidated Financial Statements do not contain all information and disclosures required for annual consolidated financial statements and they must be read together with the Group's consolidated financial statements for the year ended 31 December 2017, which was published on 20 March 2018.

Information on the accounting principles adopted by the Group was presented in the annual consolidated financial statements of the LC Corp Group for the year ended 31 December 2017, published on 20 March 2018.

## 2.7 Information on Material Estimates and Professional Judgement

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some estimates and assumptions, which are reflected herein. The actual results may vary from these estimates. The financial data for the three quarters of 2018 presented herein was not subject to auditor's examination.

### Professional Judgement

In the process of applying the accounting principles (policies) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

#### Determination of Moment When, Upon Sale of Residential and Retail Premises, Risk Is Transferred to Client

The moment of transferring the risk to the client determines when revenues from the sales of residential and retail premises can be recognised.



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**CONSOLIDATED QUARTERLY REPORT**

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Upon the sale of residential and retail premises, the risk is transferred to the client when the following conditions are fulfilled:

- (i) obtaining the occupancy permit for the buildings;
- (ii) payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;
- (iii) acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- (iv) signing of the developer agreement or notarial deed transferring the title.

In the case of the financing of part of the price by the state in accordance with the Act of 27 September 2013 on State Aid in the Purchase of the First Flat by Young People (MDM), the conditions set out in item (ii) are also met when a bank financing the client confirms the reservation of funds (the last instalment of the payment) for this purpose and when the developer agreement contains the relevant provision.

#### Investment Property Under Construction

As at 30 September 2018, *Investment Property Under Construction* referred to the Wola Retro office building in Warsaw – taking into consideration the progress of the project, the value of capital expenditure on the construction of the property has been valued at historical cost.

#### Land classified as Fixed Assets

As at 30 September 2018, *Land Classified as Fixed Assets* concerned the land located in Malin, Wisznia Mała municipality in the Lower Silesian Voivodeship.

In view of the entry into force on 30 April 2016 of the provisions amending the Act of 11 April 2003 on the Shaping of the Agricultural System (Journal of Laws of 2012, item 803, of 2016, item 585, 1159) and the introduced restrictions on acquisition of agricultural property, an analysis was made to check the impact of the provisions of this act on the restrictions on the possibility of implementation of investment opportunities on the above-mentioned land.

This amendment introduced restrictions on the acquisition of agricultural property with an area of more than 0.3 ha and not covered by the current spatial development plan in a way that the buyer of the agricultural property may be in principle only an individual farmer - a natural person, while other entities may acquire agricultural property only with the agreement of the President of the Agricultural Property Agency and in the cases provided by regulations. The restrictions imposed by the act apply also to shares and stocks in companies which own agricultural property, where the Agricultural Property Agency which is the owner of the agricultural property has the right of pre-emption of shares and stocks in these companies.

The introduced restrictions have an impact on the shaping of demand and supply on the agricultural land market by changing the profile of market participants and new legal terms of the sale of agricultural property, which results in a smaller number of agricultural real property sold after 30 April 2016.

The Group is the owner of land with the total area of 169 ha, located in Malin Wisznia Mała, municipality in the Lower Silesian Voivodeship, and currently there is no spatial development plan for this property, therefore in accordance with Article 2(1) of the above-mentioned Act, it is "agricultural property" and is subject to the above restrictions on the possibility of trade in this property.

Due to the acquisition of land by the Group with a view to implement a development investment and the designation in the Study of land use conditions and directions of Wisznia Mała, municipality of this property for residential areas, the Group, as at 30 September 2018, disclosed the property in the item Land qualified as non-current assets for development during a period of over 2 years, in the valuation by an independent valuer drawn up before the date of entry into force of the above-mentioned Act, used also as at 31 December 2017, since despite the restrictions introduced by the Act, the Group believes that there is still a possibility to use this land in a manner consistent with its intention and the Group does not intend to dispose of this property.

#### Classification of Lease Agreements

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**CONSOLIDATED QUARTERLY REPORT**

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The Group classifies lease as operational and financial on the basis of the assessment to what extent the risk and profits from ownership of the subject of lease fall to the lessor and to the lessee. This assessment is based on the economic content of each transaction.

#### Impairment of Assets

As at 30 September 2018, market capitalisation was lower than the net value of the Group's assets. Even though the Management Board of the Parent Undertaking is strongly convinced that this was only a temporary situation triggered by a variety of factors, *inter alia*, the considerable fluctuation of Company's share prices, it took appropriate actions aimed at reviewing the Group's assets to determine whether an additional write-down was required. The Management Board did not find it necessary to recognise any potential additional impairment.

#### Uncertainty of Estimates

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The below financial data concerning the three quarters of 2018 was not subject to auditor's examination.

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring as at the balance sheet date and entailing a significant risk of the considerable adjustment of the book value of assets and liabilities in the following financial year.

#### Deferred Tax Asset

The Group recognises a deferred tax asset based on the assumption that a tax profit enabling its utilisation should be obtained in the future. Worse tax results obtained in the future could have the effect that this assumption might become groundless. Deferred income tax is presented in Note 2.15.

#### Fair Value of Investment Property

At the end of each quarter of an accounting year, the Group independently measures the fair value of its investment properties in EUR based on the agreed model of investment capitalisation or maintains the valuation in EUR carried out by an independent valuer at the end of the preceding year (provided there were no significant indications to update the valuation). At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer. As at 30 September 2018, investment property was measured on the basis of valuations of valuers, save for the measurement of Arkady Wrocławskie, which was made by the Management Board of the Parent Undertaking. Investment property is shown in Note 2.11.

#### Fair Value of Financial Instruments in the Form of Forward Contracts

The fair value of financial instruments in the form of forward contracts, measured at fair value through profit or loss, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model.

#### Fair Value of IRS and COLLAR Financial Instruments

The fair value of IRS and COLLAR financial instruments, covered by the cash flow hedge accounting, measured at fair value through other comprehensive income, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (such as the Bank) or on the basis of a financial model.

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**CONSOLIDATED QUARTERLY REPORT**

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Write-downs of inventories

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the loss of value of its property development projects under implementation on the basis of sales reports, market research and other available evidence. Should the risk of the loss of value occur, the value of such projects is estimated employing the DCF method, which is used to establish the write-down of inventories. The DCF method is based on discounted cash flows generated within the approved investment schedules and proceeds from the sale of premises, allowing for the sale price of 1 square metre of usable floor space in accordance with the current market situation. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The write-downs of inventories are estimated as at 30 September 2018 and may be subject to change depending on the fluctuation of market prices of land, selling prices of flats, construction costs, project completion schedules and discount rate calculations in the future. The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, valuation allowances may change in the following financial periods. Inventories and write-down of inventories are presented in Note 2.12.

Uncertainty Associated with Tax Settlements

The regulations concerning the tax on goods and services, corporate tax and burdens associated with social insurance are subject to frequent changes. These frequent changes make no appropriate reference points, inconsistent interpretations and few established precedents that might be applicable. The binding regulations also contain uncertainties, resulting in different opinions regarding the legal interpretation of tax regulations, both among public authorities and between public authorities and companies.

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group, provided, however, that such arrangements and agreements are related to the above clause.

The Group recognises and measures the assets or liabilities in respect of current and deferred income tax in compliance with the requirements of IAS 12, Income Tax on the basis of the tax profit (loss), tax base, unrelieved tax losses, unused tax exemptions and tax rates, taking into account the uncertainty associated with tax settlements.

The table below presents balance sheet figures of the above items as at 30 September 2018 and as at 31 December 2017:

## CONSOLIDATED QUARTERLY REPORT

	30 September 2018 (unaudited)	31 December 2017 (audited)
Deferred tax asset	10,999	9,596
Investment property measured at fair value	1,805,001	1,741,586
Fair value of financial instruments in the form of forward contracts	-	223
Fair value of IRS and CAP financial instruments	(6,402)	(5,133)
Deferred tax liability	(111,859)	(108,160)
Write-down of land classified as fixed assets	(3,263)	(3,263)
Write-down of inventories	(132,393)	(132,529)

## 2.8 Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these consolidated financial statements are consistent with those adopted to draw up the Group's consolidated financial statements for the year ended 31 December 2017, save for the following principles. The below changes to IFRS have been applied to these consolidated financial statements as of the date of their entry into force:

- **IFRS 9, "Financial Instruments"** – approved on 22 November 2016 in the EU (applicable to annual periods beginning on or after 1 January 2018). IFRS 9 sets out the requirements for the recognition and valuation, impairment, derecognition and hedge accounting.

**Classification and valuation** – IFRS 9 introduces a new approach to the classification of financial assets, which is conditional upon the cash flows characteristics and business model relating to given assets. Such a uniform approach based on principles replaces the existing requirements based on rules according to IAS 39. The new model also makes the impairment model uniform in relation to all financial instruments.

**Impairment** – IFRS 9 introduces a new expected loss impairment model which requires the more timely recognition of expected credit losses. In particular, the new standard requires all entities to recognise expected credit losses at the time of initial recognition of financial instruments and recognise all expected losses for the whole lifetime of instruments quicker than so far.

As at the balance sheet date, the Group companies employed the simplified method in line with IFRS 9 in order to estimate expected credit losses with respect to trade receivables. This method is based on historical behaviour of counterparties regarding the payment of receivables.

When an individual assessment of the Management Board reveals that there is a significant risk of uncollectibility, the value of receivables may be also adjusted individually using the above methodology for calculating expected credit losses.

**Hedge accounting** – IFRS 9 introduces a revised hedge accounting model together with further requirements for reflecting risk management activities. The new model brings about a considerable change to hedge accounting, which aims to adapt accounting principles to a practical risk management activity.

**Own credit risk** – IFRS 9 eliminates profit or loss volatility caused by the changes in the credit risk of liabilities designated at fair value. This change means that gains on liabilities resulting from the deterioration of an entity's own credit risk are not recognised in the profit and loss statement.

The below table shows a comparison of classifications according to IAS 39 and IFRS 9:

	Classification acc. to IAS 39	Classification acc. to IFRS 9
<b>Financial Assets</b>		
Non-current receivables	Borrowings and receivables	Financial assets measured at amortised cost
Trade and other receivables ( <i>net of budget receivables</i> )	Borrowings and receivables	Financial assets measured at amortised cost

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**CONSOLIDATED QUARTERLY REPORT**


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Cash in open trust accounts	Borrowings and receivables	Financial assets measured at amortised cost
Cash and other cash equivalents	Borrowings and receivables	Financial assets measured at amortised cost

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**Financial Liabilities**


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Liabilities on Account of Loans and Bonds	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost
Liabilities on account of acquisition of subsidiary	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost
Trade and other payables ( <i>net of budget liabilities</i> )	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost
Fair value of financial instruments in the form of forward contracts	Assets / Financial liabilities measured at fair value through profit or loss	Assets / Financial liabilities measured at fair value through profit or loss

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**Hedging Financial Instruments**


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Fair value of IRS and CAP financial instruments	Assets / Financial liabilities measured at fair value other comprehensive income	Hedging Financial Instruments
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The application of IFRS 9, "Financial Instruments" did not have any important impact on the Group's financial statements for 2018.

- **IFRS 15, "Revenue from Contracts with Customers"** and amendments to IFRS 15, "Date of entry into force of IFRS 15" – approved by the EU on 22 September 2016 (applicable to annual periods beginning on or after 1 January 2018).

This standard determines the time and manner of the recognition of revenues and requires that more detailed information be disclosed. The standard replaced IAS 18, "Revenues", IAS 11, "Construction Contracts" and many interpretations associated with revenue recognition. The standard applies to almost all contracts with customers (major exceptions include lease contracts, financial instruments and insurance contracts). A fundamental principle of the new standard is that revenues must be recognised in a manner which makes it possible to reflect the transfer of goods or services to the customer and in an amount that reflects consideration (i.e. payment) to which the entity expects to be entitled in exchange for those goods or services. The standard provides also guidelines for the recognition of transactions which had not been regulated in detail by the standards applicable before (e.g. revenue from services or contract modifications) and gives further clarifications on the recognition of multiple-element arrangements.

The application of IFRS 15, "Revenue from Contracts with Customers" did not have any important impact on the Group's 2018 financial statements.

- **Amendments to IFRS 2, "Share-Based Payments"** – The Classification and valuation of share-based payments – approved by the EU on 27 February 2018 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 4, "Insurance Contracts"** – The application of IFRS 9, "Financial Instruments" together with IFRS 4, "Insurance Instruments" – approved by the EU on 3 November 2017 (applicable to annual periods

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**CONSOLIDATED QUARTERLY REPORT**

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beginning on or after 1 January 2018 or at the time when IFRS 9, "Financial Instruments" are applied for the first time).

- **Amendments to IFRS 15, "Revenue from Contracts with Customers"** – Clarifications on IFRS 15 "Revenue from Contracts with Customers" – approved by the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 40, "Investment Property"** – Transfers of Investment Property – approved by the EU on 14 March 2018 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 as a result of "Amendments to IFRS (the 2014-2016 cycle)"** – amendments made as part of the IFRS Annual Improvement Process (IFRS 1, IFRS 12 and IAS 28) are designed mainly to deal with non-conformities and ensure the consistency of terminology – approved by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018).
- **IFRIC 22 Interpretation, "Foreign Currency Transactions and Advance Consideration"** – approved by the EU on 28 March 2018 (applicable to annual periods beginning on or after 1 January 2018).

The above amendments to standards did not have any important impact on the Group's financial statements for 2018.



## 2.9 New Standards and Interpretations Published But Not Effective Yet

### New standards and amendments to the existing standards which have been already issued by the IFRIC and approved by the EU, but are not in force yet

On the approval of these financial statements, the following new standards which have been issued by the IFRIC and approved for application within the EU, but which have not entered into force yet, must be considered:

- **IFRS 16, “Lease”** – approved within the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 9, “Financial Instruments”** – Prepayment Features with Negative Compensation – approved within the EU on 22 March 2018 (applicable to annual periods beginning on or after 1 January 2019).

The Group decided not to choose the option of early application of the aforesaid new standards and amendments to the existing standards.

The Group is in the process of verification of the impact of the above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

### New standards and amendments to the existing standards which have been already issued by the IFRIC, but which have not been approved for application within the EU yet

Currently, IFRS in the form approved by the EU do not differ significantly from regulations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), except for the following new standards, amendments to standards and new interpretations which as at the date of approving these statements were not approved for application within the EU (the below entry into force dates relate to the full version of standards):

- **IFRS 14, “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- **IFRS 17, “Insurance Contracts”** (applicable to annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 10, “Consolidated Financial Statements” and IAS 28, “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed);
- **Amendments to IAS 19, “Employee Benefits”** – Plan Amendment, Curtailment or Settlement (applicable to annual periods beginning on or after 1 January 2019);
- **Amendments IAS 28, “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (applicable to annual periods beginning on or after 1 January 2019);
- **Amendments to miscellaneous standards “Amendments to IFRS (the 2015-2017 cycle)”** – amendments made as part of the IFRS Annual Improvement Process (IFRS 3, IFRS 11, IAS 12 and IAS 23) are designed mainly to deal with non-conformities and ensure the consistency of terminology (applicable to annual periods beginning on or after 1 January 2019);
- **IFRIC 23 Interpretation, “Uncertainty over Income Tax Treatments”** (applicable to annual periods beginning on or after 1 January 2019);

The Group is in the process of verification of the impact of the aforesaid standards on its financial situation, performance and the scope of information presented in the financial statements.

Apart from regulations approved by the EU, there is also hedge accounting for a portfolio of assets and liabilities, the principles of which have not been approved for application within the EU yet.

According to the Group’s estimates, the application of hedge accounting for a portfolio of assets or financial liabilities under **IAS 39, “Financial Instruments: Recognition and Measurement”** would not have any significant impact on the financial statements.

## CONSOLIDATED QUARTERLY REPORT

## 2.10 Seasonal or Cyclical Character of LC Corp Group's Operations

The operations of the LC Corp Group are not seasonal by nature. They are related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IFRS 15, such proceeds can only be recognised when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be measured in a reliable manner. Consequently, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

## 2.11 Information on Investment Properties and Their Revaluation

As at 30 September 2018, the Group's investment property includes:

- retail and office centres: Arkady Wrocławskie and Sky Tower in Wrocław,
- office buildings: Wola Center in Warsaw, Silesia Star complex of office buildings in Katowice (Stage 1 and Stage 2), Retro Office House in Wrocław
- office building under construction: Wola Retro in Warsaw

30 September 2018 (unaudited)	Value EUR	Value PLN	Value adjustment PLN	Balance sheet value PLN
<b>Investment property already constructed</b>				
Arkady Wrocławskie	80,000	341,712	-	341,712
Wola Center	104,400	445,934	(99)	445,835
Sky Tower	122,190	521,922	-	521,922
Silesia Star (Stage 1)	34,410	146,979	(714)	146,265
Silesia Star (Stage 2)	29,150	124,511	(1,493)	123,018
Retro Office House	55,910	238,814	(12,565)	226,249
<b>Investment property under construction</b>				
Wola Retro				95,636
				<b>1,900,637</b>

31 December 2017 (audited)	Value EUR	Value PLN	Value adjustment PLN	Balance sheet value PLN
<b>Investment property already constructed</b>				
Arkady Wrocławskie	91,900	383,306	-	383,306
Wola Center	104,400	435,442	(303)	435,139
Sky Tower	122,190	509,642	-	509,642
Silesia Star (Stage 1)	34,410	143,521	(722)	142,799
Silesia Star (Stage 2)	29,150	121,582	(8,842)	112,740
<b>Investment property under construction</b>				
Retro Office House	37,872	157,960	-	157,960
Wola Retro				62,938
				<b>1,804,524</b>

As at 30 September 2018, the fair value of investment property was determined on the basis of valuations made by professional real estate valuers as at 31 December 2017, except for the valuation of Arkady Wrocławskie, which was made by the Management Board of the Parent Undertaking. The valuers' valuations were analysed by the



## CONSOLIDATED QUARTERLY REPORT

Management Board and approved as at 30 September 2018. Valuations made in EUR were translated into PLN as at 30 September 2018. The valuations of the property in question have been estimated in the income approach, using the investment method. The income approach and the investment method are based on the assumption that the value of a property depends on the rental income that can be obtained from the property and the capitalisation rate. Income from the property is due to lease agreements and in the case of free surface with the use of market rental rates. The rate of return, known as capitalisation rate, is determined on the basis of the analysis of similar transactions on the market in a given financial year. Valuation is expressed in the currency of the invoiced rents, i.e. in EUR and converted into PLN at the average NBP exchange rate at the date of the end of the accounting period. Valuation determined in this manner was reduced by other costs to be incurred for surface finishes in the building, which was the case with Wola Center, Silesia Star (Stage 1 and 2) and Retro Office House.

Due to the fact that a situation on the Wrocław's local retail real estate market has changed and having considered a revision of estimates pertaining to the net operating result of Arkady Wrocławskie S.A., the fair value measurement of Arkady Wrocławskie was lower and as at 30 September 2018 amounted to EUR 80,000,000, which means a decrease in the property value in the amount of EUR 11,900,000.

As at 30 September 2018, *Investment Property Under Construction* referred to the Wola Retro office building in Warsaw – taking into consideration the construction progress the property has been valued at historical cost.

The reconciliation of changes to the balance-sheet values of investment property in the period ended 30 September 2018 and the year 31 December 2017 is presented in the table below:

	Period of 9 months ended 30 September 2018	Year ended 31 December 2017
	(unaudited)	(audited)
<b>At the beginning of the reporting period</b>	<b>1,804,524</b>	<b>1,810,369</b>
Acquisition of land for the construction of investment property	-	-
Capital expenditure incurred	84,182	112,881
Revaluation of property fair value (EUR/PLN conversion)	42,202	(100,870)
Revaluation of property fair value ( <i>inter alia</i> : due to changes in the EUR valuation of property and finishing works)	(30,271)	(17,856)
<b>At the end of the reporting period</b>	<b>1,900,637</b>	<b>1,804,524</b>

The following table shows the revaluation of non-financial fixed assets disclosed in the Consolidated Statement of Comprehensive Income:

	Period of 9 months ended 30 September 2018	Period of 9 months ended 30 September 2017
	(unaudited)	(unaudited)
Revaluation of property fair value (EUR/PLN conversion)	42,202	(45,793)
Revaluation of property fair value ( <i>inter alia</i> : due to changes in the EUR valuation of property and finishing works)	(30,271)	(14,899)
Adjustment for linearisation of revenues from lease	(818)	(412)
<b>Total</b>	<b>11,113</b>	<b>(61,104)</b>

**CONSOLIDATED QUARTERLY REPORT**

On 29 June 2018, LC Corp S.A. concluded a letter of intent with international entities that invest in commercial properties ("the Purchaser"), the object of which was the sale of four office buildings located in Poland:

- Wola Center, situated in Warsaw at ul. Przyokopowa 33,
- Wola Retro (the building is under construction), situated in Warsaw at ul. Skierniewicka 16/20,
- Retro Office House, situated in Wrocław at the intersection of streets: Piłsudskiego and Komandorska,
- Silesia Star, situated in Katowice at ul. Uniwersytecka 18.

Upon signing the letter of intent, the Issuer and the Purchaser entered into negotiations on the terms and conditions of sale. The said letter sets out a total estimate price of sale agreed by the parties, which is to be completed on a debt-free and cash-free basis and be subject to adjustments, among other things, based on arrangements made during a legal analysis. The other terms and conditions of the letter of intent, including those relating to conditions under which the transaction will be effected, do not vary from provisions which are generally applicable to this type of documents.

Furthermore, on 31 October 2018, the Company agreed with the Purchaser on the total selling price amounting to EUR 275 million, which was fixed during negotiations over the sale by the Company of four office buildings located in Poland, which were preceded by signing the letter of intent on 29 June 2018.

With exclusivity being granted to the Purchaser, the parties may continue negotiations with a view to reaching a consensus about the wording of transaction documents that would be satisfactory for both parties and be in line with the provisions set out in the letter of intent. The terms and conditions of the letter of intent, including those relating to conditions under which the transaction will be effected, do not vary from provisions which are generally applicable to this type of documents.

It is not certain whether the transaction will be closed or not, and it is contingent on negotiations over the detailed provisions of an agreement, in particular, as regards the Company's obligations which will have an impact on an economic result of the transaction and may serve as a basis for decision on whether it will be completed or not.

Three of the aforesaid office buildings are the investment properties of the LC Corp Group, whereas the fourth one is currently under construction. All of them are considered to be included in the lease segment.

## **2.12 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect**

### **Land Classified as Fixed Assets**

As at 30 September 2018, this item includes the land of PLN 86,364,000 (as at 31 December 2017 of PLN 86,254,000), which is intended for development during a period of over 2 years. The write-down as at 30 September 2018 and 31 December 2017 did not change and was PLN 3,263,000.

In the period ended 30 September 2018, in view of the entry into force on 30 April 2016 of the provisions amending the Act of 11 April 2003 on the shaping of the agricultural system (Journal of Laws of 2012, item 803, of 2016, item 585, 1159) and the introduced restrictions on acquisition of agricultural property, an analysis of impact of the provisions of this Act on the restrictions on the possibility of implementation of investment opportunities on the above-mentioned land was made (see Note 2.7).

Due to the acquisition of land by the Group with a view to implementing a development investment and allocation in the Study of land use conditions and directions of Wisznia Mała municipality of this property to residential areas, as at 30 September 2018 the Group discloses the property in the item Land qualified as non-current assets for development during a period of over 2 years, in the valuation by an independent valuer drawn up before the date of entry into force of the above-mentioned act, since despite the restrictions introduced by the Act (which in practice prevent the disposal of this property), there were no other considerations that may affect the current measurement and there is still a possibility to use this land in a manner consistent with the intention of the Group and the Group does not intend to dispose of this property.

## CONSOLIDATED QUARTERLY REPORT

## Inventory

	30 September 2018 (unaudited)	31 December 2017 (audited)
Advances on purchase of land	4,093	5,264
Work in progress	933,234	964,248
Finished products	124,286	140,882
Write-downs of inventories	(132,393)	(132,529)
<b>Total inventories</b>	<b>929,220</b>	<b>977,865</b>

As at 30 September 2018, the costs of external financing of PLN 51,202,000 (as at 31 December 2017 they amounted to PLN 52,984,000) were capitalised in the value of inventories.

Changes in the write-downs of inventories were as follows:

	Period of 9 months ended 30 September 2018 (unaudited)	Year ended 31 December 2017 (audited)
<b>At the beginning of the reporting period</b>	<b>132,529</b>	<b>135,807</b>
Increase	1,153	-
Use	(1,289)	(3,278)
Decrease	-	-
<b>At the end of the reporting period</b>	<b>132,393</b>	<b>132,529</b>

As at 30 September 2018 and 31 December 2017, no item of inventory was pledged or mortgaged, except for the mortgage mentioned in Section 2.26.5.

### 2.13 Information about Impairment Losses in Respect of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Losses

During the period of 9 months ended 30 September 2018, there were no significant changes in the impairment write-downs on financial assets, property, plant and equipment, intangible assets, land classified as fixed assets and other assets, except for write-downs on trade receivables, presented in the table below:

	Period of 9 months ended 30 September 2018 (unaudited)	Year ended 31 December 2017 (audited)
<b>At the beginning of the period</b>	<b>8,005</b>	<b>4,493</b>
Increase	1,867	3,992
Use	(1,170)	(152)
Decrease	(72)	(328)
<b>At the end of the period</b>	<b>8,630</b>	<b>8,005</b>

## CONSOLIDATED QUARTERLY REPORT

**2.14 Information about Creating, Increasing, Utilising and Reversing Provisions**

The amounts of provisions and the reconciliation presenting the changes in their position during the reporting period are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Disputes and litigation</i>	<i>Remedy of construction faults and defects</i>	<i>Total</i>
<b>As at 1 January 2018</b>	<b>22</b>	<b>1,785</b>	<b>14</b>	<b>1,821</b>
Created	-	-	-	-
Used	-	-	-	-
Reversed	-	(262)	-	(262)
<b>As at 30 September 2018, including:</b>	<b>22</b>	<b>1,523</b>	<b>14</b>	<b>1,559</b>
- non-current	22	-	-	<b>22</b>
- current	-	1,523	14	<b>1,537</b>

**2.15 Information about Deferred Tax Liabilities and Deferred Tax Assets**

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2018 (unaudited)	31 December 2017 (audited)	1 January 2017 (audited)	30 September 2018 (unaudited)	31 December 2017 (unaudited)
<b>Deferred tax liability</b>					
Accrued interest and discounts on borrowings, bonds, notes and deposits	(10,793)	(8,437)	(15,223)	(2,356)	6,786
Valuation of investment property	(58,075)	(55,871)	(78,568)	(2,204)	22,697
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(56,777)	(52,046)	(42,508)	(4,731)	(9,538)
Difference in the value of other assets (tax value and book value)	(2,791)	(183)	-	(2,608)	(183)
Other	(1,058)	(612)	(537)	(446)	(75)
<b>Gross deferred tax liability</b>	<b>(129,494)</b>	<b>(117,149)</b>	<b>(136,836)</b>		
<b>Deferred tax assets</b>					
Provisions and prepayments and accrued income	1,949	2,860	1,905	(911)	955
Accrued interest and discounts on borrowings, bonds and notes	7,680	6,190	9,503	1,490	(3,313)
Foreign exchange differences	4,170	1,540	9,805	2,630	(8,265)
Difference in the value of other assets (tax value and book value)	-	-	626	-	(626)
Losses potentially deductible from future taxable income	13,613	7,059	10,779	6,554	(3,720)

## CONSOLIDATED QUARTERLY REPORT

Other	1,222	936	1,538	286	(602)
<b>Gross deferred tax assets</b>	<b>28,634</b>	<b>18,585</b>	<b>34,156</b>		
<b>Deferred tax expense</b>				<b>(2,296)</b>	<b>4,116</b>
<b>Net deferred tax asset</b>	<b>10,999</b>	<b>9,596</b>	<b>10,972</b>		
<b>Net deferred tax liability</b>	<b>(111,859)</b>	<b>(108,160)</b>	<b>(113,652)</b>		

Considering the specificity of the conducted activity, which involves the achievement of taxable revenue at a deferred time, the Group activates incurred tax losses until taxable income is achieved, taking into account the tax regulations concerning the possibility of settling such losses. The amount of an asset resulting from tax losses disclosed in deferred tax is presented in the table above.

As at 30 September 2018, the Group carried out an analysis of the recoverability of a created and potential deferred tax asset and did not create a deferred tax asset on account of, among others, tax losses in companies in the amount of PLN 149,000 (and PLN 515,000 as at 31 December 2017 respectively), which can be used within the maximum period of up to five years from the end of the reporting period, in which they occurred. In addition, the Group did not create a deferred tax asset in the amount of PLN 10,535,000 with regard to temporary differences between the balance-sheet and tax values of respective assets and liabilities items (PLN 11,778,000 as at 31 December 2017 respectively).

### 2.16 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

During the period of 9 months ended 30 September 2018, the Group purchased property, plant and equipment having the value of PLN 384,000.

In the period of 9 months ended on 30 September 2018, the Group did not enter into any sale transactions regarding property, plant and equipment items.

### 2.17 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

As at 30 September 2018, there were no significant liabilities on account of the purchase of property, plant or equipment.

### 2.18 Information about Significant Settlements on Account of Litigation

As at 30 September 2018, there are no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of LC Corp S.A. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of LC Corp S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of LC Corp S.A. against their debtors. Provisions for legal actions are shown in Note 2.14.

### 2.19 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2018 there were no corrections of the errors of previous periods.

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**CONSOLIDATED QUARTERLY REPORT**


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**2.20 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Group's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)**

Considerable fluctuations in the EUR exchange rate translate into significant changes in the EUR valuation of assets/equity and liabilities (i.e. commercial property and the loans financing it), which are converted into PLN at an average exchange rate of NBP effective at the end of each accounting period. The situation on financial markets has also an impact on the valuation of IRS and CAP financial instruments disclosed in the Statement of Comprehensive Income.

The table below shows the sensitivity of a net financial result to possible fluctuations of the Euro exchange rates of fair value measurement of assets and loans valuations in EUR, on the assumption of the invariability of other factors. Due to the high volatility of Euro exchange rate in recent years, +/- PLN 0.20 variations have been taken into consideration for the presentation of the sensitivity of the financial result.

	Increase/decrease in the exchange rate in PLN	Impact on the net financial result in PLN '000	Impact on equity in PLN '000
30 September 2018	+ 0.20	38,830	38,830
(unaudited)	- 0.20	(38,830)	(38,830)
31 December 2017	+ 0.20	42,312	42,312
(audited)	- 0.20	(42,312)	(42,312)
30 September 2017	+ 0.20	35,885	35,885
(unaudited)	- 0.20	(35,885)	(35,885)

**2.21 Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period**

No such events occurred in any of the Group's companies.

**2.22 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)**

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

Transactions with related entities for the Group are presented in item 2.23.

## CONSOLIDATED QUARTERLY REPORT

## 2.23 Transactions with Related Undertakings

30 September 2018 (unaudited)

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
<b>Shareholders</b>	-	-	-	-	-	-
<b>Undertakings related through shareholders</b>	-	-	-	-	-	-
<b>Management and Supervisory Board</b>						
Management Board of parent undertaking and subsidiaries	-	13,892 (*)	-	-	-	-
Supervisory Board	-	513 (*)	-	-	-	-

(\*) Remuneration paid

31 December 2017 (audited)

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
<b>Shareholders (***)</b>						
LC Corp B.V. (*)	-	-	n/a	n/a	-	-
<b>Undertakings related through shareholders (***)</b>						
LC Corp Sky Tower Sp. z o.o.	398	375	n/a	n/a	-	-
Development System sp. z o.o.	340	-	n/a	n/a	-	-
Europejski Dom Brokerski Sp. z o.o.	8	-	n/a	n/a	-	-
Fundacja Jolanty i Leszka Czarneckich	22	-	n/a	n/a	-	-
Getin Holding S.A.	1,300	-	n/a	n/a	-	-
Getin Leasing S.A.	60	-	n/a	n/a	-	-
Getin Noble Bank S.A.	17,125	205	n/a	n/a	4,151	7,403
Home Broker S.A.	574	2,410	n/a	n/a	-	-
Idea Bank S.A.	6,949	-	n/a	n/a	-	595
Idea Fleet S. A.	34	297	n/a	n/a	-	-
Idea Leasing S.A.	2	-	n/a	n/a	-	-
Idea Money S.A.	1,146	-	n/a	n/a	-	-
Multifinance Expert Sp. z o.o.	7	-	n/a	n/a	-	-
Noble Concierge Sp. z o.o.	-	-	n/a	n/a	-	-
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (**)	925	-	n/a	n/a	-	-
Noble Securities S.A.	701	23	n/a	n/a	-	-
Open Finance S.A.	2,138	-	n/a	n/a	-	-
Open Life TFI	1,037	-	n/a	n/a	-	-
RB Computer Sp. z o.o.	-	17	n/a	n/a	-	-

## CONSOLIDATED QUARTERLY REPORT

RB Investcom Sp. z o.o.	198	-	n/a	n/a	-	-
Sky Dress Sp. z o.o.	5	-	n/a	n/a	-	-
Tax Care S.A.	826	-	n/a	n/a	-	-
TU Europa S.A.	1,780	-	n/a	n/a	-	-
TU Europa Życie S.A.	1,745	-	n/a	n/a	-	-
Sax Development Sp. z o.o.	203	-	n/a	n/a	-	-
<b>Management and Supervisory Board</b>						
Management Board of parent undertaking and subsidiaries	-	13,929 (***)	-	-	-	-
Supervisory Board	-	230 (***)	-	-	-	-

(\*) See Note 2.26.6

(\*\*) On 1 June 2017, Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. merged with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A.

(\*\*\*) As consequence of the change of the main shareholder of the parent undertaking in September 2017, entities listed as at 31 December 2017 were not undertakings related to the Company. Transactions shown in the table refer to data until 30 September 2017.

(\*\*\*\*) Remuneration paid

## 30 September 2017 (unaudited)

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
<b>Shareholders (****)</b>						
LC Corp B.V (*)	-	-	-	-	-	-
<b>Undertakings related through shareholders (****)</b>						
LC Corp Sky Tower Sp. z o.o.	398	375	-	-	-	-
Development System sp. z o.o.	340	-	-	-	-	-
Europejski Dom Brokerski Sp. z o.o.	8	-	-	-	-	-
Fundacja Jolanty i Leszka Czarneckich	22	-	-	-	-	-
Getin Holding S.A.	1,300	-	-	-	-	-
Getin Leasing S.A.	60	-	-	-	-	-
Getin Noble Bank S.A.	17,125	205	-	-	4,151	7,403
Home Broker S.A.	574	2,410	-	-	-	-
Idea Bank S.A.	6,949	-	-	-	-	595
Idea Fleet S.A.	34	297	-	-	-	-
Idea Leasing S.A.	2	-	-	-	-	-
Idea Money S.A.	1,146	-	-	-	-	-
Multifinance Expert Sp. z o.o.	7	-	-	-	-	-
Noble Concierge Sp. z o.o.	-	-	-	-	-	-
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (**)	925	-	-	-	-	-
Noble Securities S.A.	701	23	-	-	-	-
Open Finance S.A.	2,138	-	-	-	-	-
Open Life TFI	1,037	-	-	-	-	-
RB Computer Sp. z o.o.	-	17	-	-	-	-
RB Investcom Sp. z o.o.	198	-	-	-	-	-



## CONSOLIDATED QUARTERLY REPORT

Sky Dress Sp. z o.o.	5	-	-	-	-	-
Tax Care S.A.	826	-	-	-	-	-
TU Europa S.A.	1,780	-	-	-	-	-
TU Europa Życie S.A.	1,745	-	-	-	-	-
Sax Development Sp. z o.o.	203	-	-	-	-	-
<b>Management and Supervisory Board</b>						
Management Board of parent undertaking and subsidiaries	-	9,225 (***)	-	-	-	-
Supervisory Board	-	101 (***)	-	-	-	-

(\*) Liability on account of the payment of share purchase price before discounting; it refers to the transaction described in Section 2.26.6

(\*\*) On 1 June 2017, Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. merged with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A.

(\*\*\*) Remuneration paid

(\*\*\*\*) As a consequence of the sale of shares, as referred to in Section 2.1, by Mr Leszek Czarniecki and entities related thereto, the companies listed above as at 30 September 2017 were no longer related undertakings.

## 2.24 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

## 2.25 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

## 2.26 Financial Liabilities

### 2.26.1 Interest-bearing Bank Loans and Bonds

Non-current	Entity	Interest rate	Repayment date	30 September 2018 (unaudited)	31 December 2017 (audited)
Bank loan in EUR (a)	Arkady Wroclawskie S.A.	Euribor 3M+margin	31 Dec 2022	87,577	93,232
Bank loan in EUR (b)	Warszawa Przyokopowa Sp. z o.o.	Euribor 1M+margin	30 Jun 2026	196,468	171,198
Bank loan in EUR (c)	Sky Tower S.A.	Euribor 3M+margin	20 Dec 2022	193,017	195,552
Bank loan in EUR (d)	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (Silesia Star)	Euribor 3M+margin	31 Dec 2025	40,036	42,411
Bank loan in EUR (e)	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (Silesia Star)	Euribor 3M+margin	31 Dec 2025	51,500	52,924
Bank loan in EUR (f)	LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (Retro Office House)	Euribor 3M+margin	30 May 2029	79,597	36,637

## CONSOLIDATED QUARTERLY REPORT

Bank loan in PLN (g)	LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (Retro Office House)	Wibor 1M+margin	31 Oct 2019	874	1,187
Bank loan in PLN (h)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	28 Nov 2027	-	-
Bank loan in PLN (i)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Wibor 1M+margin	28 Nov 2020	-	-
Bank loan in PLN (j)	LC Corp S.A.	Wibor 1M+margin	15 Dec 2018	-	-
Bank loan in PLN (k)	LC Corp S.A.	Wibor 1M+margin	31 Dec 2018	-	-
Bond scheme (l)	LC Corp S.A.	Wibor 6M+margin	30 Oct 2018	-	-
Bond scheme (m)	LC Corp S.A.	Wibor 6M+margin	6 Jun 2019	-	49,858
Bond scheme (n)	LC Corp S.A.	Wibor 6M+margin	20 Mar 2020	64,865	64,796
Bond scheme (o)	LC Corp S.A.	Wibor 6M+margin	10 May 2021	84,806	84,750
Bond scheme (p)	LC Corp S.A.	Wibor 6M+margin	10 May 2021	14,980	14,975
Bond scheme (q)	LC Corp S.A.	Wibor 6M+margin	6 Oct 2021	24,962	24,953
Bond scheme (r)	LC Corp S.A.	Wibor 6M+margin	6 Oct 2021	14,936	14,920
Bond scheme (s)	LC Corp S.A.	Wibor 6M+margin	5 Jun 2022	49,652	49,582
Bond scheme (t)	LC Corp S.A.	Wibor 6M+margin	28 Feb 2022	44,708	-
				<b>947,978</b>	<b>896,975</b>

Current	Entity	Interest rate	Repayment date	30 September 2018 (unaudited)	31 December 2017 (audited)
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	Euribor 3M+margin	30 Sep 2019	10,679	10,427
Bank loan in EUR (b)	Warszawa Przyokopowa Sp. z o.o.	Euribor 1M+margin	30 Sep 2019	7,142	10,227
Bank loan in EUR (c)	Sky Tower S.A.	Euribor 3M+margin	30 Sep 2019	14,173	13,567
Bank loan in EUR (d)	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (Silesia Star)	Euribor 3M+margin	30 Sep 2019	2,306	2,209
Bank loan in EUR (e)	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (Silesia Star)	Euribor 3M+margin	30 Sep 2019	2,237	2,141
Bank loan in EUR (f)	LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (Retro Office House)	Euribor 3M+margin	30 Sep 2019	985	-
Bank loan in PLN (g)	LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (Retro Office House)	Wibor 1M+margin	30 Sep 2019	-	-
Bank loan in PLN (h)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	30 Sep 2019	-	-
Bank loan in PLN (i)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Wibor 1M+margin	30 Sep 2019	-	-
Bank loan in PLN (j)	LC Corp S.A.	Wibor 1M+margin	15 Dec 2018	50,165	50,089

## CONSOLIDATED QUARTERLY REPORT

Bank loan in PLN (k)	LC Corp S.A.	Wibor 1M+margin	31 Dec 2018	38,129	38,092
Bond scheme (l)	LC Corp S.A.	Wibor 6M+margin	30 Oct 2018	51,095	50,328
Bond scheme (m)	LC Corp S.A.	Wibor 6M+margin	06 Dec 2018 / 06 Jun 2019	50,762	164
Bond scheme (n)	LC Corp S.A.	Wibor 6M+margin	20 Mar 2019	123	963
Bond scheme (o)	LC Corp S.A.	Wibor 6M+margin	10 Nov 2018	1,754	618
Bond scheme (p)	LC Corp S.A.	Wibor 6M+margin	10 Nov 2018	309	108
Bond scheme (q)	LC Corp S.A.	Wibor 6M+margin	06 Oct 2018	642	309
Bond scheme (r)	LC Corp S.A.	Wibor 6M+margin	06 Oct 2018	385	183
Bond scheme (s)	LC Corp S.A.	Wibor 6M+margin	05 Dec 2018	793	176
Bond scheme (t)	LC Corp S.A.	Wibor 6M+margin	28 Feb 2019	196	-
				<b>231,875</b>	<b>179,601</b>

- (a) Loan at Arkady Wrocławskie taken out in EUR on 28 February 2008 with the consortium of banks: ING Bank Śląski S.A. and Bank Zachodni WBK S.A. On 29 December 2017, the Company and Bank Zachodni WBK S.A. executed an amendment to the consortium loan agreement of 28 February 2008 to extend the period of financing granted under the loan agreement. The amount of loan granted under the said amendment is EUR 25,000,000, and the loan repayment date has been fixed for 31 December 2022. Prior to entering into the above amendment, i.e. on 27 December 2017, an amendment to the loan agreement was executed between Arkady Wrocławskie S.A. and ING Bank Śląski S.A. and Bank Zachodni WBK S.A., as the existing consortium of lending banks, under which ING Bank Śląski S.A. assigned to Bank Zachodni WBK S.A. its receivables against the Company arising from the loan granted within the framework of the bank consortium, and Bank Zachodni WBK S.A. accepted the said assignment becoming thus the sole lender. At this moment, also all the entitlements, rights and claims (including the entire collateral), and all the risks and obligations relating to the loan were assigned to Bank Zachodni WBK S.A..
- (b) The loan at Warszawa Przyokopowa Sp. z o.o. was taken out pursuant to the agreement of 15 July 2011 with Raiffeisen Bank Polska S.A. in the amount of up to EUR 49,000,000 for the partial financing of the construction of Wola Center office building development in Warsaw. On 26 June 2014 the company concluded an amendment to the Loan Agreement pursuant to which the maximum amount was increased to EUR 55,000,000. On 20 September 2018, the company concluded an amendment to the Loan Agreement, pursuant to which the amount of investment loan was increased and the loan term extended. The amount of investment loan determined in the aforesaid Amendment may not be higher than EUR 54,335,241.03, of which two new loan tranches made available under and provided for in the Amendment cannot be higher than EUR 7,000,000 and EUR 6,000,000 respectively.
- (c) The loan at Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with the consortium of banks Getin Noble Bank S.A. and Alior Bank S.A.
- (d) The Loan at LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. taken out under the agreement of 14 May 2014 with PKO BP S.A. The loan was taken out in EUR up to the amount being an equivalent in EUR of PLN 62,000,000 in order to finance, partially, the construction of an office and retail development with a car park under the name Silesia Star (stage 1) in Katowice at ul. Różdzieńskiego.
- (e) The loan at LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. taken out under the agreement of 26 February 2016 with PKO BP S.A. The loan amounts to the equivalent in EUR of PLN 63,500,000 and is designated for the partial financing of the 2 stage of the Silesia Star Project.
- (f) The loan at LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. taken out pursuant to the agreement of 30 November 2016 with mBank Hipoteczny S.A. up to the amount of EUR 23,700,000 for the partial financing of Retro Office House.

## CONSOLIDATED QUARTERLY REPORT

- (g) The revolving loan at LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. taken out under the agreement of 26 April 2017 with mBank S.A. up to the amount of PLN 6,000,000 for financing and refinancing the payment of VAT in respect of costs related to Retro Office House.
- (h) The loan at LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. taken out pursuant to the agreement 20 December 2017 with the consortium of mBank Hipoteczny S.A. and mBank S.A. up to the amount of EUR 34,187,000 for the partial financing of Wola Retro in Warsaw. As at 30 September 2018, no loan disbursement was made yet.
- (i) The revolving loan at LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. taken out under the agreement of 20 December 2017 with the consortium of mBank Hipoteczny S.A. and mBank S.A. up to the amount of PLN 7,000,000 for financing and refinancing the payment of VAT in respect of costs related to Wola Retro in Warsaw. As at 30 September 2018, no loan disbursement was made yet.
- (j) Loan at LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 29 April 2014, disbursed on 30 April 2014 in LC Corp S.A. On 22 June 2018, the company concluded an amendment to reschedule the repayment date to 15 December 2018.
- (k) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 18 June 2014, disbursed on 3 September 2015 in LC Corp S.A.
- (l) Coupon bonds – the issue of 31 October 2013, including 500 five-year unsecured coupon bonds, having a par value of PLN 100,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 30 October 2018 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (m) Coupon bonds – the issue of 6 June 2014, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 6 June 2019 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (n) Coupon bonds – the issue of 20 March 2015, including 65,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 65,000,000 under a Bond Issue Agreement with the redemption date set at 20 March 2020 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (o) Coupon bonds – the issue of 10 May 2016, including 85,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 85,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 19 August 2016 took place on the “Catalyst” bond market.
- (p) Coupon bonds – the issue of 19 August 2016, including 15,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 10 May 2016 took place on the “Catalyst” bond market.
- (q) Coupon bonds – the issue of 6 October 2016, including 25,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 25,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 27 October 2016 took place on the “Catalyst” bond market.

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**CONSOLIDATED QUARTERLY REPORT**


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- (r) Coupon bonds – the issue of 27 October 2016, including 15,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 15,000,000 each under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 6 October 2016 took place on the “Catalyst” bond market.
- (s) Coupon bonds – the issue of 5 December 2017, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 5 June 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (t) Coupon bonds – the issue of 28 February 2018, including 45,000 four-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 45,000,000 under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.

The allocation of respective loans, bonds to operating segments is presented in item 2.31.

### 2.26.2 Other Liabilities on Account of Financial Instruments

As at 30 September 2018 and 31 December 2017, the fair value measurement of IRS, CAP and forward transactions hedging the risk of an interest rate increase was recognised under *Liabilities on account of loans and bonds* and totalled:

	30 September 2018 (unaudited)	31 December 2017 (audited)
Non-current	6,402	5,133
Current	-	-
<b>Total</b>	<b>6,402</b>	<b>5,133</b>

The allocation of respective instruments to operating segments is presented in item 2.31.

### 2.26.3 Issue, Buyout of Equity Securities

On 28 February 2018, 45,000 four-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 45,000,000 were issued under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.

In the period of 9 months ended 30 September 2018, no bonds were bought out.

After the balance-sheet date, i.e. 30 September 2018, the following transactions were concluded:

- On 19 October 2018, 34,000 two-year unsecured bonds having a par value of PLN 1,000 each and a total nominal value of PLN 34,000,000 were issued under a Bond Issue Agreement with the redemption date set at 19 October 2020 concluded with mBank S.A. having its registered office in Warsaw.
- On 19 October 2018, 66,000 four-year unsecured bonds having a par value of PLN 1,000 each and a total nominal value of PLN 66,000,000 were issued under a Bond Issue Agreement with the redemption date set at 19 October 2022 concluded with mBank S.A. having its registered office in Warsaw.

**CONSOLIDATED QUARTERLY REPORT**

- On 19 October 2018, the loan taken out in EUR with Getin Noble Bank S.A. under a loan agreement concluded on 18 June 2014 was partially paid back. The repaid amount totalled PLN 4,800,000.
- On 30 October 2018, 500 five-year unsecured coupon bonds of PLN 100,000 each and a total nominal value of PLN 50,000 were redeemed.

**2.26.4 Taking out and Repayment of Bank Loans and Borrowings**

1. In the period of 9 months ended 30 September 2018, Arkady Wrocławskie S.A. repaid, in accordance with the repayment schedule, the instalments of the loan in EUR taken out with Bank Zachodni WBK S.A. in the amount of PLN 6,731,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 98,256,000.
2. In the period of 9 months ended 30 September 2018, Warszawa Przykopowa Sp. z o.o. repaid, in accordance with the repayment schedule, the instalments of the loan in EUR taken out with Raiffeisen Bank Polska S.A. in the amount of PLN 10,906,000. Furthermore, under an amendment of 20 September 2018, the company drew down funds under the loan amounting, after deducting commission, PLN 28,860,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 203,610,000.
3. In the period of 9 months ended 30 September 2018, Sky Tower S.A. repaid, in accordance with the repayment schedule, the instalments of the loan in EUR taken out with a consortium consisting of the following banks: Getin Noble Bank S.A. and Alior Bank S.A. in an amount of PLN 6,736,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 207,190,000.
4. In the period of 9 months ended 30 September 2018, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 20 Sp. k. repaid, according to the loan agreement aimed at the financing of the construction of the office development – Silesia Star (1st stage), the loan in an amount of PLN 3,301,000. As at 30 September 2018, the total amount to be repaid, after conversion into was PLN 42,342,000.
5. In the period of 9 months ended 30 September 2018, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 20 Sp. k., according to the loan agreement with PKO BP S.A. aimed at the partial financing of the 2nd stage of the Silesia Star project, repaid the loan in an amount of PLN 2,663,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 53,737,000.
6. In the period of 9 months ended 30 September 2018, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 21 Sp. k., according to the loan agreement with mBank Hipoteczny S.A. aimed at the partial financing of Retro Office House in Wrocław, drew down funds in the total amount of PLN 42,655,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 80,582,000.
7. In the period of 9 months ended 30 September 2018, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 21 Sp. k., according to the revolving loan agreement with mBank S.A. designated for financing and refinancing the payment of VAT in respect of costs arising from the Retro Office House project, drew down funds (disbursements less repayments) in the total amount of PLN 313,000. As at 30 September 2018, the total outstanding amount after conversion into Polish Zlotys was PLN 874,000.
8. On 20 December 2017, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k., as borrower, executed with a consortium of mBank Hipoteczny S.A. and mBank S.A. an investment loan agreement in the amount of up to EUR 34,187,000 for financing and refinancing Wola Retro in Warsaw and a revolving loan agreement in the amount of up to PLN 7,000,000 for financing and refinancing the payment of VAT in respect of costs related to this project. As at 30 September 2018, no loan disbursements were made yet.



## CONSOLIDATED QUARTERLY REPORT

9. On 20 June 2018, the Company gave an instruction on closing the revolving loan account in the amount of up to PLN 25,000,000 – taken out under the agreement concluded between LC Corp S.A. and Getin Noble Bank S.A. on 21 December 2016, and the final repayment date fixed for 31 December 2018. In the period of 9 months ended 30 September 2018, no loan tranche was disbursed or repaid by the Company. As at 31 December 2017 and 30 September 2018, the loan balance was PLN 0.00.

### 2.26.5 Collateral

As at 30 September 2018, the following main collateral, categorised into below groups, was used as security for the repayment of loans:

#### Security for Loans Granted to Finance Commercial Properties

1. Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
  - Capped mortgage (*loan in EUR*) – up to the amount of EUR 37,500,000;
  - Pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 37,500,000;
  - Registered pledge on bank accounts (*loan in EUR*) – up to the amount of EUR 37,500,000;
  - Assignment of rights arising from lease contracts, insurance and guarantees under agreements with contractors;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure with regard to 113,700,000 ordinary registered shares held by LC Corp S.A. of a nominal value of PLN 1.00 each being a part of the share capital of Arkady Wrocławskie S.A., encumbered with registered pledge, under financial and registered pledge agreement, on shares as security for the repayment of secured receivable;
  - Support agreement concerning the loan repayment, concluded by LC Corp S.A.;
  - Deposit of EUR 500,000.
2. Security for transactions hedging against interest rate risk (COLLAR) (hedging agreement), which were established by Arkady Wrocławskie S.A. after the balance-sheet date under a framework agreement:
  - Contractual mortgage of up to PLN 8,250,000;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure for a total amount of up to 8,250,000;
3. Security for the bank loan agreement concluded by Warszawa Przyokopowa Sp. z o.o.:
  - Contractual capped mortgage of the highest priority up to the amount of EUR 75,957,124.43;
  - Financial and registered pledges on accounts receivable from bank accounts with a power of attorney to manage the accounts;
  - Registered pledge on all shares of Warszawa Przyokopowa Sp. z o.o. together with a financial pledge;
  - Assignment to secure the borrower's rights arising from all agreements concluded by the Borrower;
  - Subordination agreement on claims from other borrower's creditors being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure for a total amount of up to EUR 82,500,000;
4. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by Warszawa Przyokopowa Sp. z o.o. pursuant to the framework agreement of 1 June 2012:
  - Contractual mortgage of up to PLN 135,000,000;
  - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law for a total amount of up to PLN 135,000,000.
5. Security for the agreement on a bank loan taken out by Sky Tower S.A.:
  - Contractual mortgage of the highest priority of up to EUR 90,000,000;

## CONSOLIDATED QUARTERLY REPORT

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- Financial and registered pledges on accounts receivable from bank accounts with a power of attorney to manage the accounts;
  - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law and Article 777 of the Code of Civil Procedure;
  - Registered pledges on all shares of Sky Tower S.A., together with a financial pledge of up to EUR 90,000,000;
  - Assignment to secure the borrower's rights arising from all agreements concluded by the Borrower;
  - Subordination agreement on claims from other borrower's creditors being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
6. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by Sky Tower S.A. pursuant to the framework agreement of 27 December 2012:
- Contractual mortgage of the highest priority of up to EUR 44,000,000;
  - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law.
7. Security for loan agreements relating to bank loans taken out by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
- Contractual mortgage of up to the total of EUR 72,816,666.66, established on land owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (as security for loan agreements for the 1st and 2nd stage of the project);
  - Support agreement concluded by the borrower, the bank and the Issuer, pursuant to which the Issuer, acting as guarantor, will be obliged, among other things, to provide the borrower with financial support in the events specified in this agreement;
  - Four blank promissory notes with promissory note agreements, guaranteed by the Issuer by the time of submitting the rental contracts to the Bank, covering at least 20% of the leasable space in the Silesia Star A building, concluded with tenants not related to the Issuer;
  - Assignment of cash receivable arising from agreements on the building site insurance against construction and installation risks in the period of carrying out the project, and, upon its completion, the assignment of a cash receivable under the agreement on the real property insurance against fire and other accidents, concluded with an insurance company for the sum not lower than the amount due on account of the loan;
  - Financial and registered pledges on accounts receivable from bank accounts with a power of attorney to manage the accounts;
  - Surety agreement concluded by the borrower, the bank PKO BP S.A. and the Issuer, regarding the loan agreement for the implementation of stage 2 of Silesia Star in Katowice, pursuant to which LC Corp S.A., acting as surety, will be obliged to provide financial support to the borrower under the circumstances specified in the agreement, for potential cost overrun up to the maximum amount of PLN 31,750,000;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in conjunction with the support agreement and surety agreement mentioned above;
  - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law and Article 777 of the Code of Civil Procedure;
  - Registered pledge on LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.;
  - Assignment to secure the borrower's rights arising from all agreements concluded by the Borrower;
  - Subordination agreements on claims from other borrower's creditors being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
8. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k. pursuant to the framework agreement of 31 March 2016 (which replaced, upon its execution, the hedging agreement for the 1st stage of the project entered into on 30 June 2014) as security for both loan agreements:
- Next ranking contractual mortgage of up to PLN 82,210,300, subordinated to the mortgage established as security for the investment loan and revolving loan for VAT on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.;
  - Declaration on submission to enforcement pursuant to Article Article 777 of the Code of Civil Procedure.
9. Security for the bank loan agreement signed by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k.:
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## CONSOLIDATED QUARTERLY REPORT

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- Contractual mortgage for a total amount of up to EUR 35,550,000.00 established on land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.;
  - Support agreement concluded by the borrower, mBank Hipoteczny S.A. and Kraków Zielony Złocień Sp. z o.o. – an Issuer's subsidiary as the guarantor, pursuant to which the guarantor will be obliged, among other things, to provide financial support to the borrower under the circumstances specified in the agreement;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure submitted by Kraków Zielony Złocień Sp. z o.o. towards mBank Hipoteczny S.A. in connection to the support agreement described above of up to PLN 4,500,000;
  - Declaration of the borrower on voluntary submission to enforcement towards mBank Hipoteczny S.A. of up to EUR 35,550,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, in respect of any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
  - Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of EUR 35,550,000.00;
  - Agreement on the assignment of claims from all agreements concluded by the borrower connected with the project implemented on the property;
  - Subordination agreement on accounts receivable concluded by the borrower with other subsidiaries of the Issuer - LC Corp Invest XVII Sp. z o.o., Kraków Zielony Złocień Sp. z o.o. and LC Corp Invest I Sp. z o.o., making them subordinated creditors and mBank Hipoteczny S.A. as senior creditor, including the assignment to secure all subordinated accounts receivable for the bank in accordance with the above agreement;
  - Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 35,550,000.
10. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k. pursuant to the framework agreement of 30 November 2016 as security for the loan agreement in favour of mBank S.A.:
- Next ranking contractual mortgage of up to PLN 32,985,000.00, subordinated to the mortgage established as security for the investment loan and revolving loan for VAT on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.;
  - Declaration on submission to enforcement pursuant to Article Article 777 of the Code of Civil Procedure of up to PLN 32,985,000.00.
11. Security for the agreement on a revolving bank loan taken out by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k. to pre-finance a VAT refund up to PLN 6,000,000.00;
- Contractual mortgage for a total amount of up to PLN 9,000,000.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.;
  - Instruction to block funds in the borrower's account;
  - Declaration of the borrower on voluntary submission to enforcement towards mBank Hipoteczny S.A. of up to PLN 9,000,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, in respect of any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
12. Security for the agreement on a bank loan taken out by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k.:
- Contractual mortgage of up to EUR 36,280,500.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. in favour of mBank Hipoteczny S.A.;
  - Contractual mortgage of up to EUR 15,000,000.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. in favour of mBank S.A.;
  - Contractual mortgage of up to PLN 10,500,000.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. in favour of mBank S.A.;
  - Declaration of the borrower on voluntary submission to enforcement towards mBank Hipoteczny S.A. of up to EUR 36,280,500.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, in respect of any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
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## CONSOLIDATED QUARTERLY REPORT

- Declaration of the borrower on voluntary submission to enforcement towards mBank Hipoteczny S.A. of up to EUR 15,000,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, in respect of any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
- Declaration of the borrower on voluntary submission to enforcement towards mBank S.A. of up to PLN 10,500,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, in respect of any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
- Agreement on the assignment of claims from all agreements concluded by the borrower connected with the project implemented on the property;
- Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of EUR 36,280,500.00 in favour of mBank Hipoteczny S.A.;
- Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of EUR 15,000,000.00 and PLN 10,500,000 in favour of mBank S.A.;
- Subordination agreement on accounts receivable concluded by the borrower, LC Corp S.A. and other subsidiaries of the Issuer - LC Corp Invest XVII Sp. z o.o. and LC Corp Invest I Sp. z o.o., making them subordinated creditors, and mBank S.A. and mBank Hipoteczny S.A. as senior creditors, including the assignment to secure all subordinated accounts receivable for the bank in accordance with the above agreement;
- Support agreement concluded by the borrower, mBank Hipoteczny S.A., mBank S.A. and LC Corp S.A. as the guarantor, pursuant to which the guarantor will be obliged, among other things, to provide financial support to the borrower under the circumstances specified in the agreement;
- Declaration of LC Corp S.A. on its submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in conjunction with the above-mentioned support agreement up to EUR 3,576,261.90;
- Surety agreement concluded by the borrower, mBank Hipoteczny S.A., mBank S.A. and LC Corp S.A., under which LC Corp S.A. will stand surety for the borrower up to a partial amount of the borrower's liabilities as a result of achieving a certain level of DSCR ;
- Commitment to enter into a support agreement with the borrower, mBank Hipoteczny S.A., mBank S.A. and LC Corp S.A. as the guarantor, pursuant to which the guarantor will be obliged, among other things, to provide financial support to the borrower under the circumstances specified in the agreement;
- Declaration of LC Corp S.A. on its submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in conjunction with the above-mentioned support agreement up to EUR 558,660.50;
- Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 36,280,500.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
- Registered pledge in favour of mBank S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 15,000,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
- Registered pledge in favour of mBank S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of PLN 10,500,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
- Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp S.A. with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 36,280,500.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
- Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp S.A. with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to

## CONSOLIDATED QUARTERLY REPORT

- the highest sum of security in the amount of EUR 15,000,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
- Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp S.A. with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of PLN 10,500,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
  - Registered pledge on the enterprise (a set of movables and transferable rights) in favour of mBank Hipoteczny S.A. established by the borrower with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 36,280,500.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
  - Registered pledge on the enterprise (a set of movables and transferable rights) in favour of mBank S.A. established by the borrower with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 15,000,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
  - Registered pledge on the enterprise (a set of movables and transferable rights) in favour of mBank S.A. established by the borrower with regard to the rights and obligations due to the limited partner of the borrower to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of PLN 10,500,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
  - Contractual mortgage of up to EUR 36,280,500.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. in favour of mBank Hipoteczny S.A.;
  - Contractual mortgage of up to EUR 15,000,000.00 established on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. in favour of mBank S.A.;
  - Declaration of LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. on voluntary submission to enforcement towards mBank Hipoteczny S.A. up to EUR 36,280,500.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, due to any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
  - Declaration of LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. on voluntary submission to enforcement towards mBank S.A. up to EUR 15,000,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure, due to any pecuniary liabilities of the Company towards the Bank resulting from the Loan agreement;
  - Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of EUR 36,280,500.00, established by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. in favour of mBank Hipoteczny S.A., together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure and a power of attorney with respect to these accounts;
  - Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of EUR 15,000,000.00 and PLN 10,500,000, established by LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. in favour of mBank S.A., together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure and a power of attorney with respect to these accounts;
  - Registered pledge in favour of mBank Hipoteczny S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 36,280,500.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
  - Registered pledge in favour of mBank S.A. established by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations due to LC Corp Invest XVII Sp. z o.o. as the general partner of LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. to secure the repayment of secured accounts receivable up to the highest sum of security in the amount of EUR 15,000,000.00 together with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure;
13. Security for transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. pursuant to the framework agreement as security for the loan agreement in favour of mBank S.A.:

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**CONSOLIDATED QUARTERLY REPORT**


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- Next ranking contractual mortgage of up to PLN 32,235,000, subordinated to the mortgage established as security for the investment loan and revolving loan for VAT on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.;
- Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of PLN 32,235,000 in favour of mBank S.A.;
- Declaration on submission to enforcement pursuant to Article Article 777 of the Code of Civil Procedure of up to PLN 32,235,000.

### Security for Loans Granted to Finance Residential Projects or Finance Acquisition of Land for Such Projects and Their Initial Stages

1. The bank loan agreements signed by LC Corp S.A. with Getin Noble Bank S.A. are secured by:
  - a) With regard to the loan agreement of 29 April 2014 for PLN 50,000,000:
    - Joint contractual mortgage of up to PLN 75,000,000.00 on the real property owned by the Issuer and on the real property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Investments S.K.A.;
    - Surety granted by Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.;
    - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law and Article 777(1)(5) of the Code of Civil Procedure;
  - b) With regard to the loan agreement of 18 June 2014 for PLN 40,000,000:
    - Joint contractual mortgage of up to PLN 60,000,000.00 on the real property to which the right of perpetual usufruct was granted to LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.;
    - Surety granted by an Issuer's subsidiary - LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.;
    - Declarations on submission to enforcement pursuant to Article 97 of the Banking Law article 777(1)(5) of the Code of Civil Procedure, submitted by an Issuer's subsidiary – LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., with a restriction to cancel the enforcement from the mortgaged property.
2. On 25 July 2016, LC Corp Invest IX Sp. z o.o., in connection with the agreement on the transfer of the right of perpetual usufruct to the property located in Kraków at ul. Mogilska, established a contractual mortgage for the seller up to PLN 1,771,200.00. It secures the claim according to which when the company obtains the final decision regarding the building permit providing for an authorisation to implement on the acquired property a residential project of the usable floor area of the flats of over 11,500 m<sup>2</sup>, the seller will be entitled to additional remuneration in the amount of PLN 800.00, increased by tax on goods and services for each square meter of usable floor area exceeding 11,500 m<sup>2</sup> obtained by the company.

#### 2.26.6 Liabilities on Account of Acquisition of Subsidiary

Due to the fact that the payment date of the purchase price of the shares of Sky Tower S.A. (pursuant to the agreement of 6 December 2013) was deferred, the liabilities in that regard are subject to discounting. As at 30 September 2018, the discount amount to be settled was PLN 2,103,000, while as at 31 December 2017, it was PLN 4,163,000.

Discounted liabilities as at 30 September 2018 and as at 31 December 2017 are presented in the table below:

	30 September 2018 (unaudited)	31 December 2017 (audited)
Non-current	38,653	37,641

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**CONSOLIDATED QUARTERLY REPORT**


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Current	40,044	38,996
<b>Total</b>	<b>78,697</b>	<b>76,637</b>

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### 2.27 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares

On 27 June 2018, the Ordinary General Meeting of LC Corp S.A. adopted a resolution on the payment of dividend on the following principles:

- a) Amount of dividend: PLN 107,413,994.64
- b) Amount of dividend per share: PLN 0.24
- c) Number of shares subject to dividend: 447,558,311 shares
- d) Record date: 23 July 2018
- e) Dividend payment date: 31 July 2018

Pursuant to the said resolution, LC Corp S.A. paid the dividend on 31 July 2018.

### 2.28 Events Subsequent to 30 September 2018, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of LC Corp Group

1. On 1 October 2018, the Issuer introduced a new bond issue scheme under which the Company's bonds in an amount of up to PLN 400,000,000 (hereinafter called: "the Bond Issue Scheme") would be issued. On 2 October 2018, the Company concluded, in connection with the Bond Issue Scheme, a Bond Issue Agreement with mBank S.A., with the registered office in Warsaw. Under the Scheme, the Company will issue from time to time unsecured dematerialised bearer bonds. Bonds issued under the Scheme will be tendered for purchase pursuant to Article 33(2) of the Act on Bonds of 15 January 2015. Decisions on launching consecutive bond issues under the Scheme and the value thereof will be taken on an ongoing basis depending on whether the Company will need to obtain funding. Detailed bond issue parameters will be determined prior to the issuance of a given bond series.
2. On 11 October 2018, the Company – as the Purchaser – entered into a sales agreement in the form of a notarial deed, under which it acquired from an entity which is not affiliated therewith ownership of and the right of perpetual usufruct to developed real property of the total area of 5.2 ha, situated at Centralna street in Cracow, for a price of PLN 48,000,000.00 (say: forty-eight million Polish Zlotys), plus VAT. The Company intends to use the said real property for an investment project with approx. 1,150 residential premises. It is envisaged that sales for this investment project will commence in Q2 2019.
3. On 15 October 2018, the Extraordinary General Meeting of the Company decided that the Issuer's Supervisory Board be composed of six members and appointed Mr Piotr Kaczmarek as Member of the Supervisory Board as from 15 October 2018. On 15 October 2018, Mr Krzysztof Kaczmarczyk tendered his resignation from the Supervisory Board effective as from the said date, and on 12 October, the resignation from the Board was handed in by Mr Michał Kowalczewski, effective as from this date. On 30 October 2018, the Supervisory Board elected Mr Jacek Osowski the Vice Chairman of the Board. Having considered the foregoing changes, the Company's Supervisory Board as at the date of the publication hereof is composed of:
  - Michał Hulbój – Chairman of the Supervisory Board
  - Jacek Osowski – Vice Chairman of the Supervisory Board
  - Grzegorz Grabowicz – Member of the Supervisory Board
  - Michał Wnorowski – Member of the Supervisory Board
  - Paweł Małyska – Member of the Supervisory Board
  - Piotr Kaczmarek – Member of the Supervisory Board
4. On 19 October 2018, LC Corp S.A. issued two- and four-year floating-rate unsecured coupon bonds under a Bond Issue Scheme agreement concluded with mBank S.A., with its registered office in Warsaw, the total par value of



## CONSOLIDATED QUARTERLY REPORT

which was PLN 100,000,000 (namely PLN 66,000,000 as the par value of the four-year bonds, with the redemption date set at 19 October 2022, and PLN 34,000,000 as the par value of two-year bonds, with the redemption date set at 19 October 2020). The bonds were issued in PLN as unsecured, dematerialised, coupon bearer securities.

5. On 19 October 2018, the loan taken out in PLN with Getin Noble Bank S.A. under a loan agreement concluded on 18 June 2014 was partially paid back. The repaid amount totalled PLN 4,800,000.
6. On 25 October 2018 (“the Transformation Date”), the District Court for Wrocław-Fabryczna in Wrocław registered LC Corp Invest XVIII Spółka z ograniczoną odpowiedzialnością w likwidacji Real Estate Spółka komandytowa [LC Corp XVIII Sp. z o.o., a limited liability company in liquidation, which is a general partner of Real Estate Sp. k., a limited partnership], which was set up in the course of the transformation of LC Corp Invest XVIII Spółka z ograniczoną odpowiedzialnością Real Estate Spółka komandytowo-akcyjna [LC Corp XVIII Sp. z o.o., a limited liability company, which is a general partner of Real Estate S.K.A., a partnership limited by shares], with the registered office in Wrocław. The company was transformed pursuant to Article 551(1) of the Code of Commercial Partnerships and Companies.
7. On 26 October 2018, the Issuer entered into a termination agreement with Bank Polska Kasa Opieki S.A. and mBank S.A. to terminate the bond issuescheme agreement concluded on 27 July 2007 between the Issuer and the banks. Pursuant to the Termination Agreement, the aforesaid banks will be responsible for the servicing of bonds which have been issued but not redeemed as at the date of the Termination Agreement until their redemption.
8. On 31 October 2018, the Company agreed with international entities investing in commercial real property on the total selling price amounting to EUR 275 million, which was fixed during negotiations over the sale by the Company (through its subsidiaries) of four office buildings located in Poland: Wola Center, situated in Warsaw at ul. Przyokopowa 33, Wola Retro, situated in Warsaw at ul. Skierniewicka 16/20 (under construction), Retro Office House, situated in Wrocław at the intersection of streets: Piłsudskiego and Komandorska, and Silesia Star, situated in Katowice at ul. Uniwersytecka 18, which were preceded by signing the letter of intent on 29 June 2018. The parties by signing the prior letter of intent set a total estimate selling price of EUR 280 million, and the transaction is to be completed on a debt-free and cash-free basis and be subject to adjustments, among other things, based on arrangements made during a legal analysis. With exclusivity being granted to the Purchasers, the parties may continue negotiations with a view to reaching a consensus about the wording of transaction documents that would be satisfactory for both parties and be in line with the provisions set out in the letter of intent. The terms and conditions of the letter of intent, including those relating to conditions under which the transaction will be effected, do not vary from provisions which are generally applicable to this type of documents. It is not certain whether the transaction will be closed or not, and it is contingent on negotiations over the detailed provisions of an agreement, in particular, as regards the Company’s obligations which will have an impact on an economic result of the transaction and may serve as a basis for decision on whether it will be completed or not.

## 2.29 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year

From the end of the last financial year there were no significant changes in contingent liabilities or contingent assets of the Group companies, except for contingent liabilities arising from real estate development, relating to contingent fees for the removal of trees, whose total amount increased from PLN 6,392,000 as at 31 December 2017 to PLN 6,400,000 as at 30 September 2018.

Apart from contingent liabilities representing security for bank loans, described in detail in Note 2.26.5 and the above-described contingent fees for the removal of trees, as at 30 September 2018, the Group Companies do not have any other significant contingent liabilities.

## CONSOLIDATED QUARTERLY REPORT

### 2.30 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

In the discussed reporting period, there were no events relevant for the assessment of the Group's personnel, assets, financial or profit/loss standing or changes thereof or of the feasibility of discharging its obligations.

### 2.31 Revenue and Profit-Loss Attributable to Respective Operating Segments

For management purposes, the Group distinguishes three reporting operating segments:

- rental services segment
- property development activity segment
- holding (other) activity segment

The Group measures the results of operating segments on the basis of sales revenue and gross sales result. The results of other operating activity and financial activity are managed at the Group's level and are not allocated to operating segments.

The tables presented below show data concerning revenues and profits of the Group's individual segments for the period of 9 months ended 30 September 2018 and 30 September 2017 and concerning assets and liabilities as at 30 September 2018 and 31 December 2017.

Period of 9 months ended 30 September 2018 (unaudited)	Rental activity	Property development activity	Holding (other) activity	Total activity
<b>Total sales revenue</b>	107,187	530,163	100	637,450
<b>Pre-tax profit/(loss) on sales (Segment result)</b>	70,988	171,846	100	242,934
Unallocated revenues				19,565
Unallocated expenses				(86,636)
<b>Pre-tax profit/(loss)</b>				175,863
Income tax (tax expense)				(31,431)
<b>Net profit/(loss)</b>				144,432

Period of 9 months ended 30 September 2017 (unaudited)	Rental activity	Property development activity	Holding (other) activity	Total activity
<b>Total sales revenue</b>	107,614	473,790	146	581,550
<b>Pre-tax profit/(loss) on sales (Segment result)</b>	74,823	141,287	146	216,256
Unallocated revenues				24,864
Unallocated expenses				(117,152)
<b>Pre-tax profit/(loss)</b>				123,968
Income tax (tax expense)				(23,357)
<b>Net profit/(loss)</b>				100,611



## CONSOLIDATED QUARTERLY REPORT

As at 30 September 2018 (unaudited)	Rental activity	Property development activity	Holding (other) activity	Total activity
<b>Assets and liabilities</b>				
<b>Total assets, including:</b>	<b>2,016,253</b>	<b>1,535,186</b>	<b>(59,322)</b>	<b>3,492,117</b>
<i>Non-current receivables</i>	12,697	-	-	12,697
<i>Current financial assets</i>	-	16,424	-	16,424
<i>Cash and Cash Equivalents</i>	78,445	298,602	102,844	479,891
<b>Total liabilities, including:</b>	<b>843,906</b>	<b>1,068,510</b>	<b>95,288</b>	<b>2,007,704</b>
<i>Liabilities on account of loans and bonds</i>	692,995	493,260	-	1,186,255
<i>Liabilities on account of acquisition of subsidiary</i>	-	-	78,697	78,697
As at 31 December 2017 (audited)	Rental activity	Property development activity	Holding (other) activity	Total activity
<b>Assets and liabilities</b>				
<b>Total assets, including:</b>	<b>1,892,607</b>	<b>1,262,791</b>	<b>144,251</b>	<b>3,299,649</b>
<i>Non-current receivables</i>	11,684	-	-	11,684
<i>Current financial assets</i>	223	16,692	-	16,915
<i>Cash and Cash Equivalents</i>	47,752	163,283	133,213	344,248
<b>Total liabilities, including:</b>	<b>790,407</b>	<b>966,811</b>	<b>94,055</b>	<b>1,851,273</b>
<i>Liabilities on account of loans and bonds</i>	636,845	444,864	-	1,081,709
<i>Liabilities on account of acquisition of subsidiary</i>	-	-	76,637	76,637

## CONSOLIDATED QUARTERLY REPORT

## 3. INTERIM CONDENSED FINANCIAL STATEMENTS OF LC CORP S.A.

## STATEMENT OF FINANCIAL POSITION

	Note	30 September 2018 (unaudited)	31 December 2017 (audited)
<b>Assets</b>			
<b>A. Non-current assets</b>		<b>1,201,250</b>	<b>1,085,681</b>
1. Intangible assets		341	384
2. Property, plant and equipment		737	730
2.1. Tangible assets		695	712
2.2. Tangible assets under construction		42	18
3. Non-current loans and receivables		243,634	170,612
4. Non-current investments	3.9	947,948	909,110
5. Non-current prepayments and accrued income		-	-
6. Deferred tax assets	3.11	8,590	4,845
<b>B. Current assets</b>		<b>339,592</b>	<b>384,835</b>
1. Inventory		129,979	126,805
2. Trade and other receivables		8,158	4,950
3. Income tax receivable		-	-
4. Current financial assets		99,940	127,348
5. Cash and other cash equivalents		100,509	125,271
6. Current prepayments and accrued income		1,006	461
<b>C. Non-current assets classified as held for sale</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>1,540,842</b>	<b>1,470,516</b>
<b>Equity and liabilities</b>			
<b>A. Equity</b>		<b>905,670</b>	<b>882,436</b>
1. Share capital		447,558	447,558
2. Called-up share capital not paid		-	-
3. Supplementary capital		324,396	330,901
4. Other reserve funds		-	-
5. Other capital		3,068	3,068
6. Retained profit/(Loss carried forward)		130,648	100,909
<b>B. Non-current liabilities</b>		<b>386,136</b>	<b>391,136</b>
1. Non-current financial liabilities	3.22	347,464	353,476
2. Non-current liabilities on account of acquisition of subsidiary	3.22.5	38,653	37,641
3. Provisions	3.10	19	19
4. Deferred tax liability	3.11	-	-
<b>C. Current liabilities</b>		<b>249,036</b>	<b>196,944</b>
1. Current financial liabilities	3.22	194,353	142,386
2. Current liabilities on account of acquisition of subsidiary	3.22.5	40,044	38,996
3. Current trade and other payables		6,759	4,221
4. Income tax payables		68	-
5. Provisions	3.10	-	370
6. Accrued expenses and revenue		7,812	10,971
<b>Total equity and liabilities</b>		<b>1,540,842</b>	<b>1,470,516</b>

## CONSOLIDATED QUARTERLY REPORT

## STATEMENT OF COMPREHENSIVE INCOME

	Q3 2018 period from 01/07/2018 to 30/09/2018  (unaudited)	3 Quarters of 2018 cumulatively from 01/01/2018 to 30/09/2018  (unaudited)	Q3 2017 period from 01/07/2017 to 30/09/2017  (unaudited)	3 Quarters of 2017 cumulatively from 01/01/2017 to 30/09/2017  (unaudited)
<b>Operating income</b>				
Revenue from sale of services, products and goods	4,018	54,489	12,715	18,575
Revenue from interest and discounts	4,321	13,352	4,263	12,460
Revenue from dividend	63,176	136,899	20,001	50,067
Other financial income	1,064	6,020	-	4,793
Other operating income	-	511	30	119
<b>Total operating income</b>	<b>72,579</b>	<b>211,271</b>	<b>37,009</b>	<b>86,014</b>
<b>Operating expenses</b>				
Operating expenses, cost of sold products and goods	(8,476)	(57,804)	(16,212)	(30,815)
Costs of interest and discounts	(6,815)	(20,233)	(5,969)	(17,488)
Other financial expenses	(1,016)	(3,099)	(1,318)	(3,910)
Other operating expenses	-	(1,835)	-	(2)
<b>Total operating expenses</b>	<b>(16,307)</b>	<b>(82,971)</b>	<b>(23,499)</b>	<b>(52,215)</b>
<b>Pre-tax profit/(loss)</b>	<b>56,272</b>	<b>128,300</b>	<b>13,510</b>	<b>33,799</b>
Income tax (tax expense)	(529)	2,348	926	2,312
<b>Net profit/(loss) on continued operations</b>	<b>55,743</b>	<b>130,648</b>	<b>14,436</b>	<b>36,111</b>
<b>Discontinued operations</b>				
Profit/(loss) on discontinued operations in the financial year	-	-	-	-
<b>Net profit/(loss)</b>	<b>55,743</b>	<b>130,648</b>	<b>14,436</b>	<b>36,111</b>
<b>Other comprehensive income</b>				
Other components of comprehensive income	-	-	-	-
Income tax relating to other components of comprehensive income	-	-	-	-
<b>Other comprehensive income (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>55,743</b>	<b>130,648</b>	<b>14,436</b>	<b>36,111</b>

## CONSOLIDATED QUARTERLY REPORT

	<b>Q3 2018</b> period from 01/07/2018 to 30/09/2018  (unaudited)	<b>3 Quarters of 2018</b> cumulatively from 01/01/2018 to 30/09/2018  (unaudited)	<b>Q3 2017</b> period from 01/07/2017 to 30/09/2017  (unaudited)	<b>3 Quarters of 2017</b> cumulatively from 01/01/2017 to 30/09/2017  (unaudited)
Net profit/(loss) (PLN'000)	55,743	130,648	14,436	36,111
Average weighted number of ordinary shares (pcs)	447,558,311	447,558,311	447,558,311	447,558,311
Net profit/(loss) per share (in PLN) - basic	0.12	0.29	0.03	0.08
Net profit/(loss) per share (in PLN) - diluted	0.12	0.29	0.03	0.08

## CONSOLIDATED QUARTERLY REPORT

## STATEMENT OF CHANGES IN EQUITY

	Share Capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capital	Retained profit/(Loss carried forward)	Total
<b>As at 1 January 2018</b>	<b>447,558</b>	-	<b>330,901</b>	-	<b>3,068</b>	<b>100,909</b>	<b>882,436</b>
<i>Net profit/(loss) for the period of 9 months ended 30 September 2018</i>	-	-	-	-	-	130,648	130,648
<i>Other comprehensive income for the period of 9 months ended 30 September 2018</i>	-	-	-	-	-	-	-
<b>Other comprehensive income for the period of 9 months ended 30 September 2018</b>	-	-	-	-	-	<b>130,648</b>	<b>130,648</b>
Payment of dividend	-	-	(6,505)	-	-	(100,909)	(107,414)
<b>As at 30 September 2018 (unaudited)</b>	<b>447,558</b>	-	<b>324,396</b>	-	<b>3,068</b>	<b>130,648</b>	<b>905,670</b>

## CONSOLIDATED QUARTERLY REPORT

	<i>Share capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/(Loss carried forward)</i>	<i>Total</i>
<b>As at 01 January 2017</b>	<b>447,558</b>	-	<b>331,012</b>	-	<b>3,068</b>	<b>31,218</b>	<b>812,856</b>
<i>Net profit/(loss) for 2017</i>	-	-	-	-	-	<i>100,909</i>	<i>100,909</i>
<i>Other comprehensive income for 2017</i>	-	-	-	-	-	-	-
<b>Total comprehensive income for 2017</b>	-	-	-	-	-	<b>100,909</b>	<b>100,909</b>
Payment of dividend	-	-	(111)	-	-	(31,218)	(31,329)
<b>As at 31 December 2017 (audited)</b>	<b>447,558</b>	-	<b>330,901</b>	-	<b>3,068</b>	<b>100,909</b>	<b>882,436</b>

	<i>Share capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/(Loss carried forward)</i>	<i>Total</i>
<b>As at 01 January 2017</b>	<b>447,558</b>	-	<b>331,012</b>	-	<b>3,068</b>	<b>31,218</b>	<b>812,856</b>
<i>Net profit/(loss) for the period of 9 months ended 30 September 2017</i>	-	-	-	-	-	<i>36,111</i>	<i>36,111</i>
<i>Other comprehensive income for the period of 9 months ended 30 September 2017</i>	-	-	-	-	-	-	-
<b>Other comprehensive income for the period of 9 months ended 30 September 2017</b>	-	-	-	-	-	<b>36,111</b>	<b>36,111</b>
Payment of dividend	-	-	(111)	-	-	(31,218)	(31,329)
<b>As at 30 September 2017 (unaudited)</b>	<b>447,558</b>	-	<b>330,901</b>	-	<b>3,068</b>	<b>36,111</b>	<b>817,638</b>

## CONSOLIDATED QUARTERLY REPORT

## STATEMENT OF CASH FLOWS

	Note	Period of 9 months ended 30 September 2018	Period of 9 months ended 30 September 2017
		(unaudited)	(unaudited)
<b>A. Cash flows from operating activities</b>			
<b>I. Pre-tax profit/(loss)</b>		<b>128,300</b>	<b>33,799</b>
<b>II. Total adjustments</b>		<b>(75,618)</b>	<b>(27,047)</b>
1. Change in tangible assets and intangible assets		36	59
2. Change in provisions		(370)	-
3. Change in inventories		(3,175)	(8,962)
4. Change in receivables		(3,208)	(201)
5. Change in liabilities, except for loans and borrowings		2,539	771
6. Change in accruals and deferrals		(3,705)	(2,899)
7. Change in financial liabilities		18,045	18,248
8. Change in financial assets resulting from borrowings and notes		(45,613)	(29,413)
9. Change in financial assets resulting from shares		(38,838)	(4,798)
10. Income Tax		(1,329)	148
11. Other adjustments		-	-
<b>III. Net cash flow from operating activities (I+II)</b>		<b>52,682</b>	<b>6,752</b>
<b>B. Cash flows from financing activities</b>			
<b>I. Cash inflows</b>		<b>45,000</b>	<b>-</b>
1. Issue of debt securities		45,000	-
2. Loans		-	-
<b>II. Outflows</b>		<b>(122,444)</b>	<b>(43,950)</b>
1. Redemption of debt securities		-	-
2. Repayment of loans		-	-
3. Interest		(15,030)	(12,621)
4. Dividends and payments to shareholders		(107,414)	(31,329)
<b>III. Net cash flows from financing activities (I+II)</b>		<b>(77,444)</b>	<b>(43,950)</b>
<b>C. Total net cash flow (A.III+ B.III)</b>		<b>(24,762)</b>	<b>(37,198)</b>
<b>D. Balance-sheet change in cash, including:</b>		<b>(24,762)</b>	<b>(37,198)</b>
<b>E. Cash at the beginning of period</b>		<b>125,271</b>	<b>89,694</b>
<b>F. Cash at the end of period (F+D)</b>		<b>100,509</b>	<b>52,496</b>
- restricted cash		20	20



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**OTHER INFORMATION AND NOTES****3.1 General Information about Issuer**

LC Corp S.A. ("the Issuer", "the "Company") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, under KRS No. 0000253077.

As at 30 September 2018, the shares of LC Corp S.A. are in public trading.

The Company has been assigned statistical identification number REGON 020246398.

The Company has been established for an indefinite time. The Company's primary activity includes:

- PKD 64.20.Z Activities of financial holding companies

As at the date hereof, there is no parent undertaking of LC Corp S.A.

Interim Condensed Financial Statements of LC Corp S.A. cover the period of 9 months ended 30 September 2018. The detailed description of the component parts of the financial statements is included in Section 3.2.

**3.2 Rules Adopted for Preparing Quarterly Report**

These interim condensed financial statements of LC Corp S.A. comprise:

- Statement of Financial Position as at 30 September 2018 and comparable financial data as at 31 December 2017;
- Statement of Comprehensive Income for the three quarters of 2018, i.e. for the period of 9 months, cumulatively from 1 January 2018 to 30 September 2018, as well as comparable data for a corresponding period of the previous year, i.e. from 1 January 2017 to 30 September 2017;
- Statement of Cash Flows for the three quarters of 2018, i.e. for the period of 9 months, cumulatively from 1 January 2018 to 30 September 2018, as well as comparable data for a corresponding period of the previous year, i.e. from 1 January 2017 to 30 September 2017;
- Statement of Changes in Equity as at 30 September 2018 and comparable data as at 30 September 2017 and as at 31 December 2017;
- Notes to the financial statements.

Notes to financial statements and other information defined by § 87 of the Regulation of the Minister of Finance dated 19 February 2009 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report for Q3 2018, are included in Section 4.

The enclosed condensed financial statements of the LC Corp S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

IFRS comprise standards and interpretations accepted by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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**CONSOLIDATED QUARTERLY REPORT**

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The interim condensed financial statements of LC Corp S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of LC Corp S.A. for the year ended 31 December 2017.

The Interim Condensed Financial Statements are presented in thousand zlotys ("PLN"), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed financial statements of LC Corp S.A. were prepared on the going concern assumption, i.e. the continuation of the Company's business activity in the foreseeable future. As at the day of the approval of these statements, there were no circumstances identified implying any threats to the continuation of the Company's activity.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of LC Corp S.A. for the year ended 31 December 2017, published on 20 March 2018.

The information about new standards and interpretations is included in item 3.5.

### **3.3 Approval of Interim Condensed Financial Statements**

These interim condensed financial statements of LC Corp S.A. were approved by the Management Board for publication on 15 November 2018.

### **3.4 Information on Material Estimates and Professional Judgement**

The Company's Management Board applied their best knowledge regarding not only the standards and interpretations used, but also the methods and principles of valuation of individual items of the enclosed financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The financial data for the three quarters of 2018 presented herein was not subject to auditor's examination.

#### **Professional Judgement**

In the process of applying the accounting principles (policies) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

#### Classification of Lease Agreements

The Company classifies lease as operational and financial on the basis of the assessment to what extent the risk and profits from ownership of the subject of lease fall to the lessor and to the lessee. This assessment is based on the economic content of each transaction.

#### **Uncertainty of Estimates**

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the reporting period and entailing a significant risk of considerable adjustment of the net book value of assets and liabilities in the following reporting period.

#### Deferred Tax Asset

The Company recognises a deferred tax asset based on the assumption that a tax profit enabling its utilisation should be obtained in the future. Worse tax results obtained in the future could have the effect that this assumption might become groundless. Deferred income tax is presented in Note 3.11.

## CONSOLIDATED QUARTERLY REPORT

### Write-downs of shares held in subsidiary undertakings

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the impairment of the shares in subsidiary undertakings.

If the verification reveals the existence of such impairment, the Management Board writes down these assets to their recoverable value. The recoverable value of an asset can be defined as being the higher one of the two values: fair value less costs to sell or value in use.

The value in use is estimated with the DCF method or with the hybrid model: net assets and discounted revenues (discounted dividends). The DCF method is based on discounted cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, taking into consideration the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The recoverable value of shares and the amount of their write-downs were estimated as at 30 September 2018 and may be subject to a change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the amount of write-downs may change in the following accounting periods. Write-downs of shares are presented in Note 3.9.

### Write-Downs of Borrowings Granted to Subsidiary Undertakings

In the case of borrowings measured at amortised cost at the end of each reporting period, the Management Board verifies if there is any objective evidence pointing to the impairment of the borrowings granted to subsidiary undertakings.

If objective evidence pointing to impairment losses on account of the granted borrowings exists, the Management Board makes write-downs of such assets.

The amount of write-down on account of impairment losses is equal to the difference between the carrying value of the financial assets and the present value of the estimated future cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, taking into consideration the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The amount of write-downs made with regard to the borrowings was estimated as at 30 September 2018 and may be subject to a change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

The table below presents estimates as at 30 September 2018 and as at 31 December 2017.

	30 September 2018 (unaudited)	31 December 2017 (audited)
Deferred tax asset	8,590	4,845
Deferred tax liability	-	-
Write-downs of shares and stocks	(38,197)	(44,217)

### Impairment of Assets

As at 30 September 2018, market capitalisation was lower than the net value of the Group's assets. Despite the fact that the Management Board of the Parent Undertaking is strongly convinced that this was only a transitional situation triggered by a variety of factors, *inter alia*, the considerable fluctuation of Company's share prices. The Management Board took certain actions aimed at reviewing the Group's assets to determine whether an additional write-down was required. The Management Board did not find it necessary to recognise any potential additional impairment.

## CONSOLIDATED QUARTERLY REPORT

Uncertainty Associated with Tax Settlements

The regulations concerning the tax on goods and services, corporate tax and burdens associated with social insurance are subject to frequent changes. These frequent changes make no appropriate reference points, inconsistent interpretations and few established precedents that might be applicable. The binding regulations also contain uncertainties, resulting in different opinions regarding the legal interpretation of tax regulations, both among public authorities and between public authorities and companies.

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group.

The Company recognises and measures the assets or liabilities in respect of current and deferred income tax in compliance with the requirements of IAS 12, Income Tax on the basis of the profit (tax loss), tax base, unrelieved tax losses, unused tax exemptions and tax rates, taking into account the uncertainty associated with tax settlements.

### 3.5 Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these financial statements are consistent with those adopted to draw up the financial statements for the year ended 31 December 2017, save for the following principles. The below changes to IFRS have been applied to these consolidated financial statements as of the date of their entry into force:

- **IFRS 9, “Financial Instruments”** – approved on 22 November 2016 (applicable to annual periods beginning on or after 1 January 2018). IFRS 9 sets out the requirements for the recognition and valuation, impairment, derecognition and hedge accounting.

**Classification and valuation** – IFRS 9 introduces a new approach to the classification of financial assets, which is conditional upon the cash flows characteristics and business model relating to given assets. Such a uniform approach based on principles replaces the existing requirements based on rules according to IAS 39. The new model also makes the impairment model uniform in relation to all financial instruments.

**Impairment** – IFRS 9 introduces a new expected loss impairment model which requires the more timely recognition of expected credit losses. In particular, the new standard requires all entities to recognise expected credit losses at the time of initial recognition of financial instruments and recognise all expected losses for the whole lifetime of instruments quicker than so far.

### CONSOLIDATED QUARTERLY REPORT

As at the balance sheet date, the Company has employed the simplified method in line with IFRS 9 in order to estimate expected credit losses with respect to trade receivables. This method is based on historical behaviour of counterparties regarding the payment of receivables.

When an individual assessment of the Management Board reveals that there is a significant risk of uncollectibility, the value of receivables may be also adjusted individually using the above methodology for calculating expected credit losses.

**Hedge accounting** – IFRS 9 introduces a revised hedge accounting model together with further requirements for reflecting risk management activities. The new model brings about a considerable change to hedge accounting, which aims to adapt accounting principles to a practical risk management activity.

**Own credit risk** – IFRS 9 eliminates profit or loss volatility caused by the changes in the credit risk of liabilities designated at fair value. This change means that gains on liabilities resulting from the deterioration of an entity's own credit risk are not recognised in the profit and loss statement.

The below table shows a comparison of classifications according to IAS 39 and IFRS 9:

	Classification acc. to IAS 39	Classification acc. to IFRS 9
<b>Financial Assets</b>		
Borrowings granted	Borrowings and receivables	Financial assets measured at amortised cost / Assets measured at fair value through profit or loss *)
Trade and other receivables ( <i>net of budget receivables</i> )	Borrowings and receivables	Financial assets measured at amortised cost
Cash and cash equivalents	Borrowings and receivables	Financial assets measured at amortised cost
<b>Financial Liabilities</b>		
Financial liabilities (loans, bonds, borrowings)	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost
Liabilities on account of acquisition of subsidiary	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost
Trade and other payables ( <i>net of budget liabilities</i> )	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost

\*) Borrowings granted to subsidiaries by the Company. The business model provides for the maintenance of such assets in order to collect contractual cash flows. Depending on the nature of borrowings, the extent to which subsidiaries are financed by means of borrowings and the result of SPPI test, borrowings are classified either as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss. Due to the fact that borrowings are granted to subsidiaries which are controlled by the Company, there is no significant credit risk. It does not matter into which categories borrowings fall, because there are no substantial differences between their face value and their measurement at amortised cost and fair value.

The fact that IFRS 9, "Financial Instruments" had been applied did not have any important impact on the Company's financial statements covering the period of 9 months ended 30 September 2018.

- **IFRS 15, "Revenue from Contracts with Customers"** and amendments to IFRS 15, "Date of entry into force of IFRS 15" – approved by the EU on 22 September 2016 (applicable to annual periods beginning on or after 1 January 2018).

This standard determines the time and manner of the recognition of revenues and requires that more detailed information be disclosed. The standard replaced IAS 18, "Revenues", IAS 11, "Construction Contracts" and many interpretations associated with revenue recognition. The standard applies to almost all contracts with customers (major exceptions include lease contracts, financial instruments and insurance contracts). A fundamental principle of the new standard is that revenues must be recognised in a manner which makes it possible to reflect the

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**CONSOLIDATED QUARTERLY REPORT**

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transfer of goods or services to the customer and in an amount that reflects consideration (i.e. payment) to which the entity expects to be entitled in exchange for those goods or services. The standard provides also guidelines for the recognition of transactions which had not been regulated in detail by the standards applicable before (e.g. revenue from services or contract modifications) and gives further clarifications on the recognition of multiple-element arrangements.

The application of IFRS 15, “Financial Instruments” did not have any important impact on the Company’s financial statements covering the period of 9 months ended 30 September 2018.

- **IFRS 2, “Share-Based Payments”** – The Classification and valuation of share-based payments – approved by the EU on 27 February 2018 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 4, “Insurance Contracts”** – The application of IFRS 9, “Financial Instruments” together with IFRS 4, “Insurance Instruments” – approved by the EU on 3 November 2017 (applicable to annual periods beginning on or after 1 January 2018 or at the time when IFRS 9, “Financial Instruments” are applied for the first time).
- **Amendments to IFRS 15, “Revenue from Contracts with Customers”** – Clarifications on IFRS 15 “Revenue from Contracts with Customers ” – approved by the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 40, “Investment Property”** – Transfers of Investment Property – approved by the EU on 14 March 2018 (applicable to annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 as a result of “Amendments to IFRS (the 2014-2016 cycle)”** – amendments made as part of the IFRS Annual Improvement Process (IFRS 1, IFRS 12 and IAS 28) are designed mainly to deal with non-conformities and ensure the consistency of terminology – approved by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018).
- **IFRIC 22 Interpretation, “Foreign Currency Transactions and Advance Consideration”** – approved by the EU on 28 March 2018 (applicable to annual periods beginning on or after 1 January 2018).

The above amendments to standards did not have any important impact on the Company’s financial statements covering the period of 9 months ended 30 September 2018

### 3.6 New Standards and Interpretations Published But Not Effective Yet

**New standards and amendments to the existing standards which have been already issued by the IFRIC and approved by the EU, but are not in force yet:**

On the approval of these financial statements, the following new standards which have been issued by the IFRIC and approved for application within the EU, but which have not entered into force yet, must be considered:

- **IFRS 16, “Lease”** – approved within the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2019);
- **IFRS 9, “Financial Instruments”** – Prepayment Features with Negative Compensation – approved on 22 March 2018 (applicable to annual periods beginning on or after 1 January 2019).

The Company decided not to choose the option of early application of the aforesaid new standards and amendments to the existing standards.

The Company is in the process of verification of the impact of the above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.



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**CONSOLIDATED QUARTERLY REPORT**

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**New standards and amendments to the existing standards which have been already issued by the IFRIC, but which have not been approved for application within the EU yet**

Currently, IFRS in the form approved by the EU do not differ significantly from regulations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), except for the following new standards, amendments to standards and new interpretations which as at the date of approving these statements were not approved for application within the EU (the below entry into force dates relate to the full version of standards):

- **IFRS 14, “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- **IFRS 17, “Insurance Contracts”** (applicable to annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 10, “Consolidated Financial Statements” and IAS 28, “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed);
- **Amendments to IAS 19, “Employee Benefits”** – Plan Amendment, Curtailment or Settlement (applicable to annual periods beginning on or after 1 January 2019);
- **Amendments IAS 28, “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (applicable to annual periods beginning on or after 1 January 2019);
- **Amendments to miscellaneous standards “Amendments to IFRS (the 2015-2017 cycle)”** – amendments made as part of the IFRS Annual Improvement Process (IFRS 3, IFRS 11, IAS 12 and IAS 23) are designed mainly to deal with non-conformities and ensure the consistency of terminology (applicable to annual periods beginning on or after 1 January 2019);
- **IFRIC 23 Interpretation, “Uncertainty over Income Tax Treatments”** (applicable to annual periods beginning on or after 1 January 2019);

The Company is in the process of verification of the impact of the aforesaid standards on its financial situation, performance and the scope of information presented in financial statements.

Apart from regulations approved by the EU, there is also hedge accounting for a portfolio of assets and liabilities, the principles of which have not been approved for application within the EU yet.

According to the Company’s estimates, the application of hedge accounting for a portfolio of assets and liabilities under **IAS 39, “Financial Instruments: Recognition and Measurement”** would not have any significant impact on the financial statements.

**3.7 Seasonal or Cyclical Character of Issuer's Operations**

The Company’s operations are not seasonal by nature, therefore the presented Company’s operating results are not subject to significant fluctuations during a year.

**3.8 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect**

During the period of 9 months ended 30 September 2018 there were no write-downs of inventory to the net realisable value.

**3.9 Information about Write-Downs Resulting from Impairment Loss of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Write-Downs**



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**CONSOLIDATED QUARTERLY REPORT**


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As regards write-downs on financial assets, property, plant and equipment, intangible assets, amounts receivable and other assets in the period of 9 months ended 30 September 2018, there were no significant changes compared with the previous year, except for revaluation write-downs which changed as presented in the below table:

	Period of 9 months ended 30 September 2018	Year ended 31 December 2017
	(unaudited)	(audited)
<b>At the beginning of the reporting period</b>	<b>(44,217)</b>	<b>(71,206)</b>
Increase	(494)	-
Use	-	-
Decrease	6,514	26,989
<b>At the end of the reporting period</b>	<b>(38,197)</b>	<b>(44,217)</b>

### 3.10 Information about Creating, Increasing, Utilising and Reversing Provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the year/period are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Disputes and litigation</i>	<i>Remedy of construction faults and defects</i>	<i>Total</i>
<b>As at 01 January 2018</b>	<b>19</b>	<b>-</b>	<b>370</b>	<b>389</b>
Created	-	-	-	-
Used	-	-	-	-
Reversed	-	-	(370)	(370)
<b>As at 30 September 2018, including:</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>
- non-current	19	-	-	19
- current	-	-	-	-

## CONSOLIDATED QUARTERLY REPORT

## 3.11 Information about Deferred Tax Liabilities and Deferred Tax Assets

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2018 (unaudited)	31 December 2017 (audited)	01 January 2017 (audited)	30 September 2018 (unaudited)	31 December 2017 (unaudited)
<b>Deferred tax liability</b>					
Accrued interest, discount on borrowings and deposits	(2,558)	(463)	(3,002)	(2,095)	2,539
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(57)	(43)	(47)	(14)	4
Shares in limited partnerships	(1,617)	(1,376)	(487)	(241)	(889)
Other	(243)	(185)	(158)	(58)	(27)
<b>Gross deferred tax liability</b>	<b>(4,475)</b>	<b>(2,067)</b>	<b>(3,694)</b>		
<b>Deferred tax assets</b>					
Shares in limited partnerships	-	-	-	-	-
Provisions and prepayments and accrued income	1,538	2,092	1,351	(554)	741
Accrued interest on borrowings and bond discount	3,992	3,220	3,775	772	(555)
Write-downs of shares held in subsidiary undertakings	-	-	7,836	-	(7,836)
Losses potentially deductible from future taxable income	7,535	1,600	1,401	5,935	199
<b>Gross deferred tax assets</b>	<b>13,065</b>	<b>6,912</b>	<b>14,363</b>		
<b>Deferred tax expense</b>				<b>3,745</b>	<b>(5,824)</b>
<b>Net deferred tax asset</b>	<b>8,590</b>	<b>4,845</b>	<b>10,669</b>		
<b>Net deferred tax liability</b>	<b>-</b>	<b>-</b>	<b>-</b>		

## 3.12 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

In the period of 9 months ended 30 September 2018, the Company purchased property, plant and equipment having the value of PLN 217,000.

In the period of 9 months ended on 30 September 2018, the Company did not enter into any significant sale transactions regarding property, plant and equipment items.

## 3.13 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

## CONSOLIDATED QUARTERLY REPORT

As at 30 September 2018, there were no significant liabilities on account of the purchase of property, plant or equipment.

### 3.14 Information about Significant Settlements on Account of Litigation

As at 30 September 2018, no significant proceedings before court or arbitration or public administration authorities had been initiated with regard to liabilities or receivables of LC Corp S.A. As at 30 September 2018, the value of none of the ongoing proceedings exceeded PLN 400,000.

Each case is examined individually in terms of its relevance for the company.

### 3.15 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2018 there were no corrections of errors of the previous periods.

### 3.16 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Issuer's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)

The description can be found in item 2.20.

### 3.17 Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period

None occurred.

### 3.18 Information on Single or Numerous Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

During the period of 9 months ended 30 September 2018 the Issuer did not conclude any transactions with related entities, which were effected on the terms other than at arm's length.

Transactions with related entities for LC Corp S.A. are presented in item 3.19.

### 3.19 Transactions of LC Corp S.A. with Related Entities

	01/01/2018 – 30/09/2018 (unaudited)				30/09/2018 (unaudited)			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
<b>Related undertaking</b>								
<b>Shareholders</b>	-	-	-	-	-	-	-	-
<b>Subsidiary undertakings</b>								
Arkady Wroclawskie S.A.	883	1,664	-	336	457	-	-	5,733

## CONSOLIDATED QUARTERLY REPORT

Sky Tower S.A.	720	-	-	-	155	-	-	-
Warszawa Przykopowa Sp. z o.o.	1,266	635	63,176	1,434	249	-	-	42,822
Kraków Zielony Złocięń Sp. z o.o.	1,575	-	28,842	-	148	-	28,016	-
LC Corp Invest I Sp. z o.o.	83	-	9,884	-	6	-	247,305	-
LC Corp Invest II Sp.z o.o.	3	90	-	-	5	10	-	-
LC Corp Invest III Sp. z o.o.	468	-	3,020	-	26	-	11,047	-
LC Corp Invest VII Sp.z o.o.	528	-	10,857	-	35	-	19,291	-
LC Corp Invest VIII Sp.z o.o.	1,212	-	52	-	127	-	7,059	-
LC Corp Invest IX Sp.z o.o.	505	-	-	-	23	-	-	-
LC Corp Invest X Sp.z o.o.	1,665	-	5,573	-	132	-	-	-
LC Corp Invest XI Sp.z o.o.	53	-	-	-	1	-	-	-
LC Corp Invest XII Sp. z o.o.	1,652	-	24,290	-	125	-	-	-
LC Corp Invest XV Sp. z o.o.	253	-	644	-	5	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 1 Sp.k	1,144	-	-	-	22	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,735	90	-	-	165	10	-	-
LC Corp Invest XV Sp. z o.o.Projekt 3 Sp.k	876	-	-	-	24	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	1,330	-	-	-	144	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 5 Sp.k	948	-	-	-	65	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	1,545	-	-	-	148	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	993	-	-	-	43	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	687	-	-	-	15	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 9 Sp.k	1,298	-	-	-	172	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	1,385	-	-	-	129	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	1,241	-	-	-	375	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 12 Sp.k.	28	-	-	-	5	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 14 Sp.k.	602	-	6,425	-	12	-	-	-
LC Corp Invest XV Sp. z o.o.Finance S.K.A.	36	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	20	90	-	-	5	10	-	-
LC Corp Invest XVI Sp. z o.o.	36	-	-	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.	43	-	-	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	914	-	-	-	106	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	669	-	-	-	92	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	399	-	-	-	76	-	-	-
LC Corp Invest XVIII Sp. z o.o.	36	-	-	-	1	-	-	-
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	35	-	-	-	1	-	-	-
LC Corp Invest XIX Sp. z o.o.	82	-	80	-	6	-	2,201	-
LC Corp Invest XX Sp. z o.o.	24,581	-	198	-	123	-	16,280	-
LC Corp Invest XXI Sp. z o.o.	162	-	373	-	18	-	10,351	-
LC Corp Invest XXII Sp. z o.o.	27	-	4	-	1	-	317	-
LC Corp Invest XXIII Sp. z o.o.	15	-	0	-	1	-	-	-
LC Corp Invest XXIV Sp. z o.o.	15	-	59	-	1	-	3,177	-
<b>Undertakings related through shareholders</b>	-	-	-	-	-	-	-	-
<b>Management and Supervisory Board</b>	-	-	-	-	-	-	-	-
Management Board	-	13,658 (*)	-	-	-	-	-	-
Supervisory Board	-	513 (*)	-	-	-	-	-	-

(\*) Remuneration paid

## CONSOLIDATED QUARTERLY REPORT

Related undertaking	01/01/2017 – 31/12/2017 (unaudited)				31/12/2017 (unaudited)			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
<b>Shareholders (***)</b>								
LC Corp B.V (*)	-	-	-	-	n/a	n/a	n/a	n/a
Leszek Czarniecki	-	-	-	-	n/a	n/a	n/a	n/a
<b>Subsidiary undertakings</b>								
Arkady Wrocławskie S.A.	887	1,968	-	1,300	381	18	-	9,626
Sky Tower S.A.	762	-	-	-	91	-	-	-
Warszawa Przyokopowa Sp. z o.o.	1,219	827	20,000	1,843	172	-	-	41,388
Kraków Zielony Złocień Sp. z o.o.	10,266	-	27,267	-	42	-	-	-
LC Corp Invest I Sp. z o.o.	56	-	15,005	-	5	-	269,553	-
LC Corp Invest II Sp.z o.o.	68	120	-	-	6	10	-	-
LC Corp Invest III Sp. z o.o.	109	-	2,932	-	9	-	-	-
LC Corp Invest VII Sp.z o.o.	255	-	4,471	-	9	-	18,568	-
LC Corp Invest VIII Sp.z o.o.	522	-	-	-	61	-	-	-
LC Corp Invest IX Sp.z o.o.	92	-	-	-	9	-	-	-
LC Corp Invest X Sp.z o.o.	739	-	6,399	-	80	-	-	-
LC Corp Invest XI Sp.z o.o.	14	-	-	-	1	-	-	-
LC Corp Invest XII Sp. z o.o.	679	-	36,369	-	72	-	-	-
LC Corp Invest XV Sp. z o.o.	14	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 1 Sp.k	363	-	-	-	21	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	934	120	-	-	81	10	-	-
LC Corp Invest XV Sp. z o.o.Projekt 3 Sp.k	279	-	-	-	27	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	498	-	-	-	43	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 5 Sp.k	639	-	-	-	50	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	542	-	-	-	44	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	115	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	112	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 9 Sp.k	633	-	-	-	47	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	715	-	-	-	95	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	2,261	-	-	-	87	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 12 Sp.k.	14	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 14 Sp.k.	404	44	21,164	-	12	-	-	-
LC Corp Invest XV Sp. z o.o.Finance S.K.A.	14	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	68	120	-	-	6	10	-	-
LC Corp Invest XVI Sp. z o.o.	14	-	-	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.	14	-	-	-	6	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	522	-	-	-	69	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	413	-	-	-	52	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	255	-	-	-	38	-	-	-
LC Corp Invest XVIII Sp. z o.o.	14	-	-	-	6	-	-	-
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	14	-	-	-	6	-	-	-

## CONSOLIDATED QUARTERLY REPORT

LC Corp Invest XIX Sp. z o.o.	12	-	19	-	1	-	2,066	-
LC Corp Invest XX Sp. z o.o.	4	-	-	-	1	-	-	-
LC Corp Invest XXI Sp. z o.o.	4	-	53	-	1	-	9,703	-
LC Corp Invest XXII Sp. z o.o.	3	-	-	-	1	-	-	-
LC Corp Invest XXIII Sp. z o.o.	3	-	-	-	1	-	-	-
LC Corp Invest XXIV Sp. z o.o.	3	-	-	-	1	-	-	-
<b>Undertakings related through shareholders (***)</b>								
LC Corp Sky Tower Sp. z o.o.	5	-	3	-	n/a	n/a	n/a	n/a
RB Computer Sp. z o.o.	12	6	-	-	n/a	n/a	n/a	n/a
Getin Noble Bank S.A.	-	5	912	3,833	n/a	n/a	n/a	n/a
Idea Bank S.A.	-	-	-	595	n/a	n/a	n/a	n/a
Idea Fleet S. A.	32	297	-	-	n/a	n/a	n/a	n/a
Noble Securities S.A.	-	23	-	-	n/a	n/a	n/a	n/a
<b>Management and Supervisory Board</b>								
Management Board	-	13,603 (**)	-	-	-	-	-	-
Supervisory Board	-	230 (**)	-	-	-	-	-	-

(\*) Liability on account of the acquisition of shares before discounting; it refers to the transaction described in item 3.22.5

(\*\*) Remuneration paid

(\*\*\*) As a consequence of the sale of shares by Mr Leszek Czarniecki and entities related thereto, the companies listed above as at 31 December 2017 were no longer related undertakings

Related undertaking	01/01/2017 – 30/09/2017 (unaudited)				30/09/2017 (unaudited)			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
<b>Shareholders (***)</b>								
LC Corp B.V (*)	-	-	-	-	-	-	-	-
Leszek Czarniecki	-	-	-	-	-	-	-	-
<b>Subsidiary undertakings</b>								
Arkady Wroclawskie S.A.	667	1,440	-	1,057	373	44	-	29,948
Sky Tower S.A.	563	-	-	-	75	-	-	-
Warszawa Przyokopowa Sp. z o.o.	877	615	20,000	1,370	125	0	-	40,915
Kraków Zielony Złocień Sp. z o.o.	10,153	-	6,867	-	46	-	-	-
LC Corp Invest I Sp. z o.o.	42	-	11,217	-	5	-	324,261	-
LC Corp Invest II Sp.z o.o.	51	90	-	-	6	10	-	-
LC Corp Invest III Sp. z o.o.	86	-	132	-	9	-	-	-
LC Corp Invest VII Sp.z o.o.	214	-	4,228	-	9	-	18,325	-
LC Corp Invest VIII Sp.z o.o.	384	-	-	-	47	-	-	-
LC Corp Invest IX Sp.z o.o.	69	-	-	-	9	-	-	-
LC Corp Invest X Sp.z o.o	483	-	6,399	-	59	-	-	-
LC Corp Invest XI Sp.z o.o.	10	-	-	-	1	-	-	-
LC Corp Invest XII Sp. z o.o.	511	-	12,869	-	50	-	-	-
LC Corp Invest XV Sp. z o.o.	10	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 1 Sp.k	292	-	-	-	27	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	663	90	-	-	95	10	-	-

## CONSOLIDATED QUARTERLY REPORT

LC Corp Invest XV Sp. z o.o.Projekt 3 Sp.k	230	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	376	-	-	-	52	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 5 Sp.k	473	-	-	-	62	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	434	-	-	-	38	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	92	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	88	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 9 Sp.k	482	-	-	-	54	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	509	-	-	-	56	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	2,045	-	-	-	56	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 12 Sp.k.	10	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 14 Sp.k.	341	-	-	-	10	-	-	-
LC Corp Invest XV Sp. z o.o.Finance S.K.A.	10	-	-	-	1	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	51	90	-	-	7	10	-	-
LC Corp Invest XVI Sp. z o.o.	10	-	-	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.	10	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	381	-	-	-	48	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	291	-	-	-	44	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	145	-	-	-	25	-	-	-
LC Corp Invest XVIII Sp. z o.o.	10	-	-	-	2	-	-	-
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	10	-	-	-	1	-	-	-
LC Corp Invest XIX Sp. z o.o.	8	-	1	-	1	-	901	-
<b>Undertakings related through shareholders (***)</b>								
LC Corp Sky Tower Sp. z o.o.	5	-	-	-	-	-	-	-
RB Computer Sp. z o.o.	-	12	-	-	-	-	-	-
Getin Noble Bank S.A.	-	5	912	3,833	-	-	-	-
Idea Bank S.A.	-	-	-	595	-	-	-	-
Idea Fleet S. A.	32	297	-	-	-	-	-	-
Noble Securities S.A.	-	23	-	-	-	-	-	-
<b>Management and Supervisory Board</b>								
Management Board	-	9,225 (**)	-	-	-	-	-	-
Supervisory Board	-	101 (**)	-	-	-	-	-	-

(\*) Liability on account of the acquisition of shares before discounting; it refers to the transaction described in item 3.22.5

(\*\*) Remuneration paid

(\*\*\*) As a consequence of the sale of shares by Mr Leszek Czarniecki and entities related thereto, the companies listed above as at 30 September 2017 were no longer related undertakings

### 3.20 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

### 3.21 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

## CONSOLIDATED QUARTERLY REPORT

## 3.22 Financial Liabilities

## 3.22.1 Interest-bearing Loans, Borrowings, Bonds and Investment Notes

Non-current	Interest rate	Repayment date	30 September 2018 (unaudited)	31 December 2017 (audited)
Bank loan in PLN (a)	Wibor 1M+margin	15 Dec 2018	-	-
Bank loan in PLN (b)	Wibor 1M+margin	31 Dec 2018	-	-
Bond scheme (c)	Wibor 6M+margin	30 Oct 2018	-	-
Bond scheme (d)	Wibor 6M+margin	6 Jun 2019	-	49,858
Bond scheme (e)	Wibor 6M+margin	20 Mar 2020	64,865	64,796
Bond scheme (f)	Wibor 6M+margin	10 May 2021	84,806	84,750
Bond scheme (g)	Wibor 6M+margin	10 May 2021	14,980	14,975
Bond scheme (h)	Wibor 6M+margin	6 Oct 2021	24,962	24,953
Bond scheme (i)	Wibor 6M+margin	6 Oct 2021	14,936	14,920
Bond scheme (j)	Wibor 6M+margin	5 Jun 2022	49,652	49,582
Bond scheme (k)	Wibor 6M+margin	28 Feb 2022	44,708	-
Investment notes (l)	Wibor 1M of 18/01/2011+margin	-	-	-
Investment notes (m)	IRS 2Y of 08/03/2012+margin	30 Nov 2019	5,733	8,254
Investment notes (n)	Wibor 1M of 07/12/2010+margin	9 Dec 2019	42,822	41,388
			<b>347,464</b>	<b>353,476</b>

Current	Interest rate	Repayment date	30 September 2018 (unaudited)	31 December 2017 (audited)
Bank loan in PLN (a)	Wibor 1M+margin	15 Dec 2018	50,165	50,089
Bank loan in PLN (b)	Wibor 1M+margin	31 Dec 2018	38,129	38,092
Bond scheme (c)	Wibor 6M+margin	30 Oct 2018	51,095	50,328
Bond scheme (d)	Wibor 6M+margin	06 Dec 2018 / 06 Jun 2019	50,762	164
Bond scheme (e)	Wibor 6M+margin	20 Mar 2019	123	963
Bond scheme (f)	Wibor 6M+margin	10 Nov 2018	1,754	618
Bond scheme (g)	Wibor 6M+margin	10 Nov 2018	309	108
Bond scheme (h)	Wibor 6M+margin	06 Oct 2018	642	309
Bond scheme (i)	Wibor 6M+margin	06 Oct 2018	385	183
Bond scheme (j)	Wibor 6M+margin	05 Dec 2018	793	176
Bond scheme (k)	Wibor 6M+margin	28 Feb 2019	196	-
Investment notes (l)	Wibor 1M of 18/01/2011+margin	-	-	1,356
Investment notes (m)	IRS 2Y of 08/03/2012+margin	30 Nov 2019	-	-
Investment notes (n)	Wibor 1M of 07/12/2010+margin	9 Dec 2019	-	-
			<b>194,353</b>	<b>142,386</b>

- (a) Bank loan taken out in PLN with Getin Noble Bank S.A. pursuant to an agreement concluded on 29 April 2014, disbursed on 30 April 2014.
- (b) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 18 June 2014, disbursed on 3 September 2015 in LC Corp S.A.



## CONSOLIDATED QUARTERLY REPORT

- (c) Coupon bonds – the issue of 31 October 2013, including 500 five-year unsecured coupon bonds, with a value of PLN 100,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 30 October 2018 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw.
- (d) Coupon bonds – the issue of 6 June 2014, including 50,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 6 June 2019 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw.
- (e) Coupon bonds – the issue of 20 March 2015, including 65,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each and a total nominal value of PLN 65,000,000 under a Bond Issue Agreement with the redemption date set at 20 March 2020 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw.
- (f) Coupon bonds – the issue of 10 May 2016, including 85,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each and a total nominal value of PLN 85,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 19 August 2016 took place on the “Catalyst” bond market.
- (g) Coupon bonds – the issue of 19 August 2016, including 15,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 10 May 2016 took place on the “Catalyst” bond market.
- (h) Coupon bonds – the issue of 6 October 2016, including 25,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each and a total nominal value of PLN 25,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 27 October 2016 took place on the “Catalyst” bond market.
- (i) Coupon bonds – the issue of 27 October 2016, including 15,000 five-year unsecured coupon bonds, with a value of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. (formerly BRE Bank S.A.) having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 6 October 2016 took place on the “Catalyst” bond market.
- (j) Coupon bonds – the issue of 5 December 2017, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 5 June 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (k) Coupon bonds – the issue of 28 February 2018, including 45,000 four-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 45,000,000 under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- (l) Investment notes – the issue of 20 January 2011 of ten investment notes having a par value of PLN 1,000,000 each, taken up by a subsidiary – Arkady Wrocławskie S.A. On 29 May 2013, an amendment was signed to reschedule the redemption date of the notes from 28 June 2013 to 30 June 2015. On 29 June 2015, an amendment was signed to reschedule the redemption date of the notes from 30 June 2015 to 29 June 2018. The notes were redeemed on 19 April 2018.

**CONSOLIDATED QUARTERLY REPORT**

- (m) Investment notes – the issue of 9 March 2012 of seven investment notes having a par value of PLN 2,000,000 each, taken up by a subsidiary – Arkady Wrocławskie S.A. On 31 January 2014, an amendment was signed to reschedule the redemption date of the notes from 31 January 2014 to 31 January 2017. On 30 January 2017, an amendment was signed to reschedule the redemption date of the notes from 31 January 2017 to 30 November 2017. On 30 November 2017, an amendment was signed to reschedule the redemption date of the notes from 30 November 2017 to 30 November 2019.
- (n) Investment notes – the issue of 9 December 2010 of thirty investment notes having a par value of PLN 1,000,000 each, taken up by a subsidiary – Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, an amendment was signed to reschedule the redemption date of the notes from 9 December 2013 to 9 December 2016. On 28 November 2016, an amendment was signed to reschedule the redemption date of the notes to 9 December 2019.

**3.22.2 Information about Issue, Redemption and Repayment of Debt and Equity Securities**

In the period of 9 months ended 30 September 2018, the following bonds were issued and notes were redeemed:

- On 28 February 2018, 45,000 four-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 45,000,000 were issued under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A. having its registered office in Warsaw and mBank S.A. having its registered office in Warsaw.
- On 19 April 2018, LC Corp S.A. bought out one investment note in the amount of PLN 1,000,000, issued on 20 January 2011 and taken up by Arkady Wrocławskie S.A.
- On 24 April 2018, LC Corp S.A. bought out one investment note in the amount of PLN 2,000,000, issued on 9 March 2012 and taken up by Arkady Wrocławskie S.A.

In the period of 9 months ended 30 September 2018, no bonds were redeemed.

After the balance-sheet date, i.e. 30 September 2018, the following transactions were concluded:

- On 19 October 2018, 34,000 two-year unsecured bonds having a par value of PLN 1,000 each and a total nominal value of PLN 34,000,000 were issued under a Bond Issue Agreement of 2 October 2018 with the redemption date set at 19 October 2020 concluded with mBank S.A. having its registered office in Warsaw.
- On 19 October 2018, 66,000 four-year unsecured bonds having a par value of PLN 1,000 each and a total nominal value of PLN 66,000,000 were issued under a Bond Issue Agreement of 2 October 2018 with the redemption date set at 19 October 2022 concluded with mBank S.A. having its registered office in Warsaw.
- On 30 October 2018, 500 five-year unsecured coupon bonds of PLN 100,000 each and a total nominal value of PLN 50,000,000 were redeemed.

**3.22.3 Taking out and Repayment of Bank Loans and Borrowings**

On 20 June 2018, the Company gave an instruction on closing the revolving loan account in the amount of up to PLN 25,000,000 – taken out under the agreement concluded between LC Corp S.A. and Getin Noble Bank S.A. on 21 December 2016, and the final repayment date fixed for 31 December 2018. In the period of 9 months ended 30 September 2018, no loan tranche was disbursed or repaid by the Company. As at 30 September 2018 and as at 31 December 2017 the loan balance was PLN 0.00.

## CONSOLIDATED QUARTERLY REPORT

## 3.22.4 Collateral

As at 30 September 2018, the repayment of loans was secured mainly by:

- 1) The bank loan agreements signed by LC Corp S.A. with Getin Noble Bank S.A. are secured by:
  - a) With regard to the loan agreement of 14 May 2014 for the loan of PLN 50,000,000:
    - Joint contractual mortgage for up to PLN 75,000,000.00 on the property owned by the Issuer and on the real property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Investments S.K.A,
    - Surety granted by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
    - Declaration on submission to enforcement pursuant to Article 97 of the Banking Law and Article 777(1)(5) of the Code of Civil Procedure;
  - a) With regard to the loan agreement of 18 June 2014 for the loan of PLN 40,000,000:
    - Joint contractual mortgage for up to PLN 60,000,000.00 on the real property to which the right of perpetual usufruct was granted to LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.,
    - Surety granted by the Issuer's subsidiary - LC Corp Invest XV Sp.z o.o. Projekt 2 Sp.k.
    - Declarations on submission to enforcement pursuant to Article 97 of the Banking Law article 777(1)(5) of the Code of Civil Procedure, submitted by the Issuer's subsidiary – LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., with a restriction to cancel the enforcement from the mortgaged property;
- 2) The repayment of loans taken out by the subsidiary undertakings of LC Corp S.A. is secured, among other things, by:
  - Pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 37,500,000;
  - Registered pledges on all shares of Sky Tower S.A., together with a financial pledge of up to EUR 90,000,000;
  - Registered pledge on all shares of Warszawa Przyokopowa Sp. z o.o. together with a financial pledge;
  - Support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer, regarding the loan agreement for the implementation of stage 1 of the Silesia Star project in Katowice, pursuant to which LC Corp S.A., acting as the guarantor, will be obliged, among other things, to provide financial support to the borrower under the circumstances specified in the agreement, declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure up to the amount of EUR 41,333,333.33, four blank promissory notes of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom., together with promissory note agreements, for which LC Corp S.A. acted as surety until the provision to the Bank of lease contracts with tenants not related to the Issuer, holding at least 20% of leasable area in the Silesia Star building;
  - Support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer, regarding the loan agreement for the implementation of stage 2 of the Silesia Star project in Katowice, pursuant to which LC Corp S.A., acting as the guarantor, will be obliged, among other things, to provide financial support to the borrower under the circumstances specified in the agreement up to the amount of EUR 31,000,000.00;
  - Contract of surety concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank PKO BP S.A. and the Issuer, regarding the loan agreement for the implementation of stage 2 of Silesia Star in Katowice, pursuant to which LC Corp S.A., acting as surety, will be obliged to provide financial support to the borrower under the circumstances specified in the agreement, for potential cost overrun up to the maximum amount of PLN 31,750,000;
  - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in conjunction with the support agreement and contract of surety mentioned above.

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**CONSOLIDATED QUARTERLY REPORT**


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**3.22.5 Liabilities on Account of Acquisition of Subsidiary**

Due to the fact that the payment date of the purchase price of the shares of Sky Tower S.A. (pursuant to the agreement of 6 December 2013) was deferred, the liabilities in that regard are subject to discounting.

As at 30 September 2018, the discount amount to be settled was PLN 2,103,000, while as at 31 December 2017, it was PLN 4,163,000.

Discounted liabilities as at 30 September 2018 and as at 31 December 2017 are presented in the table below:

	<b>30 September 2018</b> <b>(unaudited)</b>	<b>31 December 2017</b> <b>(audited)</b>
Non-current	38,653	37,641
Current	40,044	38,996
<b>Total</b>	<b>78,697</b>	<b>76,637</b>

**3.23 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares**

On 27 June 2018, the Ordinary General Meeting of LC Corp S.A. adopted a resolution on the payment of dividend. The dividend was paid out on 31 July 2018 – see Section 2.27 for details.

**3.24 Events Subsequent to 30 September 2018, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of Issuer**

Relevant events that occurred after 30 September 2018 are presented in item 2.28.

**3.25 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year**

As of the end of the last accounting year, in LC Corp S.A. there were no changes with regard to contingent liabilities or contingent assets.

**3.26 Other Information Deemed by Issuer as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations**

In the discussed reporting period, LC Corp S.A. experienced no events relevant for the assessment of the Company's personnel, assets, financial or profit/loss standing or changes thereof or of the feasibility of discharging its obligations.

## CONSOLIDATED QUARTERLY REPORT

## 4. MANAGEMENT BOARD'S COMMENTS ON ACTIVITY OF ISSUER AND ITS GROUP

## 4.1 Main Achievements and Failures of LC Corp Group

In Q3 2018, the Group's subsidiary undertakings carried out and completed investment projects as envisaged.

The tables below present the number of premises pre-sold and delivered in Q3 2018 in comparison to corresponding data from the previous year and cumulatively for the three quarters of 2017 and 2018 respectively.

The last of the below tables presents the offering scale of the Group as at 30 September 2018 and the projected number of premises to be made available in 2018. The fourth column of this table presents the number of premises to be made available after 2018 in each city, estimated on the basis of the land bank currently owned by the Group. In addition, continuous monitoring of the market and search for land for the purpose of supplementing the offer to ensure the appropriate level of sales in the following years is being implemented.

*pre-sales*

City	Q3 2017	Q3 2018	Jan-Sep 2017	Jan-Sep 2018
Warsaw	235	147	694	609
Wroclaw	99	140	305	249
Cracow	88	69	259	323
Gdańsk	55	51	167	215
Łódź	0	0	4	1
<b>TOTAL</b>	<b>477</b>	<b>407</b>	<b>1,429</b>	<b>1,397</b>
		-15%		-2%

*delivery*

City	Q3 2017	Q3 2018	Jan-Sep 2017	Jan-Sep 2018
Warsaw	230	322	420	833
Wroclaw	159	9	202	394
Cracow	274	2	788	129
Gdańsk	3	7	100	295
Łódź	2	1	5	2
<b>TOTAL</b>	<b>668</b>	<b>341</b>	<b>1,515</b>	<b>1,653</b>
		-49%		+9%

*offer*

City	30/09/2018	to be made available in 2018	to be made available after 2018
Warsaw	341	177	723
Wroclaw	216	302	317
Cracow	202	0	1,559
Gdańsk	126	254	1,134
Łódź	4	0	0
Katowice	0	0	682
<b>TOTAL</b>	<b>889</b>	<b>733</b>	<b>4,415</b>

The below item describes the Group's projects – implemented, under construction and at the preparatory stage.

## CONSOLIDATED QUARTERLY REPORT

## 4.1.1 Development Projects – Implemented

## Commercial Projects

Name of Project	City	District	Segment	Construction Completion Date	Area (sq m)
Wola Center	Warsaw	Wola	Office and services	Q3 2013	33,339
Arkady Wrocławskie	Wrocław	Krzyki	Office, retail and services	Q2 2007	38,670
Sky Tower	Wrocław	Krzyki	Office, retail and services	Q1 2013	52,025
Retro Office House	Wrocław	Stare Miasto	Office and services	Q1 2018	21,937
Silesia Star (Building "A")	Katowice	Bogucice Zawodzie	Office and services	Q4 2014	14,910
Silesia Star (Building "B")	Katowice	Bogucice Zawodzie	Office and services	Q3 2016	14,200

The following table does not include NOI for commercial real property of the Company in Q3 2017 and Q3 2018 and WALT as at 30 September 2018:

NOI for commercial real property (EUR million)	Q3 2017	Q3 2018	WALT Q3 2018
Arkady Wrocławskie	4.94	3.64	Office area – 4.1 Retail area – 4.9
Sky Tower	4.89	4.48	Office area – 3.5 Retail area – 4.9
Wola Center	5.30	5.49	Office area – 2.5 Retail area – 4.6
Silesia Star (Building A)	1.75	1.78	Office area – 3.7 Retail area – 6.9
Silesia Star (Building B)*	0.79	1.32	Office area – 4.5 Retail area – 8.0
Retro Office House	-	0.29	Office area – 5.2 Retail area – 8.3

\* significant agreements concluded after 30/09/2018 – not included in NOI

The following table shows the valuations of commercial buildings made by valuers or the Management Board of the Company as at 30 September 2018:

Real property		30/09/2018	
		Yield	Valuation in EUR
Wola Center	offices	5.90%	104,400,000
Arkady Wrocławskie *	services	6.80%	80,000,000
	offices	6.80%	

## CONSOLIDATED QUARTERLY REPORT

	services	6.50%	
Sky Tower	B1 & B3 offices	6.75%	122,190,000
	B2 offices	7.25%	
Silesia Star (Building A)	offices	6.75%	34,410,000
Silesia Star (Building B)	offices	6.75%	29,150,000
Retro Office House	offices	6.25%	55,910,000

\* Valuation made by the Company's Management Board

## Housing Projects

Name of Project	City	District	Segment	Construction Completion Date	Number of Apartments and Commercial Premises	Area (sq m)
Przy Promenadzie (stage 1, 2 and 3)	Warsaw	Praga-Południe	Apartments, services	Q4 2010	730	48,160
Przy Promenadzie (stage 4)	Warsaw	Praga-Południe	Apartments, services	Q3 2016	202	9,773
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Apartments, services	Q1 2011	101	7,430
				Q4 2012	114	6,918
Powstańców 33 (stage 1, 2, 3, 4)	Ząbki near Warsaw		Apartments, services	Q3 2014	229	13,141
				Q3 2016	230	13,635
				Q3 2018	165	10,045
Na Woli (stage 1, 2 and 3)	Warsaw	Wola	Apartments, services	Q4 2014	192	10,008
				Q4 2015	112	5,628
				Q1 2018	157	7,982
Poborzańska	Warsaw	Targówek	Apartments, services	Q2 2016	91	4,189
Mała Praga (stage 1, 2 and 3)	Warsaw	Praga Południe	Apartments, services	Q2 2016	140	7,409
				Q3 2017	217	11,359
				Q1 2018	158	8,124
Korona Pragi (stage 1, 2)	Warsaw	Praga Południe	Apartments, services	Q4 2017	170	8,988
				Q3 2018	171	8,992
Krzemowe (stage 1 and 2)	Warsaw	Mokotów	Apartments	Q2 2017	159	8,604
				Q4 2017	244	11,917
Maestro (stage 1, 2 and 3)	Wrocław	Krzyki-Jagodno	Apartments	Q3 2012	176	9,352
				Q3 2013	160	8,829
				Q3 2017	125	7,126
Potokowa (stage 1, 2 and 3)	Wrocław	Maślice	Apartments and houses	Q2 2013	72	2,819
				Q3 2013	42	4,486
				Q2 2014	73	3,621
Graniczna (stage 1, 2, 3, 4, 5 and 6)	Wrocław	Fabryczna	Apartments	Q3 2013	173	9,200
				Q3 2014	179	8,716



## CONSOLIDATED QUARTERLY REPORT

				Q4 2015	187	9,688
				Q2 2016	125	6,449
				Q4 2016	168	9,103
				Q3 2017	168	9,119
Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44	4,634
Brzeska 5	Wrocław	Krzyki	Apartments, services	Q4 2014	167	7,889
Stabłowicka 77 (stage 1, 2)	Wrocław	Fabryczna	Apartments	Q3 2014	73	4,259
				Q1 2015	60	3,159
Dolina Piastów	Wrocław	Fabryczna	Apartments	Q2 2016	176	9,278
Nowa Tęczowa	Wrocław	Stare Miasto	Apartments, services	Q1 2018	212	10,025
Sołtysowicka	Wrocław	Sołtysowice	Apartments	Q1 2018	165	9,486
				Q4 2011	120	6,624
				Q4 2012	164	8,960
Słoneczne Miasteczko (stage 1, 2, 3, 4 and 5)	Cracow	Bieżanów- Prokocim	Apartments	Q3 2014	42	2,162
				Q4 2015	120	6,498
				Q2 2017	108	5,894
Okulickiego 59	Cracow	Mistrzejowice	Apartments, services	Q4 2012	146	6,701
				Q2 2015	164	8,011
Grzegórzecka (stage 1, 2, 3 and 4)	Cracow	Śródmieście	Apartments, services	Q4 2015	149	7,042
				Q1 2016	85	4,562
				Q1 2017	242	11,928
Centralna Park (stage 1, 2)	Cracow	Czyżyny	Apartments	Q2 2017	150	7,055
				Q1 2018	130	6,190
5 Dzielnica (stage 1 and 2)	Cracow	Krowodrza	Apartments, services	Q1 2017	190	10,018
				Q3 2017	113	5,681
				Q4 2012	72	3,795
Przy Srebrnej (stage 1, 2, 3 and 4)	Gdańsk	Łostowice	Apartments, services	Q3 2014	28	1,734
				Q4 2014	46	2,104
				Q3 2016	32	1,687
Świętokrzyska Park (stage 1)	Gdańsk	Łostowice	Apartments	Q1 2018	65	2,819
Przy Alejach (stage 1 and 2)	Gdańsk	Zaspa	Apartments	Q2 2016	110	5,521
				Q2 2017	97	5,087
Bastion Wałowa (stage 1)	Gdańsk	Śródmieście	Apartments	Q4 2017	230	12,336

## CONSOLIDATED QUARTERLY REPORT

Dębowa Ostoja (1 stage)	Łódź	Bałuty	Terraced houses	Q3 2011	22	4,548
Pustynna 43 (1 stage)	Łódź	Górna	Apartments	Q4 2012	38	2,884

## 4.1.2 Development projects under Construction

## Commercial Projects

Name of Project	City	District	Segment	Construction Commencement Date	Planned Construction Completion Date	Area (sq m)
Wola Retro	Warsaw	Wola	Office and services	Q2 2017	Q3 2019	25,700

## Housing Projects

Name of Project	City	District	Segment	Planned Construction Completion Date	Number of Apartments and Commercial Premises	Area (sq m)
Powstańców 33 (stage 5)	Ząbki near Warsaw		Apartments, services	Q1 2019	123	6,948
				Q4 2018	150	7,586
Na Woli (stage 4, 5, 6, 7)	Warsaw	Wola	Apartments, services	Q4 2018	147	7,567
				Q2 2019	147	7,567
				Q4 2019	301	15,610
Mała Praga (stage 4)	Warsaw	Praga Południe	Apartments, services	Q1 2019	235	12,053
Korona Pragi (stage 3)	Warsaw	Praga Południe	Apartments, services	Q4 2018	173	9,101
Krzemowe (stage 3)	Warsaw	Mokotów	Apartments	Q1 2019	130	6,626
Między Parkami (stage 1)	Wrocław	Klecina	Apartments	Q1 2019	164	8,597
Kamienna (stage 1, 2)	Wrocław	Huby	Apartments, services	Q1 2021	253	13,082
				Q2 2021	186	9,717
Słoneczne Miasteczko (stage 6, 7)	Cracow	Bieżanów-Prokocim	Apartments	Q4 2018	108	5,886
				Q4 2018	108	5,858
Centralna Park (stage 3, 4, 5)	Cracow	Czyżyny	Apartments	Q4 2018	264	12,940
				Q4 2019	151	7,459

## CONSOLIDATED QUARTERLY REPORT

				Q1 2020	103	5,170
Świętokrzyska Park (stage 2, 3, 4)	Gdańsk	Łostowice	Apartments	Q4 2018	65	2,949
				Q2 2019	65	2,950
				Q3 2019	65	2,969
Wałowa (stage 2)	Gdańsk	Śródmieście	Apartments	Q4 2018	230	12,333

## 4.1.3 Development Projects in Preparation (To Be Launched in 2018)

## Housing Projects

Name of Project	City	District	Segment	Planned Construction Commencement Date	Planned Construction Completion Date	Number of Apartments and Commercial Premises	Area (sq m)
Na Woli (stage 8)	Warsaw	Wola	Apartments	Q4 2018	Q3 2020	177	9,575
Granitowa	Wrocław	Wojszyce	Apartments	Q4 2018	Q1 2020	63	3,681
Między Parkami (stage 2)	Wrocław	Klecinia	Apartments	Q4 2018	Q2 2020	116	7,126
Słoneczne Miasteczko (stage 8)	Cracow	Bieżanów-Prokocim	Apartments, services	Q4 2018	Q3 2020	108	5,811
Świętokrzyska Park (stage 5)	Gdańsk	Łostowice	Apartments	Q4 2018	Q2 2020	108	5,258
Bastion Wałowa (stage 3, 4)	Gdańsk	Śródmieście	Apartments, services	Q4 2018	Q1 2021	139	7,182
				Q4 2018	Q1 2021	115	4,065

Furthermore, depending on the rate of sales of the premises in a given project, the initiation of subsequent stages is planned.

In Q3 2018, intensive preparatory works were also undertaken to enable the Group's companies to start subsequent projects and find attractive locations for new projects, in both commercial and residential property segments.

## 4.2 Description of Factors and Events, Particularly Non-typical Ones, Which Have Significant Impact on Achieved Financial Results

No special or uncommon events occurred, which could affect the produced financial results.

## CONSOLIDATED QUARTERLY REPORT

**4.3 Management Board's Opinion Regarding Feasibility of Meeting Earlier Published Financial Forecasts for Given Year, in View of Results Presented in This Quarterly Report as Compared to Forecast Results**

The Issuer did not publish any financial forecasts for the year 2018.

**4.4 Ownership Structure of Issuer's Qualifying Holding**

As at 30 September 2018 the share capital of LC Corp S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each. The foregoing data is valid as of the date of the publication hereof.

**Ownership Structure of Qualifying Holding as at Date of Submitting Financial Statements for Q3 2018, According to Information Obtained by Issuer:**

Shareholders Having, Directly or Indirectly, More Than 5% of Total Vote at General Meeting of LC Corp S.A. as at Date of Submitting Financial Statements for Q3 2018:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne through Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny	81,530,228	81,530,228	18.22 %	18.22 %
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	77,195,648	77,195,648	17.25 %	17.25 %
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	52,121,000	52,121,000	11.65%	11.65%
Aegon Otwarty Fundusz Emerytalny	28,546,601	28,546,601	6.38 %	6.38 %

- (1) On 11 September 2018, ALTUS Towarzystwo Funduszy Inwestycyjnych S.A. informed that the funds managed by it reduced their share in the total number of votes in the Company below the five-per-cent-threshold. After the said change, the investment funds managed by Altus TFI S.A. held in total 21,107,252 Company's shares accounting for 4.72% of the Company's share capital and carrying the rights to 21,107,252 votes, which made up 4.72% of the total number of votes in the Company.
- (2) On 16 October 2018, Powszechnie Towarzystwo Emerytalnego PZU S.A., acting on behalf of Otwarty Fundusz Emerytalny PZU "Złota Jesień", notified that due to the fact that the liquidation of Pekao Otwarty Fundusz Emerytalny (Pekao OFE) was completed on 12 October 2018, and as a result of which all the assets of the said fund were transferred to OFE PZU at this date, the share held by Otwarty Fundusz Emerytalny PZU "Złota Jesień" in LC Corp S.A., greater than 10% of the total number of votes, changed on the aforesaid day by 2% of the total number of votes. Following the liquidation of Pekao OFE, Otwarty Fundusz Emerytalny PZU "Złota Jesień" holds 77,195,648 shares of the Issuer, which accounts for 17.25% of the Issuer's share capital and gives the fund the right to 77,195,648 votes at the Issuer's General Meeting of Shareholders, which makes up 17.25% of the total vote at the General Meeting.

## CONSOLIDATED QUARTERLY REPORT

Shareholders Having, Directly or Indirectly, More Than 5% of Total Vote at General Meeting of LC Corp S.A. as at Date of Submitting Report for the first half of 201:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Nationale-Nederlanden Powszechna Towarzystwo Emerytalne through Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny	81,530,228	81,530,228	18.22 %	18.22 %
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	70,060,000	70,060,000	15.65 %	15.65 %
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	49,800,000	49,800,000	11.13%	11.13%
ALTUS Towarzystwo Funduszy Inwestycyjnych S.A.	41,591,696	41,591,696	9.29%	9.29%
Aegon Otwarty Fundusz Emerytalny	26,543,080	26,543,080	5.93 %	5.93 %

#### 4.5 Changes in Issuer's Shares or Options Held by Management and Supervisory staff of Issuer as at 15 November 2018, in Period Following Submission of Previous Quarterly Report (Including Changes in Ownership)

Full name	Function in the body	Holding of the Issuer's shares as at 06/09/2018	Decrease	Increase	Holding of the Issuer's shares as at 15/11/2018
<b>Supervisory staff</b>					
Michał Hulbój	Member of Supervisory Board	-	-	-	-
Michał Kowalczewski <sup>1</sup>	Vice Chairman of Supervisory Board	-	-	-	-
Paweł Małyska	Member of Supervisory Board	-	-	-	-
Jacek Osowski <sup>2</sup>	Vice Chairman of Supervisory Board	-	-	-	-
Grzegorz Grabowicz	Member of Supervisory Board	-	-	-	-
Krzysztof Kaczmarek <sup>3</sup>	Member of Supervisory Board	-	-	-	-
Michał Wnorowski	Member of Supervisory Board	-	-	-	-
Piotr Kaczmarek <sup>4</sup>	Member of Supervisory Board	-	-	-	-

(1) A Supervisory Board Member and the Vice Chairman of the Supervisory Board until 12 October 2018.

(2) A Supervisory Board Member until 30 October 2018, as of 30 October 2018 – the Vice Chairman of the Supervisory Board

(3) A Supervisory Board Member until 15 October 2018.

(4) A Supervisory Board Member until 15 October 2018.

## CONSOLIDATED QUARTERLY REPORT

Management staff					
Dariusz Niedośpał	President of Management Board	158,791	-	-	158,791
Radosław Stefurak	Member of Supervisory Board	761,280	-	-	761,280
Tomasz Wróbel	Member of Management Board	-	-	-	-
Mirosław Kujawski	Member of Management Board	-	-	-	-

#### 4.6 Information about Proceedings Before Courts, Relevant Arbitration Authority or Public Administration Authority

In the period of 9 months ended 30 September 2018, there were no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of LC Corp S.A. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of LC Corp S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of LC Corp S.A. against their debtors. Provisions for legal actions are shown in Note 2.14 and 3.10 to the Financial Statements.

#### 4.7 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

#### 4.8 Information about Loan or Borrowing Surety or Guarantee Granted by ISSUER or Its Subsidiary Undertaking

In the discussed reporting period neither the Issuer nor its subsidiary undertakings granted any loan or borrowing surety or guarantee.

#### 4.9 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

Apart from the events referred to in the Financial Statements and the Report on the operations of the Group, in the discussed reporting period there were no other events which would have any impact on the assessment of the Group's personnel, assets and financial standing and on the evaluation of the Issuer's feasibility of discharging its obligations.

#### 4.10 Factors Which in Issuer's Opinion May Affect Its Performance at Least in Perspective of Following Quarter

The results achieved by the LC Corp Group will be highly influenced by a macroeconomic situation, in particular when considering the availability of mortgage loans for potential clients. These factors are strong determinants of the demand for new apartments and the structure and price thereof.

According to IFRS 15, the LC Corp Group recognises the revenue from the sale of residential and commercial premises only when substantially all risks and benefits related to respective premises have been transferred to the client and revenue can be measured in a reasonable manner. As a consequence, in the next quarter the results of sale will depend on the value of premises transferred to the client in line with the above description.

The operating performance of the Group will be also influenced by the level of revenue generated from the lease of commercial floor area in Arkady Wrocławskie, Sky Tower, Wola Center, Retro Office House and Silesia Star, which is conditional on the EUR exchange rate. The EUR exchange rate will also affect the valuation of foreign currency loans

**CONSOLIDATED QUARTERLY REPORT**

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and investment property – Arkady Wrocławskie, Sky Tower, Wola Center, Retro Office House and Silesia Star (stage 1 and 2).

In the long term, in the opinion of the Management Board, the following will also influence the Group's performance:

- The pursuit of the strategy of acquiring land for residential buildings and carrying out investments on the land to ensure the appropriate offering scale of the Group, adequate to the demand on the market;
- The possible sale of selected assets resulting from a change in the approach to commercial real property included in the LC Corp Group's portfolio;
- Increasing construction costs of new development projects, which will have a direct bearing on margins achieved in the future;
- Increasing costs of funding raised through the issue of bonds and limited access to this market, associated with the current situation on the capital market and a possibility that more stringent regulations may be brought in.

.....  
President of Management Board  
Dariusz Niedośpiel

.....  
Member of Management Board  
Miroslaw Kujawski

.....  
Member of Management Board  
Tomasz Wróbel

.....  
Member of Management Board  
Radosław Stefurak

Wrocław, 15 November 2018