

**CONSOLIDATED**

# **QUARTERLY REPORT**

**OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP  
FOR THE THREE-MONTH PERIOD ENDED**

**31 MARCH 2021**

Place and date of publication: Warsaw, 13 May 2021

## LIST OF CONTENTS:

01. Management Board's report on the activities of Globe Trade Centre S.A. Capital Group in the three-month period ended 31 March 2021
02. Unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2021
03. Independent auditor's review

**MANAGEMENT BOARD'S REPORT**  
ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP  
IN THE THREE-MONTH PERIOD ENDED **31 MARCH 2021**

## TABLE OF CONTENT

|            |  |    |
|------------|--|----|
| <b>1.</b>  | Introduction .....   | 5  |
| <b>2.</b>  | Selected financial data .....  | 8  |
| <b>3.</b>  | Presentation of the Group.....   | 10 |
| <b>3.1</b> | General information about the Group.....   | 10 |
| <b>3.2</b> | Structure of the Group.....  | 11 |
| <b>3.3</b> | Changes to the principal rules of the management of the Company and the Group  | 11 |
| <b>4.</b>  | Main events of of the first quarter of 2021 .....  | 11 |
| <b>5.</b>  | Operating and financial review .....   | 13 |
| <b>5.1</b> | General factors affecting operating and financial results .....  | 13 |
| <b>5.2</b> | Specific factors affecting financial and operating results .....   | 16 |
| <b>5.3</b> | Presentation of differences between achieved financial results and published<br>forecasts .....  | 18 |
| <b>5.4</b> | Statement of financial position.....   | 19 |
| 5.4.1      | Key items of the statement of financial position.....  | 19 |
| 5.4.2      | Financial position as of 31 March 2021 compared to 31 December 2020 .....  | 20 |
| <b>5.5</b> | Consolidated income statement .....  | 22 |
| 5.5.1      | Key items of the consolidated income statement.....  | 22 |
| 5.5.2      | Comparison of financial results for the three-month period ended 31 March<br>2021 with the result for the corresponding period of 2020.....                          | 24 |
| <b>5.6</b> | Consolidated cash flow statement .....   | 26 |
| 5.6.1      | Key items from consolidated cash flow statement.....   | 26 |
| 5.6.2      | Cash flow analysis .....   | 27 |
| <b>5.7</b> | Future liquidity and capital resources.....  | 28 |
| <b>6.</b>  | Information on loans granted with a particular emphasis on related entities .....  | 29 |
| <b>7.</b>  | Information on granted and received guarantees with a particular emphasis<br>on guarantees granted to related entities.....  | 29 |
| <b>8.</b>  | Shareholders who, directly or indirectly, have substantial shareholding .....  | 30 |
| <b>9.</b>  | Shares in GTC held by members of the management board and the supervisory board.   | 31 |
| <b>10.</b> | Transactions with related parties concluded on terms other than market terms .....   | 32 |
| <b>11.</b> | Proceedings before a court or public authority involving Globe Trade Centre SA or its<br>subsidiaries the total value of the liabilities or claims is material ..... | 32 |

# 1. Introduction

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

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

## GTC GROUP:

Poland,  
Budapest,  
Belgrade,  
Bucharest, Sofia,  
and Zagreb

Since its establishment and as of 31 March 2021, the Group has: (i) developed approximately 1.2 million sq m of gross commercial space and approximately 300 thousand sq m of residential space; (ii) sold approximately 600 thousand sq m of gross commercial space in completed commercial properties and approximately 300 thousand sq m of residential space; and (iii) acquired approximately 160 thousand sq m of commercial space in completed commercial properties. Additionally, GTC Group developed and sold over 100 thousand sq m of commercial space and approximately 76 thousand sq m of residential space through its associates in the Czech Republic.

As of 31 March 2021, the Group's property portfolio comprised the following properties:

- 48 completed commercial buildings, including 43 office buildings and five retail properties with a total combined commercial space of approximately 751 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 741 thousand sq m of GLA;
- 2 office buildings under construction with a total GLA of approximately 37 thousand sq m;
- commercial landbank designated for future development; and
- residential landbank.

48  
completed  
buildings

751 000  
sq m of  
GLA

2  
buildings  
under  
construction

landbank for  
future  
development

As of 31 March 2021, the book value of the Group's portfolio amounts to €2,146,791 with: (i) the Group's completed investment properties account for 88% thereof; (ii) investment properties under construction for 3%; (iii) an investment landbank intended for future development for 7%; (iv) right of use of lands under perpetual usufruct for 2% (v) assets held for sale for less than 1% and (vi) residential landbank account for less than 1%.

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

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

Terms and abbreviations capitalized in this Management's Board Report shall have the following meanings unless the context indicates otherwise:

- the Company or GTC** are to Globe Trade Centre S.A.
- the Group or the GTC Group** are to Globe Trade Centre S.A. and its consolidated subsidiaries
- Shares** are to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code and inward listed on Johannesburg Stock Exchange in August 2016 and are marked under the ISIN PLGTC0000037 code
- Bonds** are to the bonds issued by Globe Trade Centre S.A. and introduced to alternative trading market and marked with the ISIN codes PLGTC0000276, PLGTC0000292, PLGTC0000318, HU0000360102 and HU0000360284
- the Report** are to the consolidated quarterly report prepared according to art. 66 of the Decree of the Finance Minister of 29 March 2018 on current and periodical information published by issuers of securities and conditions of qualifying as equivalent the information required by the provisions of the law of a country not being a member state
- CEE** are to the Group of countries that are within the region of Central and Eastern Europe (Hungary, Poland)
- SEE** are to the Group of countries that are within the region of South-Eastern Europe (Bulgaria, Croatia, Romania, and Serbia)
- net rentable area, NRA”, or net leasable area, NLA** are to the metric of the area of a given property as indicated by the property appraisal experts to prepare the relevant property valuations. With respect to commercial properties, the net leasable (rentable) area is all the office or retail leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators, and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to

different methodologies and standards applicable in the various geographic markets on which the Group operates

**gross rentable area or gross leasable area, GLA** are to the metric of all the office or retail leasable area of a property multiplied by add-on-factor;

**Commercial properties** are to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties

**FFO, FFO I** are to profit before tax less tax paid, after adjusting for non-cash transactions (such as fair value or real estate re-measurement, share-based payment provision and unpaid financial expenses) and one-off items (such as FX differences and residential activity);

**EPRA NAV** are to total equity less non-controlling interest, less deferred tax liability related to real estate assets and derivatives at fair value

**EBITDA** are to earning before fair value adjustments, interest, tax, depreciation, and amortization;

**In-place rent** Are to rental income that was in place as of the reporting date. It includes headline rent from premises, income from parking, and other rental income

**EUR, € or euro** are to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time

**PLN or zloty** are to the lawful currency of Poland

**HUF** are to the lawful currency of Hungary

**JSE** are to the Johannesburg Stock Exchange

## **PRESENTATION OF FINANCIAL INFORMATION**

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

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

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

## FORWARD-LOOKING STATEMENTS

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

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

The Group discloses essential risk factors that could cause its actual results to differ materially from its expectations under, Item 5. "Operating and financial review", and elsewhere in this Report as well as under Item 3. "Key risk factors" in annual report for the year ended 31 December 2020. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on behalf of the Group. When the Group indicates that an event, condition, or circumstance could or would have an adverse effect on the Group, it means to include effects upon its business, financial situation, and results of operations.

## 2. Selected financial data

The following tables present the Group's selected historical financial data for the three-month period ended 31 March 2021 and 31 March 2020. The historical financial data should be read in conjunction with Item 5. "Operating and Financial Review" and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2021 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2021.

Selected financial data presented in PLN is derived from the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2021 presented in accordance with IFRS and prepared in the Polish language and Polish zloty as a presentation currency.

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



|  | <b>For the 3-month period ended<br/>31 March</b> |             |                         |             |
|--|--|-------------|-------------------------|-------------|
|  | <b>2021</b>                                      |             | <b>2020</b>             |             |
| <b>(in thousands)</b>  | <b>€</b>   | <b>PLN</b>  | <b>€</b>                | <b>PLN</b>  |
| <b>Consolidated Income Statement</b>                                 |  |             |                         |             |
| Revenues from operations   | 37,227   | 169,357     | 41,025                  | 177,335     |
| Cost of operations   | (9,761)  | (44,406)    | (11,158)                | (48,232)    |
| Gross margin from operations   | 27,466   | 124,951     | 29,867                  | 129,103     |
| Selling expenses   | (364)  | (1,656)     | (323)                   | (1,396)     |
| Administrative expenses  | (2,980)  | (13,557)    | (1,421)                 | (6,142)     |
| Profit/(loss) from revaluation/impairment of assets, net             | (2,594)  | (12,089)    | (5,781)                 | (26,317)    |
| Financial income/(expense), net                                      | (8,490)  | (38,623)    | (8,643)                 | (37,360)    |
| Net profit   | 8,706  | 39,407      | 2,786                   | 11,586      |
| Basic and diluted earnings per share (not in thousands)              | 0.02   | 0.08        | 0.01                    | 0.02        |
| Weighted average number of issued ordinary shares (not in thousands) | 485,555,122                                      | 485,555,122 | 485,555,122             | 485,555,122 |
| <b>Consolidated Cash Flow Statement</b>                              |  |             |                         |             |
| Net cash from operating activities                                   | 22,252   | 101,229     | 22,393                  | 96,769      |
| Net cash used in investing activities                                | (19,949)   | (90,755)    | (14,467)                | (62,540)    |
| Net cash from/(used in) financing activities                         | (19,559)   | (88,978)    | 16,184                  | 69,957      |
| Cash and cash equivalents at the end of the period                   | 254,054  | 1,183,968   | 196,546                 | 894,736     |
|  | <b>As at</b>                                     |             |                         |             |
|  | <b>31 March 2021</b>                             |             | <b>31 December 2020</b> |             |
| <b>Consolidated statement of financial position</b>                  |  |             |                         |             |
| Investment property (completed and under construction)               | 1,952,346  | 9,098,517   | 1,942,082               | 8,962,320   |
| Investment property landbank   | 140,687  | 655,644     | 140,367                 | 647,766     |
| Right of use   | 42,094   | 196,171     | 42,679                  | 196,955     |
| Residential landbank   | 7,931  | 36,961      | 10,094                  | 46,582      |
| Assets held for sale   | 3,733  | 17,397      | 1,580                   | 7,291       |
| Cash and cash equivalents  | 254,054  | 1,183,968   | 271,996                 | 1,255,207   |
| Others   | 80,317   | 374,301     | 71,959                  | 322,077     |
| Total assets   | 2,481,162  | 11,562,959  | 2,480,757               | 11,448,198  |
| Non-current liabilities  | 1,410,160  | 6,571,769   | 1,274,363               | 5,880,931   |
| Current liabilities  | 95,637   | 445,967     | 232,246                 | 1,071,769   |
| Liabilities related to assets held for sale                          | 1,080  | 5,033       | -                       | -           |
| Total Equity   | 974,285  | 4,540,460   | 974,148                 | 4,495,498   |
| Share capital  | 11,007   | 48,556      | 11,007                  | 48,556      |

## 3. Presentation of the Group

### 3.1 General information about the Group

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

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

Since its establishment and as of 31 March 2021, the Group has: (i) developed approximately 1.2 million sq m of gross commercial space and approximately 300 thousand sq m of residential space; (ii) sold approximately 600 thousand sq m of gross commercial space in completed commercial properties and approximately 300 thousand sq m of residential space; and (iii) acquired approximately 160 thousand sq m of commercial space in completed commercial properties. Additionally, GTC Group developed and sold over 100 thousand sq m of commercial space and approximately 76 thousand sq m of residential space through its associates in the Czech Republic.

As of 31 March 2021, the Group's property portfolio comprised the following properties:

- **48 completed commercial buildings**, including 43 office buildings and five retail properties with a total combined commercial space of approximately 751 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 741 thousand sq m of GLA;
- **Two office buildings under construction** with a total GLA of approximately 37 thousand sq m,
- **commercial landbank** designated for future development; and
- **residential landbank.**

As of 31 March 2021, the book value of the Group's portfolio amounts to €2,146,791 with: (i) the Group's completed investment properties account for 88% thereof; (ii) investment properties under construction for 3%; (iii) an investment landbank intended for future development for 7%; (iv) right of use of lands under perpetual usufruct for 2% (v) assets held for sale for less than 1% and (vi) residential landbank account for less than 1%.

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in mWIG40.

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

## 3.2 Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 31 March 2021 is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2021 in Note 4 "*Investment in subsidiaries, associates and joint ventures.*"

The following changes in the structure of the Group occurred in the three-month period ended 31 March 2021:

- the commencement of liquidation of Beaufort Invest S.R.L.,
- liquidation of Fajos S.R.L.,
- acquisition of Halsey Investments Sp. z.o.o.,
- establishment of wholly-owned subsidiary - Office Planet Kft,
- Companies which GTC S.A. hold 100 % through Office Planet Kft, a fully owned by GTC S.A. and holding 70% of:
  - GTC BBC d.o.o,
  - Atlas Centar d.o.o. Beograd,
  - Demo Invest d.o.o. Novi Beograd,
  - GTC Business Park d.o.o. Beograd
  - GTC Medj Razvoj Nekretnina d.o.o. Beograd

## 3.3 Changes to the principal rules of the management of the Company and the Group

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

## 4. Main events of the first quarter of 2021

The Covid-19 pandemic has triggered a wave of strong negative effects on the global economy. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. However, the scope and duration of the pandemic and possible future containment measures

are still impossible to predict. From mid-March 2020, it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with increased volatility in the financial markets might lead to a potential decrease in rental revenues, a potential decrease in the Company assets' values, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined, it is clear that it poses substantial risks (see item 5.2 in this Report and note 18 in the condensed consolidated financial statements for the three-month period ended 31 March 2021).

On 8 January 2021, GTC Pixel and GTC Francuska signed a loan agreement with Santander Bank Polska, which refinanced the existing loans. GTC Pixel repaid the loan in PKO BP in amount of €19,200 and obtained the new loan in Santander Bank Polska in amount of €19,700. GTC Francuska repaid the loan in ING in amount of €18,900 and obtained the new loan in Santander Bank Polska in amount of €19,300.

On 5 March 2021, Globe Office Investments Ltd an indirect wholly-owned subsidiary of the Company signed a sale and purchase agreement with a company related to the majority shareholder of the Company for the purpose of acquisition of a Class A office building on Váci corridor, Budapest for a consideration of €51,000. Subsequently on 19 March 2021 a loan agreement in the amount of €25,000 with Erste Group Bank AG was signed for the purpose of financing the acquisition. The transaction was closed on 30 April 2021.

On 5 March 2021, GTC SA repaid all bonds issued under ISIN code PLGTC0000276 (full redemption). The original nominal value was €20,494.

On 11 March 2021, GTC Real Estate Development Hungary Zrt, a wholly-owned subsidiary of the Company signed a sale purchase agreement to acquire a Napred company, Belgrade, holding a land plot of 19,537 sq m for a consideration of €33,800 from Groton Global Corp. The site has potential office development rights of approximately 79,000 sq m. The transaction is expected to be finalized during Q2 2021 upon certain conditions precedents are fulfilled.

On 17 March 2021, GTC Real Estate Development Hungary Zrt., a wholly-owned subsidiary of the Company issued 10-year green bonds with the total nominal value of €53,800 denominated in HUF to finance real estate acquisitions, redevelopment and constructions of eligible projects. The bonds are fully and irrevocable guaranteed by the Company and were issued at a yield of 2.68% with an annual fixed coupon of 2.6%. The bonds are amortized 10% a year starting on the 7th year with the 70% of the value paid at the maturity on 17 March 2031.

On 17 March 2021, GTC Real Estate Development Hungary Zrt. a wholly-owned subsidiary of the Company entered into cross-currency interest swap agreements with two different banks to hedge the total green bonds liability against foreign exchange fluctuations. The green bonds were fixed to the Euro, and the fixed annual coupon was swapped for an average annual interest fixed rate of 0.93%.

On 18 March 2021, Erste Group Bank AG, Raiffeisenlandesbank Niederösterreich-Wien AG and GTC CTWA Sp. z o.o., a wholly-owned subsidiary of the Company, operating Galeria Jurajska shopping mall, signed a waiver letter, according to which the DSCR covenant was waived until the end of September 2022 and a prepayment of €5,000 was done at the end of March 2021.

On 19 March 2021 City Gate SRL and City Gate Bucharest SRL wholly-owned subsidiaries of the Company signed a prolongation of the loan agreement with Erste Group Bank AG, for additional 5 years.

On 19 March 2021, Commercial Development d.o.o. Beograd, a wholly owned subsidiary of the Company, operating Ada Mall, and Intesa Bank signed a restated loan agreement whereby the existing loan in the amount of €58,300 was early prepaid by 31 March 2021 in the amount of €29,000 and margin reduced from 3.15% to 2.9%. Following the prepayment; the outstanding loan amount shall be payable in full at maturity in 2029.

#### **EVENTS THAT TOOK PLACE AFTER 31 MARCH 2021:**

On 1 April 2021, GTC Corius, a wholly-owned subsidiary of the Company, signed a loan agreement prolongation with Berlin Hyp Bank, for additional 5 years. As part of the prolongation a prepayment of €500 was done and the parties agreed that the loan will be paid in full on maturity.

On 19 April 2021, Dorado 1, a wholly owned subsidiary of the Company, signed a loan agreement with DSK Bank AD and OTP Bank Plc in total amount of €9,200 for the financing of the project Sofia Tower II.

On 27 April 2021, GTC Real Estate Development Hungary Zrt., a wholly owned subsidiary of the Company, signed a sale and purchase agreement with WING Real Estate Group for 100% holding of Winmark Ingatlanfejlesztő Kft (“Winmark”), which owns the Ericsson Headquarter Office Building and the Siemens Evosoft Headquarter Office Building, two A class office buildings for the consideration of €160,300. The closing of the transaction is expected in the second quarter of 2021 following completion of standard conditions precedent.

On 30 April 2021, the acquisition of Váci Greens D office building was completed. The office building shall consist of approx. 15,700 sq. m. and the total consideration is €51,000. The acquisition financing loan was disbursed from Erste Bank in an amount of €25,000.

On 7 May 2021 GTC Sterlinga Sp. z o.o. wholly-owned subsidiary of the Company signed a prolongation of the loan agreement with Pekao S.A. for additional 5 years.

## **5. Operating and financial review**

### **5.1 General factors affecting operating and financial results**

#### **GENERAL FACTORS AFFECTING OPERATING AND FINANCIAL RESULTS**

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

## **ECONOMIC CONDITIONS IN CEE AND SEE**

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

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

## **REAL ESTATE MARKET IN CEE AND SEE**

The Group derives the majority of its revenue from operations from rental activities, including rental and service revenue. For the three-month period ended 31 March 2021 and for the three-month period ended 31 March 2020, the Group derived 75% and 76% of its revenues from operations as rental revenue, which greatly depends on the rental rates per sq m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates, and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favorable rent levels. Moreover, for the three-month period ended 31 March 2021 and for the three-month period ended 31 March 2020, the Group derived 25% and 24% of its revenues from operations as service revenue, which reflects certain costs the Group passes on to its tenants.

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

## **REAL ESTATE VALUATION**

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

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

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

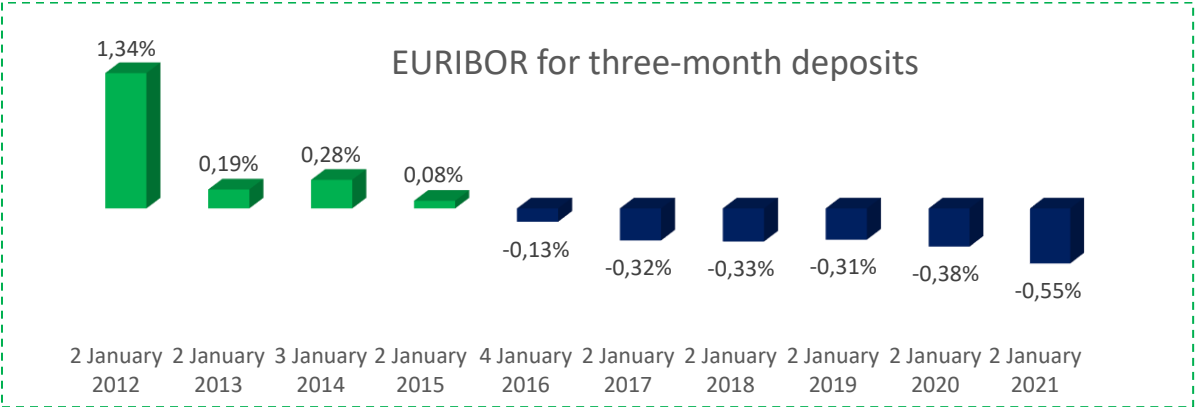
Moreover, the valuation of the Group's landbank additionally depends on, among others, the building rights and the expected timing of the projects. The value of landbank, which is assessed using a comparative method, is determined by referring to the market prices applied in transactions relating to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

The Group recognized a net loss from revaluation and impairment of assets of €2,594 in the three-month period ended 31 March 2021 and €5,781 net loss from revaluation and impairment of assets in the three-month period ended 31 March 2020.

**IMPACT OF INTEREST RATE MOVEMENTS**

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. Increases in interest rates generally increase the Group's financing costs. As at 31 March 2021, 77% of the Group's borrowings are hedged. In addition, in an economic environment in which availability of financing is not scarce, demand for investment properties generally tends to increase when interest rates are low, which can lead to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, which can result in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have demonstrated significant volatility, changing from 1.343% as of 2 January 2012, through 0.188% as of 2 January 2013, to 0.284% as of 3 January 2014, 0.076% as of 2 January 2015, and -0.132% as of 4 January 2016, -0.318% as of 2 January 2017, -0.329% as of 2 January 2018, -0.310% as of 2 January 2019, -0.379 % as 2 January 2020 and -0.546% as 2 January 2021 (EURIBOR for three-month deposits).





## IMPACT OF FOREIGN EXCHANGE RATE MOVEMENTS

For the three-month period ended 31 March 2021 and for three -month period ended 31 March 2020, a vast majority of the Group's revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against euro of the local currencies of the countries in which the Group operates are an important factor as the credit facilities that are obtained may be denominated in either euro or local currencies.

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

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

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

## AVAILABILITY OF FINANCING

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

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

## 5.2 Specific factors affecting financial and operating results

### COVID-19

The Covid-19 pandemic has triggered a wave of strong negative effects on the global economy. The lockdowns brought a large part of the world's economic activity to an



unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. However, the scope and duration of the pandemic and possible future containment measures are still impossible to predict. From mid-March 2020, it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with increased volatility in the financial markets might lead to a potential decrease in rental revenues, a potential decrease in the Company assets' values, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined, it is clear that it poses substantial risks.

### **CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES**

The COVID-19 pandemic has significantly impacted the Company's business. Following the outbreak of the COVID-19 pandemic, the authorities in many of the markets the Group operates in imposed restrictions on the opening of its shopping centres. Except for select "essential" retailers, or those able to offer curbside pickup or fulfil delivery orders from the store. The tenants in the Group's centres were unable to trade for a period beginning mid-March 2020 and ending between beginning-May and end-May 2020 depending on the country, and later in the period between beginning-November 2020 and ending end-December 2020 and end-January 2021. Additionally, the governments of Poland and Bulgaria have announced a lockdowns in the period between second half of March and middle-April (Bulgaria) and beginning- of May (Poland). Serbia had 5-day lockdown in second half of March 2021, as well as shorten working hours of the shops. Measures taken by the government affected and will continue to affect our business. In addition, even in those regions in which there were no mandatory shutdowns, or when shopping centres were allowed to reopen, not all retailers continued or restarted operations. Shopping centres in Poland and Bulgaria contributed 68% of total retail rental revenue for Q1 2021.

### **RENT DISCOUNTS AND COLLECTION**

In several countries of our operations, governments adopted tenant support packages, such as a rental payments holiday in Poland for the period of lockdown or rent support through subsidizing part of any rental discounts. Upon the re-opening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by the Group. The Group implemented multi-pronged measures to support tenants and encourage consumer spending, such as reducing rent, allowing rent payment in instalments, waiving late payment interest and service charges. The financial impact of this in terms of loss of rent and service income related to the COVID-19 amounted to €2,400.

### **VALUATION OF INVESTMENT PROPERTIES**

Notwithstanding the above, as of 31 March 2021 the Company received letters from its external appraisers confirming that the market value of the subject property portfolio as of 31 March 2021 remains the same as the market value performed and reported as at 31 December 2020.

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

## LIQUIDITY POSITION

During the COVID-19 pandemic, the Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and CAPEX measures, as well as the decision to retain profit for the year ended 31 December 2019 in the Company as well as recommendation to suspend dividend for the year ended 31 December 2020. As of 31 March 2021, the Group holds cash in the amount of €254,054.

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

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

## OTHER

On 8 January 2021, GTC Pixel and GTC Francuska signed a loan agreement with Santander Bank Polska, which refinanced the existing loans. GTC Pixel repaid the loan in PKO BP in amount of €19,200 and obtained the new loan in Santander Bank Polska in amount of €19,700. GTC Francuska repaid the loan in ING in amount of €18,900 and obtained the new loan in Santander Bank Polska in amount of €19,300.

On 5 March 2021, Globe Office Investments Ltd an indirect wholly-owned subsidiary of the Company signed a sale and purchase agreement with a company related to the majority shareholder of the Company for the purpose of acquisition of a Class A office building on Váci corridor, Budapest for a consideration of €51,000. Subsequently on 19 March 2021 a loan agreement in the amount of €25,000 with Erste Group Bank AG was signed for the purpose of financing the acquisition. The transaction was closed on 30 April 2021.

On 5 March 2021, GTC SA repaid all bonds issued under ISIN code PLGTC0000276 (full redemption). The original nominal value was €20,494.

On 11 March 2021, GTC Real Estate Development Hungary Zrt, a wholly-owned subsidiary of the Company signed a sale purchase agreement to acquire a Napred company, Belgrade, holding a land plot of 19,537 sq m for a consideration of €33,800 from Groton Global Corp. The site has potential office development rights of approximately 79,000 sq m. The transaction is expected to be finalized during Q2 2021 upon certain conditions precedents are fulfilled.

On 17 March 2021, GTC Real Estate Development Hungary Zrt., a wholly-owned subsidiary of the Company, issued 10-year green bonds with the total nominal value of €53,800 denominated in HUF to finance real estate acquisitions, redevelopment and constructions of eligible projects. The bonds are fully and irrevocable guaranteed by the Company and were

issued at a yield of 2.68% with an annual fixed coupon of 2.6%. The bonds are amortized 10% a year starting on the 7th year with the 70% of the value paid at the maturity on 17 March 2031.

On 17 March 2021, GTC Real Estate Development Hungary Zrt., a wholly-owned subsidiary of the Company, entered into cross-currency interest swap agreements with two different banks to hedge the total green bonds liability against foreign exchange fluctuations. The green bonds were fixed to the Euro, and the fixed annual coupon was swapped for an average annual interest fixed rate of 0.93%.

On 18 March 2021, Erste Group Bank AG, Raiffeisenlandesbank Niederösterreich-Wien AG and GTC CTWA Sp. z o.o., a wholly-owned subsidiary of the Company, operating Galeria Jurajska shopping mall, signed a waiver letter, according to which the DSCR covenant was waived until the end of September 2022 and a prepayment of €5,000 was done at the end of March 2021.

On 19 March 2021, City Gate SRL and City Gate Bucharest SRL, wholly-owned subsidiaries of the Company, signed a prolongation of the loan agreement with Erste Group Bank AG, for additional 5 years.

On 19 March 2021, Commercial Development d.o.o. Beograd, a wholly owned subsidiary of the Company, operating Ada Mall, and Intesa Bank signed a restated loan agreement whereby the existing loan in the amount of €58,300 was early prepaid by 31 March 2021 in the amount of €29,000 and margin reduced from 3.15% to 2.9%. Following the prepayment the outstanding loan amount shall be payable in full at maturity in 2029.

## **5.3 Presentation of differences between achieved financial results and published forecasts**

The Group did not publish forecasts for the first quarter of 2021 nor the full year 2021.

## **5.4 Statement of financial position**

### **5.4.1 Key items of the statement of financial position**

#### **INVESTMENT PROPERTY**

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

#### **RESIDENTIAL LANDBANK**

The Group classifies its residential inventory as current or non-current assets based on their development stage within the business operating cycle. The normal operating cycle, in most cases, falls within a period of one to five years. The Group classifies residential inventory, the

development of which is planned to be commenced at least one year after the balance sheet date as residential landbank, which is part of its non-current assets.

## **INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

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

## **ASSETS HELD FOR SALE**

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

## **BLOCKED DEPOSITS**

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

## **DERIVATIVES**

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

## **5.4.2 Financial position as of 31 March 2021 compared to 31 December 2020**

### **ASSETS**

Total assets increased by €405 to €2,481,162 as of 31 March 2021 from €2,480,757 as of 31 December 2020.

The value of investment property and investment property landbank increased by €9,999 (0.5%) to €2,135,127 as of 31 March 2021 from €2,125,128 as of 31 December 2020, mainly due to an investment of €12,965 mostly into assets under construction: Pillar and Sofia Tower 2 partially offset by adjustment to fair value of €2,422.

The value of assets held for sale increased to €3,733 (136%) as of 31 March 2021 from €1,580 as of 31 December 2020 mainly as a result of reclassification of residential land plot in Romania in amount of €2,153 to assets held for sale.

The value of blocked deposits (incl. short-term) increased by €1,131 (3%) to €39,544 as of 31 March 2021 from €38,413 as of 31 December 2020 mainly as a result of an increase in deposits from tenants.

The value of cash and cash equivalents decreased by €17,942 (7%) to €254,054 as of 31 March 2021 from €271,996 as of 31 December 2020 mainly as a result of early repayment of certain loans and final repayment of bonds in the amount of €64,494, and investment into assets under construction (net loans) of €11,595, partially offset by the bond issue with the total value of €53,800.

## LIABILITIES

The value of loans and bonds decreased by €6,927 (1%) to €1,254,365 as of 31 March 2021 from €1,261,292 as of 31 December 2020. This decrease comes mainly from repayment of bonds in the amount of €20,494 combined with repayment of existing loans in the amount of €52,900, partially offset by bond issue with the total value of €53,800 and drawdown of loans for projects under construction of €10,800.

The value of lease liability (incl. current portion of lease liabilities) decreased by €1,528 (4%) to €41,526 as of 31 March 2021 from €43,054 as of 31 December 2020, mainly due to foreign exchange gain, resulted from devaluation of local currencies.

The value of derivatives increased by €8,613 (45%) to €27,873 as of 31 March 2021 from €19,260 as of 31 December 2020, mainly due to an increase in value of cross currency swap hedge liabilities related to the green bonds and a new cross currency swap that we entered into during the first quarter of 2021 to hedge our newly issued green bonds denominated in HUF.

Provision for deferred tax liability increased by €4,021 (3%) to €137,251 as of 31 March 2021 from €133,230 as of 31 December 2020 mainly due to the increase in deferred tax liabilities on investment property.

Trade payables and provisions decreased by €7,234 (26%) to €20,065 as of 31 March 2021 from €27,299 as of 31 December 2020 mainly due a decrease in payables related to development and capex activities (Pillar, Duna Tower and Sofia Tower 2).

## EQUITY

The amount of accumulated profit increased by €8,462 (2%) to €468,515 as of 31 March 2021 from €460,053 as of 31 December 2020, following recognition of profit for the period in the amount €8,706.

The value of hedge reserve increased by €8,492 (71%) to €20,422 as of 31 March 2021 from €11,930 as of 31 December 2020, mainly due to hedging of foreign exchange rate fluctuations for bonds in PLN and HUF and devaluation of corresponding local currencies.

Equity increased by €137 to €974,285 as of 31 March 2021 from €974,148 as of 31 December 2020 mainly due to an increase in accumulated profit by €8,462, following recognition of profit during the period, partially offset by increased in value of hedge reserve by €8,492.

## **5.5 Consolidated income statement**

### **5.5.1 Key items of the consolidated income statement**

#### **REVENUES FROM OPERATIONS**

Revenues from operations consist of:

- rental income, which consists of monthly rental payments paid by tenants of the Group's investment properties for the office or retail space rented by such tenants. Rental income is recognized as income over the lease term;
- service income, which comprises fees paid by the tenants of the Group's investment properties to cover the costs of the services provided by the Group in relation to their leases.

#### **COST OF OPERATIONS**

Costs of operations consist of:

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

#### **GROSS MARGIN FROM OPERATIONS**

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

#### **SELLING EXPENSES**

Selling expenses include:

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

## **ADMINISTRATIVE EXPENSES**

Administration expenses include:

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

## **PROFIT / (LOSS) FROM THE REVALUATION/IMPAIRMENT OF ASSETS**

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

## **FINANCIAL INCOME / (EXPENSE), NET**

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

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

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

## **TAXATION**

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



## **5.5.2** Comparison of financial results for the three-month period ended 31 March 2021 with the result for the corresponding period of 2020

### **REVENUES FROM RENTAL ACTIVITY**

Rental and service revenues decreased by €3,798 (9%) to €37,227 in the three-month period ended 31 March 2021 from €41,025 in the three-month period ended 31 March 2020. The decrease mainly resulted from a decrease in rental revenues of approximately €3,400 due to rent relief imposed by governments during lockdown of shopping malls and rent concessions and discounts provided by the Group to the retail tenants across the portfolio due to the COVID-19 outbreak combined with a decrease in rental revenues following the sale of Spiral in the fourth quarter of 2020 of €1,200. The decrease was partially offset by an increase in the rental revenues due to the completion of Green Heart, Advance Business Center and Matrix of €900.

### **COST OF RENTAL ACTIVITY**

Service cost decreased by €1,397 (13%) to €9,761 in the three-month period ended 31 March 2021 from €11,158 in the three-month period ended 31 March 2020 mainly as a result of a decrease of service costs and implemented savings in our shopping malls due to the COVID-19 outbreak of €900 combined with a decrease in the service costs due to the sale of Spiral in fourth quarter of 2020 of €300. The decrease was partially offset by an increase in service costs due to the completion of Green Heart, Advance Business Center and Matrix of €400.

### **GROSS MARGIN FROM OPERATIONS**

Gross margin (profit) from operations decreased by €2,401 (8%) to €27,466 in the three-month period ended 31 March 2021 from €29,867 in the three-month period ended 31 March 2020 mostly resulting from a loss in rent and service revenues in our shopping malls across the portfolio due to the COVID-19.

Gross margin on rental activities in the three-month period ended 31 March 2021 was 74% compared to 73% in the three-month period ended 31 March 2020.

### **ADMINISTRATION EXPENSES**

Administration expenses (before provision for share based program) increased by €191 (8%) to €2,730 in the three-month period ended 31 March 2021 from €2,539 in the three-month period ended 31 March 2020. Mark-to-market of share based program resulted in provision of €250 in the three-month period ended 31 March 2021 compared to a reversal of the provision of €1,118 recognized in the three-month period ended 31 March 2020. The above factors resulted in increase of administration expenses of €1,559 to €2,980 in the three-month period ended 31 March 2021 from €1,421 in the three-month period ended 31 March 2020.



## **PROFIT / (LOSS) FROM THE REVALUATION/IMPAIRMENT OF ASSETS**

Net loss from the revaluation/impairment of the assets amounted to €2,594 in the three-month period ended 31 March 2021, as compared to a net loss of €5,781 in the three-month period ended 31 March 2020. Net loss from the revaluation of the investment properties reflects mainly capital expenditure invested on the existing investment properties.

## **OTHER INCOME / (EXPENSES), NET**

Other expenses (net of other income) amounted to €61 in the three-month period ended 31 March 2021 as compared to expenses of €274 expenses in the three-month period ended 31 March 2020.

## **FOREIGN EXCHANGE DIFFERENCES GAIN (LOSS)**

Foreign exchange differences loss amounted to €368 in the three-month period ended 31 March 2021, as compared to a foreign exchange loss of €5,331 in the three-month period ended 31 March 2020. The foreign exchange loss in three-month period ended 31 March 2020 was mainly due to the significant devaluation of local currencies following the start of COVID-19 pandemic

## **FINANCIAL INCOME**

Financial income amounted to €74 in the three-month period ended 31 March 2021 as compared to €90 in the three-month period ended 31 March 2020.

## **FINANCIAL COST**

Financial cost decreased by €169 to €8,564 in the three-month period ended 31 March 2021 as compared to €8,733 in the three-month period ended 31 March 2020. The average interest cost was 2.3%.

## **PROFIT / (LOSS) BEFORE TAX**

Profit before tax was €12,609 in the three-month period ended 31 March 2021, as compared to profit before tax of €8,094 in the three-month period ended 31 March 2020. This mostly resulted from recognition of lower by €3,187 loss from revaluation/impairment of assets combined with a lower by €4,963 foreign exchange difference loss, partially offset by decrease in margin from operation by €2,401.

## **TAXATION**

Tax amounted to €3,903 in the three-month period ended 31 March 2021. Taxation consists mainly of €917 of current tax expenses and €2,986 of deferred tax.

## **NET PROFIT / (LOSS)**

Net profit amounted to €8,706 in the three-month period ended 31 March 2021, as compared to a net profit of €2,786 in the three-month period ended 31 March 2020. This mostly resulted from recognition of higher profit before tax combined with lower taxation.

## **5.6 Consolidated cash flow statement**

### **5.6.1 Key items from consolidated cash flow statement**

#### **NET CASH FROM (USED IN) OPERATING ACTIVITIES**

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

#### **NET CASH USED IN INVESTING ACTIVITIES**

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

#### **NET CASH FROM (USED IN) FINANCING ACTIVITIES**

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

#### **CASH AND CASH EQUIVALENTS**

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

## 5.6.2 Cash flow analysis

The table below presents an extract of the cash flow for the period of three months ended on 31 March 2021 and 2020:

|  | <u>3-month period ended 31 March</u> |                 |
|--|--------------------------------------|-----------------|
|  | <u>2021</u>                          | <u>2020</u>     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                                      |                 |
| <b>Net cash from operating activities</b>                            | <b>22,252</b>                        | <b>22,393</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                                      |                 |
| Expenditure on investment property and property, plant and equipment | (22,332)                             | (18,804)        |
| Decrease in short term deposits designated for investment            | -                                    | 3,758           |
| Advances received for assets held for sale                           | 1,080                                | -               |
| VAT/tax on purchase/sale of investment property                      | 1,297                                | 557             |
| Interest received  | 6                                    | 22              |
| <b>Net cash used in investing activities</b>                         | <b>(19,949)</b>                      | <b>(14,467)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                                      |                 |
| Proceeds from long-term borrowings                                   | 103,883                              | 138,049         |
| Repayment of long-term borrowings                                    | (111,821)                            | (113,399)       |
| Interest paid  | (9,194)                              | (7,225)         |
| Repayment of lease liability   | (516)                                | (90)            |
| Loans origination payment  | (780)                                | (945)           |
| Decrease/(Increase) in short term deposits                           | (1,131)                              | (206)           |
| <b>Net cash from /(used) in financing activities</b>                 | <b>(19,559)</b>                      | <b>16,184</b>   |
| Net foreign exchange difference                                      | (686)                                | (7,200)         |
| Net increase/ (Decrease) in cash and cash equivalents                | (17,942)                             | 16,910          |
| <b>Cash and cash equivalents at the beginning of the period</b>      | <b>271,996</b>                       | <b>179,636</b>  |
| <b>Cash and cash equivalents at the end of the period</b>            | <b>254,054</b>                       | <b>196,546</b>  |

Net cash flow from operating activities was virtually unchanged at €22,252 in the three-month period ended 31 March 2021 compared to €22,393 the three-month period ended 31 March 2020, despite an impact of Covid-19 outbreak which amounted to €2,400, which was offset by improvement in working capital changes in the same amount

Net cash flow used in investing activities amounted to €19,949 in the three-month period ended 31 March 2021 compared to €14,467 used in the three-month period ended 31 March 2020. Cash flow used in investing activities mainly composed of (i) expenditure on investment properties of €22,332 related to: Pillar and Sofia Tower 2, (ii) VAT/tax on purchase/sale of

investment property of €1,297 and (iii) advances from assets held for sale of investment property of €1,080.

Net cash flow used in financing activities amounted to €19,559 in the three-month period ended 31 March 2021, compared to €16,184 of cash flow from financing activities in the three-month period ended 31 March 2020. Cash flow used in financing activities mainly composed of (i) repayment of long-term borrowings in the amount of €111,821 related mainly to early repayment of €44,000 related to Ada Mall, City Gate and Galeria Jurajska projects, refinancing Pixel and Francuska Office Centre loans in amount of €38,200, settlement of maturing bonds in amount of €20,494, as well as amortization of existing loans in the amount of €8,900;(ii) proceeds from long-term borrowings in the amount of €103,883 that are related mainly to the bond issue with the total value of €53,800, refinancing Pixel and Francuska Office Centre loans in amount of €39,000, loans related to assets under construction in the amount of €10,800, and (iii) interest paid in the amount of €9,194.

Cash and cash equivalents as of 31 March 2021 amounted to €254,054 compared to €196,546 as of 31 March 2020. The Group keeps its cash in the form of current accounts and bank deposits.

## **5.7** Future liquidity and capital resources

As of 31 March 2021, the Group believes that its cash balances, cash generated from leasing activities of its investment properties, and cash available under its existing and future loan facilities will fund its needs.

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

As of 31 March 2021, the Group's non-current liabilities amounted to €1,410,160 compared to €1,274,363 as of 31 December 2020.

The Group's total debt from long and short-term loans and borrowings as of 31 March 2021 amounted to €1,254,365 as compared to €1,261,292 as of 31 December 2020.

The Group's loans and borrowings are mainly denominated in Euro. Debt in other currencies includes bonds (series mature in 2022-2023) in PLN and bonds issued by Hungarian subsidiary in HUF (series mature in 2030-2031).

The Group's loan-to-value ratio amounted to 45.5% as of 31 March 2021, as compared to 45% as of 31 December 2020. The Group's long term strategy is to keep its loan-to-value ratio at a level of 40% however in case of acquisitions the Company may deviate temporarily.

As of 31 March 2021, 77% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate swaps and cap transactions.

## AVAILABILITY OF FINANCING

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

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

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

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

More information regarding the impact of the COVID-19 outbreak is presented in the interim condensed consolidated financial statements for the three-month period ended 31 March 2021 in Note 18 COVID-19.

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

As of 31 March 2021, the Group does not have any long-term loans granted to its associates or joint ventures.

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

In March 2021, the Company guaranteed bonds issued by GTC Real Estate Development Hungary Zrt with the total nominal value of €53,800 nominated in HUF.

During the three-month period ended 31 March 2021, the Group did not grant guarantees of with the total value is material.

GTC gives guarantees to third parties in the normal course of its business activities. As of 31 March 2021, the guarantees granted amounted to €0.

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

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

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

The following table presents the Company's shareholders, who had no less than 5% of votes at the general meeting of GTC S.A. shareholders, as of the date of 31 March 2021. The table is prepared based on information received directly from the shareholders.

| Shareholder   | Number of shares and rights to the shares held (not in thousand) | % of share capital | Number of votes (not in thousand) | % of votes     | Change in number of shares since 23 March 2021 (not in thousand) |
|---|--|--------------------|-----------------------------------|----------------|--|
| GTC Dutch Holdings B.V.                                     | 298,575,091  | 61.49%             | 298,575,091                       | 61.49%         | No change  |
| GTC Holding Zártkörűen Működő Részvénytársaság <sup>1</sup> | 21,891,289   | 4.51%              | 21,891,289                        | 4.51%          | No change  |
| OFE PZU Złota Jesień <sup>2</sup>                           | 48,555,169   | 10.00%             | 48,555,169                        | 10.00%         | No change  |
| AVIVA OFE Aviva BZ WBK                                      | 37,739,793   | 7.77%              | 37,739,793                        | 7.77%          | No change  |
| Other shareholders  | 78,793,780   | 16.23%             | 78,793,780                        | 16.23%         | No change  |
| <b>Total</b>  | <b>485,555,122</b>   | <b>100.00%</b>     | <b>485,555,122</b>                | <b>100.00%</b> |  |

<sup>1</sup> directly holds 21,891,289 shares and indirectly through GTC Dutch Holdings B.V. (100% subsidiary of GTC Holding Zártkörűen Működő Részvénytársaság) holds 298,575,091 shares.

<sup>2</sup> holds below the 10% of the total number of votes, exactly 9.9999%

## 9. Shares in GTC held by members of the management board and the supervisory board

### SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD

The following table presents shares owned directly or indirectly by members of the Company's management board of 13 May 2021, the date of publication of this quarterly report, and changes in their holdings since the date of publication of the Group's last financial report (interim report for the year ended 31 December 2020) on of 23 March 2021.

The information included in the table is based on information received from members of the management board.

| <b>Management board member</b> | <b>Balance as of<br/>13 May 2021<br/>(not in<br/>thousand)</b> | <b>The nominal<br/>value of shares<br/>in PLN<br/>(not in<br/>thousand)</b> | <b>Change since<br/>23 March 2021<br/>(not in<br/>thousand)</b> |
|--------------------------------|--|---|---|
| Yovav Carmi                    | 0  | 0   | No change   |
| Ariel Ferstman                 | 5,240  | 524   | No change   |
| Gyula Nagy                     | 0  | 0   | No change   |
| Robert Snow                    | 0  | 0   | No change   |
| <b>Total</b>                   | <b>5,240</b>   | <b>524</b>  |   |

### SHARES OF GTC HELD BY MEMBERS OF THE SUPERVISORY BOARD

The following table presents shares owned directly or indirectly by members of the Company's supervisory board of 13 May 2021, the date of publication of this quarterly report, and changes in their holdings since the date of publication of the Group's last financial report (interim report for the year ended 31 December 2020) on of 23 March 2021.

The information included in the table is based on information received from members of the supervisory board.

| <b>Members of supervisory board</b> | <b>Balance as of<br/>13 May 2021<br/>(not in<br/>thousand)</b> | <b>The nominal<br/>value of shares<br/>in PLN<br/>(not in thousand)</b> | <b>Change since<br/>23 March 2021</b> |
|-------------------------------------|--|---|---------------------------------------|
| Zoltán Fekete                       | 0  | 0   | No change                             |
| János Péter Bartha                  | 0  | 0   | No change                             |
| Péter Bozó                          | 0  | 0   | No change                             |
| Lóránt Dudás                        | 0  | 0   | No change                             |
| Balázs Figura                       | 0  | 0   | No change                             |
| Mariusz Grendowicz                  | 13,348   | 1,335   | No change                             |
| Marcin Murawski                     | 0  | 0   | No change                             |
| Bálint Szécsényi                    | 0  | 0   | No change                             |
| Ryszard Wawryniewicz                | 0  | 0   | No change                             |
| <b>Total</b>                        | <b>13,348</b>  | <b>1,335</b>  |                                       |

## **10. Transactions with related parties concluded on terms other than market terms**

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

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

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





**GLOBE TRADE CENTRE S.A.**

**UNAUDITED INTERIM CONDENSED**

**CONSOLIDATED**

**FINANCIAL STATEMENTS FOR THE THREE-MONTH**

**PERIOD ENDED 31 MARCH 2021**

**TOGETHER WITH INDEPENDENT AUDITORS' REVIEW  
REPORT**

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Financial Position**  
**as of 31 March 2021**  
**(in thousands of Euro)**

|  | Note | 31 March<br>2021 | 31 December<br>2020 |
|--|------|------------------|---------------------|
| <b>ASSETS</b>                                    |      |                  |                     |
| <b>Non-current assets</b>                        |      |                  |                     |
| Investment property                              | 8    | 2,135,127        | 2,125,128           |
| Residential landbank                             | 16   | 7,931            | 10,094              |
| Property, plant and equipment                    |      | 7,635            | 7,785               |
| Blocked deposits                                 | 10   | 12,007           | 10,979              |
| Deferred tax asset                               |      | 2,283            | 616                 |
| Other non-current assets                         |      | 209              | 159                 |
|  |      | <b>2,165,192</b> | <b>2,154,761</b>    |
| Loan granted to non-controlling interest partner | 9    | 11,320           | 11,252              |
| <b>Total non-current assets</b>                  |      | <b>2,176,512</b> | <b>2,166,013</b>    |
| <b>Assets held for sale</b>                      | 16   | <b>3,733</b>     | <b>1,580</b>        |
| <b>Current assets</b>                            |      |                  |                     |
| Accounts receivables                             |      | 6,154            | 5,873               |
| Accrued income                                   |      | 934              | 878                 |
| VAT and other tax receivable                     | 12   | 1,046            | 2,343               |
| Income tax receivable                            |      | 1,380            | 1,036               |
| Prepayments and deferred expenses                | 17   | 9,812            | 3,604               |
| Short-term blocked deposits                      | 10   | 27,537           | 27,434              |
| Cash and cash equivalents                        |      | 254,054          | 271,996             |
|  |      | <b>300,917</b>   | <b>313,164</b>      |
| <b>TOTAL ASSETS</b>                              |      | <b>2,481,162</b> | <b>2,480,757</b>    |

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Financial Position**  
**as of 31 March 2021**  
**(in thousands of Euro)**

|   | Note | 31 March<br>2021 | 31 December<br>2020 |
|---|------|------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>                               |      |                  |                     |
| <b>Equity attributable to equity holders of the Company</b> |      |                  |                     |
| Share capital   | 20   | 11,007           | 11,007              |
| Share premium   |      | 550,522          | 550,522             |
| Capital reserve   |      | (49,489)         | (49,489)            |
| Hedge reserve   |      | (20,422)         | (11,930)            |
| Foreign currency translation                                |      | (2,630)          | (2,553)             |
| Accumulated profit  |      | 468,515          | 460,053             |
|   |      | <b>957,503</b>   | <b>957,610</b>      |
| Non-controlling interest                                    | 9    | 16,782           | 16,538              |
| <b>Total Equity</b>   |      | <b>974,285</b>   | <b>974,148</b>      |
| <b>Non-current liabilities</b>                              |      |                  |                     |
| Long-term portion of long-term borrowing                    | 14   | 1,190,491        | 1,067,867           |
| Deposits from tenants                                       |      | 12,007           | 10,979              |
| Long term payable   |      | 2,571            | 2,524               |
| Provision for share based payment                           |      | 1,227            | 977                 |
| Lease liability   | 15   | 41,335           | 42,891              |
| Derivatives   | 11   | 25,278           | 15,895              |
| Provision for deferred tax liability                        |      | 137,251          | 133,230             |
|   |      | <b>1,410,160</b> | <b>1,274,363</b>    |
| <b>Liabilities related to assets held for sale</b>          | 16   | <b>1,080</b>     | -                   |
| <b>Current liabilities</b>                                  |      |                  |                     |
| Trade payables and provisions                               | 13   | 20,065           | 27,299              |
| Deposits from tenants                                       |      | 1,816            | 1,790               |
| Current portion of long-term borrowing                      | 14   | 63,874           | 193,425             |
| VAT and other taxes payable                                 |      | 1,661            | 1,551               |
| Income tax payable  |      | 4,262            | 4,220               |
| Derivatives   | 11   | 2,595            | 3,365               |
| Current portion of lease liabilities                        | 15   | 191              | 163                 |
| Advances received   |      | 1,173            | 433                 |
|   |      | <b>95,637</b>    | <b>232,246</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         |      | <b>2,481,162</b> | <b>2,480,757</b>    |

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Income Statement**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

|  | Note | Three-month<br>period ended<br>31 March 2021<br>(unaudited) | Three-month<br>period ended<br>31 March 2020<br>(unaudited) |
|--|------|---|---|
| Rental revenue   | 5    | 27,984  | 30,998  |
| Service charge revenue   | 5    | 9,243   | 10,027  |
| Service charge costs   | 5    | (9,761)   | (11,158)  |
| <b>Gross margin from operations</b>  |      | <b>27,466</b>   | <b>29,867</b>   |
| Selling expenses   |      | (364)   | (323)   |
| Administration expenses  | 6    | (2,980)   | (1,421)   |
| Profit from revaluation / impairment of assets                                       | 8    | (2,594)   | (5,781)   |
| Other income   |      | 118   | 14  |
| Other expenses   |      | (179)   | (288)   |
| <b>Profit from continuing operations before<br/>tax and finance income / expense</b> |      | <b>21,467</b>   | <b>22,068</b>   |
| Foreign exchange differences gain / (loss), net                                      |      | (368)   | (5,331)   |
| Finance income   |      | 74  | 90  |
| Finance cost   | 7    | (8,564)   | (8,733)   |
| <b>Profit before tax</b>   |      | <b>12,609</b>   | <b>8,094</b>  |
| Taxation   | 19   | (3,903)   | (5,308)   |
| <b>Profit for the period</b>   |      | <b>8,706</b>  | <b>2,786</b>  |
| <b>Attributable to:</b>  |      |   |   |
| Equity holders of the Company  |      | 8,462   | 2,577   |
| Non-controlling interest   | 9    | 244   | 209   |
| Basic earnings per share (in Euro)   | 21   | 0.02  | 0.01  |

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Comprehensive Income**  
**for the three-month period ended 31 March 2021**  
**(In thousands of Euro)**

|  | Three-month period<br>ended<br>31 March 2021<br>(unaudited) | Three-month period<br>ended<br>31 March 2020<br>(unaudited) |
|--|---|---|
| <b>Profit for the period</b>   | <b>8,706</b>  | <b>2,786</b>  |
| <i>Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods</i>    | -   | -   |
| Gain/(loss) on hedge transactions  | (9,118)   | (318)   |
| Income tax   | 626   | (5)   |
| <b>Net gain/(loss) on hedge transactions</b>   | <b>(8,492)</b>  | <b>(323)</b>  |
| Foreign currency translation   | (77)  | (3,189)   |
| <b><i>Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</i></b> | <b>(8,569)</b>  | <b>(3,512)</b>  |
| <b>Total comprehensive income/(loss) for the period, net of tax</b>  | <b>137</b>  | <b>(726)</b>  |
| <b>Attributable to:</b>  |   |   |
| Equity holders of the Company  | (107)   | (935)   |
| Non-controlling interest   | 244   | 209   |

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**for the three-month period ended 31 March 2021**  
**(In thousands of Euro)**

|   | Share Capital | Share premium  | Capital reserve | Hedge reserve   | Foreign currency translation reserve | Accumulated profit | Total          | Non-controlling interest | Total          |
|---|---------------|----------------|-----------------|-----------------|--------------------------------------|--------------------|----------------|--------------------------|----------------|
| <b>Balance as of 1 January 2021</b>                       | <b>11,007</b> | <b>550,522</b> | <b>(49,489)</b> | <b>(11,930)</b> | <b>(2,553)</b>                       | <b>460,053</b>     | <b>957,610</b> | <b>16,538</b>            | <b>974,148</b> |
| Other comprehensive income                                | -             | -              | -               | (8,492)         | (77)                                 | -                  | (8,569)        | -                        | (8,569)        |
| Profit for the period ended 31 March 2021                 | -             | -              | -               | -               | -                                    | 8,462              | 8,462          | 244                      | 8,706          |
| <b>Total comprehensive income / (loss) for the period</b> | <b>-</b>      | <b>-</b>       | <b>-</b>        | <b>(8,492)</b>  | <b>(77)</b>                          | <b>8,462</b>       | <b>(107)</b>   | <b>244</b>               | <b>137</b>     |
| <b>Balance as of 31 March 2021</b>                        | <b>11,007</b> | <b>550,522</b> | <b>(49,489)</b> | <b>(20,422)</b> | <b>(2,630)</b>                       | <b>468,515</b>     | <b>957,503</b> | <b>16,782</b>            | <b>974,285</b> |

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

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**for the three-month period ended 31 March 2021**  
**(In thousands of Euro)**

|  |    | Three-month<br>period ended<br>31 March<br>2021<br>(unaudited) | Three-month<br>period ended<br>31 March<br>2020<br>(unaudited) |
|--|----|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |    |  |  |
| Profit before tax  |    | 12,609   | 8,094  |
| <b>Adjustments for:</b>  |    |  |  |
| Loss/(profit) from revaluation/impairment of assets and residential projects         | 8  | 2,594  | 5,781  |
| Foreign exchange differences loss/(gain), net  |    | 368  | 5,331  |
| Finance income   |    | (74)   | (90)   |
| Finance cost   | 7  | 8,564  | 8,733  |
| Provision for share based payment loss/(profit)                                      |    | 250  | (1,118)  |
| Depreciation   |    | 181  | 162  |
| <b>Operating cash before working capital changes</b>                                 |    | <b>24,492</b>  | <b>26,893</b>  |
| Decrease (increase) in accounts receivables and prepayments and other current assets |    | (2,072)  | (2,752)  |
| Decrease (increase) in advances received   |    | 740  | 1,462  |
| Increase (decrease) in deposits from tenants   |    | 1,054  | (98)   |
| Increase (decrease) in trade and other payables                                      |    | (559)  | (1,785)  |
| <b>Cash generated from operations</b>  |    | <b>23,655</b>  | <b>23,720</b>  |
| Tax paid in the period   |    | (1,403)  | (1,327)  |
| <b>Net cash from operating activities</b>  |    | <b>22,252</b>  | <b>22,393</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |    |  |  |
| Expenditure on investment property and property, plant and equipment                 |    | (22,332)   | (18,804)   |
| Decrease in short term deposits designated for investment                            |    | -  | 3,758  |
| Advances received for assets held for sale   | 16 | 1,080  | -  |
| VAT/tax on purchase/sale of investment property                                      |    | 1,297  | 557  |
| Interest received  |    | 6  | 22   |
| <b>Net cash used in investing activities</b>   |    | <b>(19,949)</b>  | <b>(14,467)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |    |  |  |
| Proceeds from long-term borrowings   | 14 | 103,883  | 138,049  |
| Repayment of long-term borrowings  | 14 | (111,821)  | (113,399)  |
| Interest paid  |    | (9,194)  | (7,225)  |
| Repayment of lease liability   |    | (516)  | (90)   |
| Loans origination payment  |    | (780)  | (945)  |
| Decrease/(Increase) in short term deposits   |    | (1,131)  | (206)  |
| <b>Net cash from /(used) in financing activities</b>                                 |    | <b>(19,559)</b>  | <b>16,184</b>  |
| <b>Net foreign exchange difference</b>   |    | <b>(686)</b>   | <b>(7,200)</b>   |
| <b>Net increase/ (Decrease) in cash and cash equivalents</b>                         |    | <b>(17,942)</b>  | <b>16,910</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>                      |    | <b>271,996</b>   | <b>179,636</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                            |    | <b>254,054</b>   | <b>196,546</b>   |

## **1. Principal activities**

Globe Trade Centre S.A. (the “Company” or “GTC”) with its subsidiaries (“GTC Group” or “the Group”) is an international real estate developer and investor. The Company was registered in Warsaw on 19 December 1996. The Company’s registered office is in Warsaw, Poland at Komitetu Obrony Robotników 45a Street. The Company owns, through its subsidiaries, commercial and residential real estate companies with a focus on Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. There is no seasonality in the business of the Group companies.

As of 31 March 2021, the majority shareholder of the Company is GTC Holding Zrt., which holds directly and indirectly 320,466,380 shares of GTC S.A., entitling to 320,466,380 votes in the Company, representing 66% of the share capital of GTC S.A. and carrying the right to 66% of the total number of votes in GTC S.A.. GTC Holding Zrt. holds directly 21,891,289 shares of the Company, entitling to 21,891,289 votes in GTC S.A., representing 4.51% of the share capital of the Issuer and carrying the right to 4.51% of the total number of votes in GTC S.A. and indirectly (i.e. through GTC Dutch Holdings B.V.) holds 298,575,091 shares in the Company, entitling to 298,575,091 votes GTC S.A., representing 61.49% of the share capital of the Company and carrying the right to 61.49% of the total number of votes in the Company.

### **Events in the period**

On 8 January 2021, GTC Pixel and GTC Francuska signed a loan agreement with Santander Bank Polska, which refinanced the existing loans. GTC Pixel repaid the loan in PKO BP in amount of EUR 19.2 million and obtained the new loan in Santander Bank Polska in amount of EUR 19.7 million. GTC Francuska repaid the loan in ING in amount of EUR 18.9 million and obtained the new loan in Santander Bank Polska in amount of EUR 19.3 million.

On 5 March 2021 Globe Office Investments Ltd an indirect wholly-owned subsidiary of the Company signed a sale and purchase agreement with a company related to the majority shareholder of the Company for the purpose of acquisition of a Class A office building on Váci corridor, Budapest for a consideration of EUR 51 million. Subsequently on 19 March 2021 a loan agreement in the amount of EUR 25 million with Erste Group Bank AG was signed for the purpose of financing the acquisition. The transaction was closed on 30 April 2021 (please refer to subsequent events note).

On 5 March 2021, GTC SA repaid all bonds issued under ISIN code PLGTC0000276 (full redemption). The original nominal value was EUR 20,494.



## **1. Principal activities (continued)**

On 11 March 2021 GTC Real Estate Development Hungary Zrt, a wholly-owned subsidiary of the Company signed a sale purchase agreement to acquire a Napred company, Belgrade, holding a land plot of 19,537 sqm for a consideration of EUR 33.8 million from Groton Global Corp. The site has potential office development of cca 79,000 sqm. The transaction is expected to be finalized during Q2 2021 upon certain conditions precedents are fulfilled.

On 17 March 2021, GTC Real Estate Development Hungary Zrt., a wholly-owned subsidiary of the Company issued 10-year green bonds with the total nominal value of EUR 53.8 million denominated in HUF to finance real estate acquisitions, redevelopment and constructions of eligible projects. The bonds are fully and irrevocable guaranteed by the Company and were issued at a yield of 2.68% with an annual fixed coupon of 2.6%. The bonds are amortized 10% a year starting on the 7th year with the 70% of the value paid at the maturity on 17 March 2031.

On 17 March 2021, GTC Real Estate Development Hungary Zrt. a wholly-owned subsidiary of the Company entered into cross-currency interest swap agreements with two different banks to hedge the total green bonds liability against foreign exchange fluctuations. The green bonds were fixed to the Euro, and the fixed annual coupon was swapped for an average annual interest fixed rate of 0.93%.

On 18 March 2021 Erste Group Bank AG, Raiffeisenlandesbank Niederosterreich-Wien AG and GTC CTWA Sp. z o.o., a wholly-owned subsidiary of the Company, operating Galeria Jurajska shopping mall, signed a waiver letter, according to which the DSCR covenant was waived until the end of September 2022 and a prepayment of EUR 5 million was done at the end of March 2021.

On 19 March 2021 City Gate SRL and City Gate Bucharest SRL wholly-owned subsidiaries of the Company signed prolongation of the loan agreement with Erste Group Bank AG for additional 5 years.

On 19 March 2021, Commercial Development d.o.o. Beograd, a wholly-owned subsidiary of the Company, operating Ada Mall, and Intesa Bank signed a restated loan agreement whereby the existing loan in the amount of EUR 58.3 million was early prepaid by 31 March 2021 in the amount of EUR 29 million and margin reduced from 3.15% to 2.9%. Following the prepayment, the outstanding loan amount shall be payable in full at maturity in 2029.

## **2. Basis of preparation**

The Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no significant difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union. The new standards which have been issued but are not effective yet in the financial year beginning on 1 January 2021 have been presented in the Group's consolidated financial statements for the year ended 31 December 2020 (note 6).

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2020, which were authorized for issue on 22 March 2021. The interim financial results are not necessarily indicative of the full year results.

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

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

As of 31 March 2021, the Group's net working capital (defined as current assets less current liabilities) amounted to EUR 205.3 million.

## **2. Basis of preparation (continued)**

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

### **Covid- 19 Outbreak**

It became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with an increased volatility in the financial markets might lead to a potential decrease in the Company assets' values, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined, it is clear that it poses substantial risks (for further information please see note 18).

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 (see Note 7 to the consolidated financial statements for 2020) except for changes in the standards which became effective 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020). These amendments complement those made in 2019 ('IBOR – phase 1') and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020)

Those amendments to the standards have no significant effect the Group's financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 4. Investment in Subsidiaries, Associates, and Joint Ventures

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

### Subsidiaries

| Name   | Holding Company | Country of incorporation | 31 March 2021 | 31 December 2020 |
|--|-----------------|--------------------------|---------------|------------------|
| GTC Konstancja Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Korona S.A.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| Globis Poznań Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Aeropark Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| Globis Wrocław Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Satellite Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Sterlinga Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Karkonoska Sp. z o.o. (1)                                    | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Ortal Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| Diego Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Francuska Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC UBP Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Pixel Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Moderna Sp. z o.o.   | GTC S.A.        | Poland                   | 100%          | 100%             |
| Centrum Handlowe Wilanow Sp. z o.o.                              | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Management Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Corius Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| Centrum Światowida Sp. z o.o.                                    | GTC S.A.        | Poland                   | 100%          | 100%             |
| Glorine investments Sp. z o.o. (1)                               | GTC S.A.        | Poland                   | 100%          | 100%             |
| Glorine investments Sp. z o.o. s.k.a.(1)                         | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Galeria CTWA Sp. z o.o.                                      | GTC S.A.        | Poland                   | 100%          | 100%             |
| Artico Sp. z o.o.  | GTC S.A.        | Poland                   | 100%          | 100%             |
| GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary") | GTC S.A.        | Hungary                  | 100%          | 100%             |
| GTC Duna Kft.  | GTC Hungary     | Hungary                  | 100%          | 100%             |
| Vaci Ut 81-85 Kft.   | GTC Hungary     | Hungary                  | 100%          | 100%             |
| Riverside Apartmanok Kft. ("Riverside") (1)                      | GTC Hungary     | Hungary                  | 100%          | 100%             |
| Centre Point I. Kft. ("Centre Point I")                          | GTC Hungary     | Hungary                  | 100%          | 100%             |
| Centre Point II. Kft.  | GTC Hungary     | Hungary                  | 100%          | 100%             |
| Spiral I.Kft.  | GTC Hungary     | Hungary                  | 100%          | 100%             |

(1) Under liquidation

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

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

| Name  | Holding Company        | Country of incorporation | 31 March 2021 | 31 December 2020 |
|---|------------------------|--------------------------|---------------|------------------|
| Albertfalva Üzletközpont Kft.               | GTC Hungary            | Hungary                  | 100%          | 100%             |
| GTC Metro Kft.                              | GTC Hungary            | Hungary                  | 100%          | 100%             |
| Kompakt Land Kft.                           | GTC Hungary            | Hungary                  | 100%          | 100%             |
| GTC White House Kft.                        | GTC Hungary            | Hungary                  | 100%          | 100%             |
| VRK Tower Kft.                              | GTC Hungary            | Hungary                  | 100%          | 100%             |
| GTC Future Kft.                             | GTC Hungary            | Hungary                  | 100%          | 100%             |
| Globe Office Investments Kft.               | GTC Hungary            | Hungary                  | 100%          | 100%             |
| Office Planet Kft. (3)                      | GTC Hungary            | Hungary                  | 100%          | -                |
| Halsey Investments Sp. z.o.o. (4)           | GTC Hungary            | Poland                   | 100%          | -                |
| GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb") | GTC S.A.               | Croatia                  | 100%          | 100%             |
| Euro Structor d.o.o.                        | GTC S.A.               | Croatia                  | 70%           | 70%              |
| Marlera Golf LD d.o.o.                      | GTC S.A.               | Croatia                  | 100%          | 100%             |
| Nova Istra Idaeus d.o.o.                    | Marlera Golf LD d.o.o. | Croatia                  | 100%          | 100%             |
| GTC Matrix d.o.o.                           | GTC S.A.               | Croatia                  | 100%          | 100%             |
| GTC Seven Gardens d.o.o.                    | GTC S.A.               | Croatia                  | 100%          | 100%             |
| Towers International Property S.R.L.        | GTC S.A.               | Romania                  | 100%          | 100%             |
| Green Dream S.R.L.                          | GTC S.A.               | Romania                  | 100%          | 100%             |
| Aurora Business Complex S.R.L.              | GTC S.A.               | Romania                  | 100%          | 100%             |
| Cascade Building S.R.L.                     | GTC S.A.               | Romania                  | 100%          | 100%             |
| City Gate Bucharest S.R.L.                  | GTC S.A.               | Romania                  | 100%          | 100%             |
| Venus Commercial Center S.R.L.              | GTC S.A.               | Romania                  | 100%          | 100%             |
| Beaufort Invest S.R.L. (1)                  | GTC S.A.               | Romania                  | 100%          | 100%             |
| Fajos S.R.L. (2)                            | GTC S.A.               | Romania                  | -             | 100%             |
| City Gate S.R.L.                            | GTC S.A.               | Romania                  | 100%          | 100%             |
| City Rose Park S.R.L.                       | GTC S.A.               | Romania                  | 100%          | 100%             |
| Deco Intermed S.R.L.                        | GTC S.A.               | Romania                  | 66.7%         | 66.7%            |
| GML American Regency Pipera S.R.L.          | GTC S.A.               | Romania                  | 66.7%         | 66.7%            |

(1) Under liquidation

(2) Liquidated

(3) Newly established wholly owned subsidiary

(4) Acquired

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

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

| Name   | Holding Company                        | Country of incorporation | 31 March 2021 | 31 December 2020 |
|--|--|--------------------------|---------------|------------------|
| NRL EAD  | GTC S.A.                               | Bulgaria                 | 100%          | 100%             |
| Advance Business Center EAD                        | GTC S.A.                               | Bulgaria                 | 100%          | 100%             |
| GTC Yuzhen Park EAD ("GTC Yuzhen")                 | GTC S.A.                               | Bulgaria                 | 100%          | 100%             |
| Dorado 1 EOOD                                      | GTC S.A.                               | Bulgaria                 | 100%          | 100%             |
| GTC Medj Razvoj Nekretnina d.o.o. Beograd (5)      | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| GTC Business Park d.o.o. Beograd (5)               | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Commercial and Residential Ventures d.o.o. Beograd | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Demo Invest d.o.o. Novi Beograd (5)                | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Atlas Centar d.o.o. Beograd (5)                    | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Commercial Development d.o.o. Beograd              | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Glamp d.o.o. Beograd                               | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| GTC BBC d.o.o (5)                                  | GTC S.A.                               | Serbia                   | 100%          | 100%             |
| Europort Investment (Cyprus) 1 Limited             | GTC S.A.                               | Cyprus                   | 100%          | 100%             |
| Europort Ukraine Holdings 1 LLC                    | Europort Investment (Cyprus) 1 Limited | Ukraine                  | 100%          | 100%             |
|  | Europort Investment (Cyprus) 1 Limited |                          | 100%          | 100%             |
| Europort Ukraine LLC                               | Europort Investment (Cyprus) 1 Limited | Ukraine                  | 100%          | 100%             |
| Europort Project Ukraine 1 LLC                     | Europort Investment (Cyprus) 1 Limited | Ukraine                  | 100%          | 100%             |

(5) GTC S.A. hold 100 % through Office Planet Kft., a fully owned by GTC S.A. and holding 70%.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 5. Segmental analysis

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets, and other factors. GTC operates in six core markets: Poland, Budapest, Bucharest, Belgrade, Sofia, and Zagreb.

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

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

Segment analysis of rental income and costs for the three months period ended 31 March 2021 and 31 March 2020 is presented below:

| Portfolio    | 2021          |                |               | 2020          |                 |               |
|--------------|---------------|----------------|---------------|---------------|-----------------|---------------|
|              | Revenues      | Costs          | Gross margin  | Revenues      | Costs           | Gross margin  |
| Poland       | 14,358        | (4,091)        | 10,267        | 16,794        | (5,293)         | 11,501        |
| Belgrade     | 8,069         | (2,092)        | 5,977         | 8,521         | (2,259)         | 6,262         |
| Budapest     | 4,954         | (1,210)        | 3,744         | 5,600         | (1,353)         | 4,247         |
| Bucharest    | 4,343         | (685)          | 3,658         | 4,261         | (767)           | 3,494         |
| Zagreb       | 3,029         | (1,026)        | 2,003         | 2,844         | (956)           | 1,888         |
| Sofia        | 2,474         | (657)          | 1,817         | 3,005         | (530)           | 2,475         |
| <b>Total</b> | <b>37,227</b> | <b>(9,761)</b> | <b>27,466</b> | <b>41,025</b> | <b>(11,158)</b> | <b>29,867</b> |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 5. Segmental analysis (continued)

Segment analysis of assets and liabilities as of 31 March 2021 is presented below:

|               | Real estate      | Cash and deposits | Other         | Total assets     | Loans, bonds and leases | Deferred tax liability | Other         | Total liabilities |
|---------------|------------------|-------------------|---------------|------------------|-------------------------|------------------------|---------------|-------------------|
| Poland        | 905,821          | 38,520            | 4,256         | <b>948,597</b>   | 522,584                 | 60,711                 | 12,267        | <b>595,562</b>    |
| Belgrade      | 370,199          | 14,563            | 4,538         | <b>389,300</b>   | 180,711                 | 10,508                 | 8,611         | <b>199,830</b>    |
| Budapest      | 329,935          | 154,670           | 9,309         | <b>493,914</b>   | 288,510                 | 13,039                 | 25,171        | <b>326,720</b>    |
| Bucharest     | 195,014          | 14,643            | 2,026         | <b>211,683</b>   | 94,246                  | 12,537                 | 4,081         | <b>110,864</b>    |
| Zagreb        | 160,529          | 7,092             | 12,334        | <b>179,955</b>   | 66,871                  | 16,824                 | 5,258         | <b>88,953</b>     |
| Sofia         | 180,091          | 8,218             | 1,622         | <b>189,931</b>   | 92,178                  | 8,428                  | 3,491         | <b>104,097</b>    |
| Other         | 11,664           | 62                | 30            | <b>11,756</b>    | -                       | -                      | 1,213         | <b>1,213</b>      |
| Non allocated | -                | 55,830            | 196           | <b>56,026</b>    | 57,944                  | 15,204                 | 6,490         | <b>79,638</b>     |
| <b>Total</b>  | <b>2,153,253</b> | <b>293,598</b>    | <b>34,311</b> | <b>2,481,162</b> | <b>1,303,044</b>        | <b>137,251</b>         | <b>66,582</b> | <b>1,506,877</b>  |

Segment analysis of assets and liabilities as of 31 December 2020 is presented below:

|               | Real estate      | Cash and deposits | Other         | Total assets     | Loans, bonds and leases | Deferred tax liability | Other         | Total liabilities |
|---------------|------------------|-------------------|---------------|------------------|-------------------------|------------------------|---------------|-------------------|
| Poland        | 906,313          | 44,939            | 3,872         | <b>955,124</b>   | 532,127                 | 59,536                 | 14,005        | <b>605,668</b>    |
| Belgrade      | 370,123          | 13,316            | 3,711         | <b>387,150</b>   | 211,497                 | 10,373                 | 8,628         | <b>230,498</b>    |
| Budapest      | 321,704          | 149,239           | 4,680         | <b>475,623</b>   | 223,862                 | 12,240                 | 17,617        | <b>253,719</b>    |
| Bucharest     | 197,247          | 13,527            | 1,119         | <b>211,893</b>   | 104,974                 | 11,816                 | 3,103         | <b>119,893</b>    |
| Zagreb        | 159,319          | 5,905             | 12,305        | <b>177,529</b>   | 67,142                  | 16,728                 | 4,383         | <b>88,253</b>     |
| Sofia         | 179,109          | 11,609            | 1,087         | <b>191,805</b>   | 93,212                  | 8,337                  | 6,850         | <b>108,399</b>    |
| Other         | 9,521            | 17                | 18            | <b>9,556</b>     | -                       | -                      | 1,141         | <b>1,141</b>      |
| Non allocated | -                | 71,857            | 220           | <b>72,077</b>    | 78,370                  | 14,200                 | 6,468         | <b>99,038</b>     |
| <b>Total</b>  | <b>2,143,336</b> | <b>310,409</b>    | <b>27,012</b> | <b>2,480,757</b> | <b>1,311,184</b>        | <b>133,230</b>         | <b>62,195</b> | <b>1,506,609</b>  |



**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 6. Administration expenses

Administration expenses for the period of three-months ended 31 March 2021 and 31 March 2020 comprises the following amounts:

|                         | Three-month period<br>ended 31 March 2021<br>(unaudited) | Three-month period<br>ended 31 March 2020<br>(unaudited) |
|-------------------------|--|--|
| Administration expenses | 2,730  | 2,539  |
| Share based payment     | 250  | (1,118)  |
| <b>Total</b>            | <b>2,980</b>   | <b>1,421</b>   |

## 7. Finance costs

Finance costs for the period of three-months ended 31 March 2021 and 31 March 2020 comprises the following amounts:

|  | Three-month period<br>ended 31 March 2021<br>(unaudited) | Three-month period<br>ended 31 March 2020<br>(unaudited) |
|--|--|--|
| Interest expenses (on financial liabilities that are not fair valued through profit or loss) and other charges | 8,099  | 8,217  |
| Amortization of loan raising costs   | 465  | 516  |
| <b>Total</b>   | <b>8,564</b>   | <b>8,733</b>   |

The average interest rate (including hedges) on the Group's loans as of 31 March 2021 was 2.3% p.a. (2.3% p.a. as of 31 December 2020).

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

---

## **8. Investment Property**

Investment properties that are owned by the Group are office and commercial space, including property under construction:

Investment property can be split up as follows:

|  | <b>31 March 2021</b> | <b>31 December 2020</b> |
|--|----------------------|-------------------------|
| Completed investment property                  | 1,880,355            | 1,879,173               |
| Investment property under construction         | 71,991               | 62,909                  |
| Investment property landbank at cost           | 140,687              | 140,367                 |
| Right of use of lands under perpetual usufruct | 42,094               | 42,679                  |
| <b>Total</b>                                   | <b>2,135,127</b>     | <b>2,125,128</b>        |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 8. Investment Property (continued)

The movement in investment property for the periods ended 31 March 2021 and 31 December 2020 was as follows:

|   | Right of<br>Use of land | Level 2          | Level 3<br>at fair value | Level 3<br>at Cost | Total            |
|---|-------------------------|------------------|--------------------------|--------------------|------------------|
| <b>Carrying amount as of<br/>1 January 2020</b>                   | <b>44,485</b>           | <b>1,346,097</b> | <b>741,172</b>           | <b>115,276</b>     | <b>2,247,030</b> |
| Reclassification  | -                       | (7,799)          | -                        | 7,799              | -                |
| Capitalised subsequent<br>expenditure                             | -                       | 11,446           | 48,184                   | 8,065              | 67,695           |
| Purchase of completed assets<br>and land                          | -                       | 5,600            | -                        | 16,502             | 22,102           |
| Adjustment to fair value /<br>(impairment)                        | -                       | (84,904)         | (52,844)                 | (3,165)            | (140,913)        |
| Amortization of right of use of<br>lands under perpetual usufruct | (440)                   | -                | -                        | -                  | (440)            |
| Increase  | 96                      | -                | -                        | -                  | 96               |
| Reclassified to assets held for<br>sale                           | -                       | -                | -                        | (900)              | (900)            |
| Disposals   | -                       | (62,649)         | -                        | (500)              | (63,149)         |
| Foreign exchange differences                                      | (1,462)                 | (4,830)          | -                        | (101)              | (6,393)          |
| <b>Carrying amount as of<br/>31 December 2020</b>                 | <b>42,679</b>           | <b>1,202,961</b> | <b>736,512</b>           | <b>142,976</b>     | <b>2,125,128</b> |
| Capitalised subsequent<br>expenditure                             | -                       | 1,699            | 9,954                    | 1,312              | 12,965           |
| Adjustment to fair value /<br>(impairment)                        | -                       | (1,699)          | (672)                    | (51)               | (2,422)          |
| Prepaid right of use of lands<br>under perpetual usufruct         | (610)                   | -                | -                        | -                  | (610)            |
| Amortization of right of use of<br>lands under perpetual usufruct | (162)                   | -                | -                        | -                  | (162)            |
| Increase  | 2                       | -                | -                        | -                  | 2                |
| Foreign exchange differences                                      | 185                     | -                | -                        | 41                 | 226              |
| <b>Carrying amount as of<br/>31 March 2021</b>                    | <b>42,094</b>           | <b>1,202,961</b> | <b>745,794</b>           | <b>144,278</b>     | <b>2,135,127</b> |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 8. Investment Property (continued)

Fair value and impairment adjustment consists of the following:

|  | Three-month period<br>ended 31 March 2021<br>(unaudited) | Three-month period<br>ended 31 March 2020<br>(unaudited) |
|--|--|--|
| Adjustment to fair value of completed investment properties  | (3,157)  | (5,714)  |
| Adjustment to the fair value of investment properties under construction                           | 786  | 141  |
| Reversal of impairment/(Impairment) adjustment   | (51)   | -  |
| <b>Total adjustment to fair value / (impairment) of investment property</b>                        | <b>(2,422)</b>   | <b>(5,573)</b>   |
| Reversal of impairment/(Impairment) of assets held for sale  | -  | (10)   |
| Amortization of right of use of lands under perpetual usufruct (including on residential landbank) | (172)  | (114)  |
| Impairment of residential landbank   | -  | (84)   |
| <b>Total recognised in profit or loss</b>  | <b>(2,594)</b>   | <b>(5,781)</b>   |

Assumptions used in the fair value valuations of completed assets as of 31 March 2021 are presented below:

| Portfolio        | Book value       | GLA<br>thousand | Average<br>Occupancy | Actual<br>Average<br>rent | Average<br>ERV | Fair Value<br>Hierarchy<br>Level | Average<br>Yield |
|------------------|------------------|-----------------|----------------------|---------------------------|----------------|----------------------------------|------------------|
|                  | '000 Euro        | sqm             | %                    | Euro/<br>sqm/m            | Euro/<br>sqm/m |                                  | %                |
| Poland retail    | 443,000          | 113             | 94%                  | 20.8                      | 20.8           | 2                                | 6.2%             |
| Poland office    | 381,738          | 196             | 86%                  | 14.6                      | 14.3           | 2                                | 8.2%             |
| Belgrade office  | 264,781          | 122             | 92%                  | 16.9                      | 16.2           | 3                                | 8.6%             |
| Belgrade retail  | 90,700           | 35              | 97%                  | 21.5                      | 19.6           | 3                                | 8.5%             |
| Budapest office  | 206,138          | 95              | 97%                  | 14.3                      | 13.8           | 2                                | 7.5%             |
| Bucharest office | 172,085          | 67              | 93%                  | 20.1                      | 17.7           | 2                                | 7.7%             |
| Zagreb retail    | 99,512           | 35              | 98%                  | 20.3                      | 20.7           | 3                                | 7.9%             |
| Zagreb office    | 45,901           | 21              | 79%                  | 14.3                      | 14.6           | 3                                | 7.6%             |
| Sofia office     | 75,800           | 34              | 81%                  | 14.6                      | 14.6           | 3                                | 7.8%             |
| Sofia retail     | 100,700          | 33              | 98%                  | 18.8                      | 20.8           | 3                                | 7.8%             |
| <b>Total</b>     | <b>1,880,355</b> | <b>751</b>      | <b>91%</b>           | <b>17.2</b>               | <b>16.7</b>    |                                  | <b>7.8%</b>      |

(\*) ERV- Estimated Rent Value (the open market rent value that a property can be reasonably expected to attain based on characteristics such as a condition of the property, amenities, location, and local market conditions)

The accompanying notes are an integral part of this Consolidated Financial Statements

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 8. Investment Property (continued)

Assumptions used in the fair value valuations of completed assets as of 31 December 2020 are presented below:

| Portfolio        | Book value       | GLA<br>thousand | Average<br>Occupancy | Actual<br>Average<br>rent | Average<br>ERV | Fair Value<br>Hierarchy<br>Level | Average<br>Yield |
|------------------|------------------|-----------------|----------------------|---------------------------|----------------|----------------------------------|------------------|
|                  | '000 Euro        | sqm             | %                    | Euro/<br>sqm/m            | Euro/<br>sqm/m |                                  | %                |
| Poland retail    | 443,000          | 113             | 93%                  | 20.9                      | 20.8           | 2                                | 6.2%             |
| Poland office    | 381,738          | 196             | 88%                  | 14.6                      | 14.3           | 2                                | 8.2%             |
| Belgrade office  | 264,781          | 122             | 93%                  | 16.7                      | 16.2           | 3                                | 8.6%             |
| Belgrade retail  | 90,700           | 35              | 97%                  | 22.0                      | 19.6           | 3                                | 8.5%             |
| Budapest office  | 206,138          | 97              | 95%                  | 14.2                      | 13.8           | 2                                | 7.5%             |
| Bucharest office | 172,085          | 67              | 93%                  | 20.5                      | 17.7           | 2                                | 7.7%             |
| Zagreb retail    | 99,512           | 35              | 97%                  | 20.2                      | 20.6           | 3                                | 7.9%             |
| Zagreb office    | 44,719           | 21              | 76%                  | 14.3                      | 14.6           | 3                                | 7.6%             |
| Sofia office     | 75,800           | 34              | 79%                  | 14.6                      | 14.6           | 3                                | 7.8%             |
| Sofia retail     | 100,700          | 33              | 98%                  | 18.8                      | 20.8           | 3                                | 7.8%             |
| <b>Total</b>     | <b>1,879,173</b> | <b>753</b>      | <b>91%</b>           | <b>17.2</b>               | <b>16.7</b>    |                                  | <b>7.8%</b>      |

Information regarding investment properties under construction as of 31 March 2021 is presented below:

|                       | Book value    | Estimated area (GLA) |
|-----------------------|---------------|----------------------|
|                       | '000 Euro     | thousand sqm         |
| Budapest (Pillar)     | 68,400        | 29                   |
| Sofia (Sofia Tower 2) | 3,591         | 8                    |
| <b>Total</b>          | <b>71,991</b> | <b>37</b>            |

Information regarding investment properties under construction as of 31 December 2020 is presented below:

|                       | Book value    | Estimated area (GLA) |
|-----------------------|---------------|----------------------|
|                       | '000 Euro     | thousand sqm         |
| Budapest (Pillar)     | 60,300        | 29                   |
| Sofia (Sofia Tower 2) | 2,609         | 8                    |
| <b>Total</b>          | <b>62,909</b> | <b>37</b>            |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## **8. Investment Property (continued)**

Information regarding book value of investment property landbank for construction as of 31 March 2021 and 31 December 2020 is presented below:

|              | 31 March 2021  | 31 December 2020 |
|--------------|----------------|------------------|
| Poland       | 38,029         | 37,961           |
| Serbia       | 10,244         | 10,164           |
| Hungary      | 50,036         | 49,895           |
| Romania      | 15,500         | 15,500           |
| Croatia      | 14,669         | 14,638           |
| <b>Total</b> | <b>128,478</b> | <b>128,158</b>   |

Information regarding book value of investment property landbank (long term pipeline – with no current plan for construction) as of 31 March 2021 and 31 December 2020 is presented below:

|                    | 31 March 2021  | 31 December 2020 |
|--------------------|----------------|------------------|
| Poland             | 8,859          | 8,859            |
| Hungary            | 3,350          | 3,350            |
| <b>Total</b>       | <b>12,209</b>  | <b>12,209</b>    |
| <b>GRAND TOTAL</b> | <b>140,687</b> | <b>140,367</b>   |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 9. Non-controlling interest

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

Summarised financial information of the material non-controlling interest as of 31 March 2021 (unaudited) is presented below:

|                                     | Avenue Mall   | Non-core projects | Total         |
|-------------------------------------|---------------|-------------------|---------------|
| NCI share in equity                 | 24,112        | (7,330)           | 16,782        |
| Loans received from NCI             | -             | 8,588             | 8,588         |
| Loans granted to NCI                | (11,320)      | -                 | (11,320)      |
| <b>Total as of 31 March 2021</b>    | <b>12,792</b> | <b>1,258</b>      | <b>14,050</b> |
| <br>                                |               |                   |               |
| <b>NCI share in profit / (loss)</b> | <b>308</b>    | <b>(64)</b>       | <b>244</b>    |

## 10. Blocked deposits

Blocked deposits include deposits related to loan agreements and other contractual commitments and can be used only for certain operating activities as determined by underlying agreements.

Blocked deposits related to contractual commitments include mostly tenants' deposit account, security account, capex accounts, and deposits in order to settle contractual commitments related to the construction of this project.

## 11. Derivatives

The Group holds instruments (IRS, CAP, currency SWAP and cross-currency interest rate SWAP) that hedge the risk involved in fluctuations of interest rate and currencies rates. The instruments hedge interest on loans for a period of 2-5 years

The movement in derivatives for the periods ended 31 March 2021 and 31 December 2020 was as follows:

|   | 31 March 2021   | 31 December 2020 |
|---|-----------------|------------------|
| <b>Fair value as of the beginning of the period</b> | <b>(19,260)</b> | <b>(6,085)</b>   |
| Charged to other comprehensive income               | (9,118)         | (7,748)          |
| Charged to income statements                        | 505             | (5,427)          |
| <b>Fair value as of the end of the period</b>       | <b>(27,873)</b> | <b>(19,260)</b>  |

## 12. VAT and other tax receivable

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

## 13. Trade payables and provisions

The balance of trade payables and provisions decreased from EUR 27,299 to EUR 20,065 in the period ended 31 March 2021.

The majority of the payables relates to development activity payables in Pillar. The amount is planned to be financed mostly by long term loans.



**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 14. Long-term loans and bonds

|  | 31 March 2021    | 31 December 2020 |
|--|------------------|------------------|
| Bonds mature in 2022-2023 (Poland)<br>(PLGTC0000318) | 48,338           | 48,117           |
| Green bonds mature in 2027-2030 (HU0000360102)       | 109,212          | 108,614          |
| Green bonds mature in 2028-2031 (HU0000360284)       | 54,455           | -                |
| Bonds 0321 (PLGTC0000276)                            | -                | 20,737           |
| Bonds 0422 (PLGTC0000292)                            | 9,605            | 9,515            |
| Loan from Santander (Globis Poznan)                  | 16,793           | 16,951           |
| Loan from Santander (Korona Business Park)           | 41,618           | 41,966           |
| Loan from Santander (Pixel)                          | 19,528           | -                |
| Loan from PKO BP (Pixel)                             | -                | 19,224           |
| Loan from Santander (Globis Wroclaw)                 | 21,194           | 21,368           |
| Loan from Berlin Hyp (Corius)                        | 9,951            | 10,036           |
| Loan from Pekao (Sterlinga)                          | 15,006           | 15,138           |
| Loan from Pekao (Galeria Polnocna)                   | 174,154          | 175,404          |
| Loan from PKO BP (Artico)                            | 13,721           | 13,848           |
| Loan from Erste and Raiffeisen (Galeria Jurajska)    | 118,906          | 125,125          |
| Loan from Berlin Hyp (UBP)                           | 42,195           | 42,413           |
| Loan from Santander (Francuska)                      | 19,132           | -                |
| Loan from ING (Francuska)                            | -                | 18,929           |
| Loan from OTP (Centre Point)                         | 49,218           | 49,669           |
| Loan from CIB (Metro)                                | 12,984           | 13,277           |
| Loan from UniCredit Bank (Kompakt)                   | 24,455           | 13,718           |
| Loan from OTP (Duna)                                 | 38,167           | 38,518           |
| Loan from Erste (GTC House)                          | 14,664           | 14,820           |
| Loan from Erste (19 Avenue)                          | 21,262           | 21,510           |
| Loan from OTP (BBC)                                  | 20,784           | 20,985           |
| Loan from Intesa Bank (Green Heart)                  | 55,189           | 55,907           |
| Loan from Raiffeisen Bank (Forty one)                | 35,832           | 36,295           |
| Loan from Intesa Bank (Ada)                          | 29,256           | 58,256           |
| Loan from Erste (City Gate)                          | 61,951           | 71,951           |
| Loan from Banca Transilvania (Cascade)               | 3,737            | 3,797            |
| Loan from Alpha Bank (Premium)                       | 13,818           | 14,486           |
| Loan from OTP (Mall of Sofia)                        | 54,054           | 54,668           |
| Loan from UniCredit (ABC I)                          | 18,617           | 18,816           |
| Loan from UniCredit (ABC II)                         | 19,421           | 19,622           |
| Loan from Erste (Matrix)                             | 22,213           | 21,921           |
| Loan from Zagrebacka Banka (Avenue Mall Zagreb)      | 43,500           | 44,000           |
| Loans from NCI                                       | 8,588            | 8,529            |
| Deferred issuance debt expenses                      | (7,153)          | (6,838)          |
| <b>Total</b>   | <b>1,254,365</b> | <b>1,261,292</b> |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 14. Long-term loans and bonds (continued)

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

|  | 31 March 2021 | 31 December 2020 |
|--|---------------|------------------|
| <b>Current portion of long term loans and bonds:</b> |               |                  |
| Bonds mature in 2022-2023 (Poland)<br>(PLGTC0000318) | 1,129         | 442              |
| Green bonds mature in 2027-2030 (HU0000360102)       | 340           | -                |
| Green bonds mature in 2028-2031 (HU0000360284)       | 19            | -                |
| Bonds 0321 (PLGTC0000276)                            | -             | 20,737           |
| Bonds 0422 (PLGTC0000292)                            | 165           | 75               |
| Loan from Santander (Globis Poznan)                  | 629           | 629              |
| Loan from Santander (Korona Business Park)           | 1,395         | 1,395            |
| Loan from Santander (Pixel)                          | 690           | -                |
| Loan from PKO BP (Pixel)                             | -             | 19,224           |
| Loan from Berlin Hyp (UBP)                           | 870           | 870              |
| Loan from Erste and Raiffeisen (Galeria Jurajska)    | 4,875         | 4,875            |
| Loan from Santander (Globis Wroclaw)                 | 693           | 693              |
| Loan from Berlin Hyp (Corius)                        | 9,951         | 10,036           |
| Loan from Pekao (Sterlinga)                          | 15,006        | 15,138           |
| Loan from PKO BP (Artico)                            | 510           | 510              |
| Loan from Pekao (Galeria Polnocna)                   | 5,000         | 5,000            |
| Loan from Santander (Francuska)                      | 676           | -                |
| Loan from ING (Francuska)                            | -             | 18,929           |
| Loan from OTP (Centre Point)                         | 1,807         | 1,807            |
| Loan from OTP (Duna)                                 | 1,401         | 1,401            |
| Loan from CIB (Metro)                                | 1,172         | 1,172            |
| Loan from Erste (GTC House)                          | 624           | 624              |
| Loan from Erste (19 Avenue)                          | 994           | 994              |
| Loan from Intesa Bank (Green Heart)                  | 2,873         | 2,873            |
| Loan from OTP (BBC)                                  | 805           | 805              |
| Loan from Raiffeisen Bank (Forty one)                | 1,853         | 1,853            |
| Loan from Intesa Bank (Ada)                          | -             | 3,473            |
| Loan from OTP (Mall of Sofia)                        | 2,457         | 2,457            |
| Loan from UniCredit (ABC I)                          | 817           | 816              |
| Loan from UniCredit (ABC II)                         | 800           | 801              |
| Loan from Zagrebacka Banka (Avenue Mall Zagreb)      | 2,000         | 2,000            |
| Loan from Erste (Matrix)                             | 580           | 580              |
| Loan from Alpha Bank (Premium)                       | 1,025         | 1,025            |
| Loan from Banca Transilvania (Cascade)               | 240           | 240              |
| Loan from Erste (City Gate)                          | 2,478         | 71,951           |
| <b>Total</b>   | <b>63,874</b> | <b>193,425</b>   |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 14. Long-term loans and bonds (continued)

|  | 31 March 2021    | 31 December 2020 |
|--|------------------|------------------|
| <b>Long term portion of long term loans and bonds:</b> |                  |                  |
| Bonds mature in 2022-2023 (Poland)<br>(PLGTC0000318)   | 47,209           | 47,675           |
| Bonds 0422 (PLGTC0000292)                              | 9,440            | 9,440            |
| Green bonds mature in 2027-2030 (HU0000360102)         | 108,872          | 108,614          |
| Green bonds mature in 2028-2031 (HU0000360284)         | 54,436           | -                |
| Loan from Santander (Globis Poznan)                    | 16,164           | 16,322           |
| Loan from Santander (Korona Business Park)             | 40,223           | 40,571           |
| Loan from Santander (Pixel)                            | 18,838           | -                |
| Loan from Santander (Globis Wroclaw)                   | 20,501           | 20,675           |
| Loan from Pekao (Galeria Polnocna)                     | 169,154          | 170,404          |
| Loan from PKO BP (Artico)                              | 13,211           | 13,338           |
| Loan from Erste and Raiffeisen (Galeria Jurajska)      | 114,031          | 120,250          |
| Loan from Berlin Hyp (UBP)                             | 41,325           | 41,543           |
| Loan from Santander (Francuska)                        | 18,456           | -                |
| Loan from OTP (Centre Point)                           | 47,411           | 47,862           |
| Loan from CIB (Metro)                                  | 11,812           | 12,105           |
| Loan from OTP (Duna)                                   | 36,766           | 37,117           |
| Loan from UniCredit Bank (Kompakt)                     | 24,455           | 13,718           |
| Loan from Erste (GTC House)                            | 14,040           | 14,196           |
| Loan from Erste (19 Avenue)                            | 20,268           | 20,516           |
| Loan from Intesa Bank (Green Heart)                    | 52,316           | 53,034           |
| Loan from Intesa Bank (Ada)                            | 29,256           | 54,783           |
| Loan from OTP (BBC)                                    | 19,979           | 20,180           |
| Loan from Raiffeisen Bank (Forty one)                  | 33,979           | 34,442           |
| Loan from Erste (City Gate)                            | 59,473           | -                |
| Loan from Banca Transilvania (Cascade)                 | 3,497            | 3,557            |
| Loan from Alpha Bank (Premium)                         | 12,793           | 13,461           |
| Loan from OTP (Mall of Sofia)                          | 51,597           | 52,211           |
| Loan from UniCredit (ABC I)                            | 17,800           | 18,000           |
| Loan from UniCredit (ABC II)                           | 18,621           | 18,821           |
| Loan from Zagrebacka Banka (Avenue Mall Zagreb)        | 41,500           | 42,000           |
| Loan from Erste (Matrix)                               | 21,633           | 21,341           |
| Loans from NCI   | 8,588            | 8,529            |
| Deferred issuance debt expenses                        | (7,153)          | (6,838)          |
| <b>Total</b>   | <b>1,190,491</b> | <b>1,067,867</b> |

## **14. Long-term loans and bonds (continued)**

As securities for the bank loans, the banks have mortgage over the assets and security deposits together with assignment of the associated receivables and insurance rights.

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

In addition, substantially, all investment properties and IPUC that were financed by a lender have been pledged to secure the long-term loans from banks. Unless otherwise stated, fair value of the pledged assets exceeds the carrying value of the related loans.

Bonds (series matures in 2022-2023) are nominated in PLN. Green Bonds (series matures in 2027-2030) and green bonds (series matures in 2028-2031) are denominated in HUF. All other bank loans and bonds are denominated in Euro.

As at 31 March 2021, the Group continue to comply with the financial covenants set out in their loan agreements.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 14. Long-term loans and bonds (continued)

The movement in long term loans and bonds for the periods ended 31 March 2021 and 31 December 2020 was as follows:

|   | 31 March 2021    | 31 December 2020 |
|---|------------------|------------------|
| <b>Balance as of the beginning of the year (excluding deferred debt expenses)</b> | <b>1,268,130</b> | <b>1,212,990</b> |
| Drawdowns   | 103,883          | 286,807          |
| Repayments  | (111,821)        | (224,293)        |
| Change in accrued interest  | 792              | (73)             |
| Foreign exchange differences  | 534              | (7,301)          |
| <b>Balance as of end of the year (excluding deferred debt expenses)</b>           | <b>1,261,518</b> | <b>1,268,130</b> |

## 15. Lease liability and Right of Use of land

Lease liabilities include mostly lease payments for land subject to perpetual usufruct payments and classified as land under investment property (completed, under construction, and landbank) and residential landbank.

The balance of Right of Use as of 31 March 2021 was as follows:

| Country                            | Completed investment property | Investment property landbank at cost | Residential landbank | Property, plant and equipment | Total         |
|------------------------------------|-------------------------------|--------------------------------------|----------------------|-------------------------------|---------------|
| Poland                             | 10,270                        | 21,947                               | -                    | -                             | 32,217        |
| Romania                            | 6,152                         | -                                    | -                    | -                             | 6,152         |
| Serbia                             | 3,725                         | -                                    | -                    | -                             | 3,725         |
| Croatia                            | -                             | -                                    | 1,131                | -                             | 1,131         |
| Bulgaria                           | -                             | -                                    | -                    | 115                           | 115           |
| Hungary                            | -                             | -                                    | -                    | 30                            | 30            |
| <b>Balance as of 31 March 2021</b> | <b>20,147</b>                 | <b>21,947</b>                        | <b>1,131</b>         | <b>145</b>                    | <b>43,370</b> |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

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

The balance of Right of Use as of 31 December 2020 was as follows:

| Country                               | Completed investment property | Investment property landbank at cost | Residential landbank | Property, plant and equipment | Total         |
|---------------------------------------|-------------------------------|--------------------------------------|----------------------|-------------------------------|---------------|
| Poland                                | 10,722                        | 22,021                               | -                    | -                             | 32,743        |
| Romania                               | 6,211                         | -                                    | -                    | -                             | 6,211         |
| Serbia                                | 3,725                         | -                                    | -                    | -                             | 3,725         |
| Croatia                               | -                             | -                                    | 1,140                | -                             | 1,140         |
| Bulgaria                              | -                             | -                                    | -                    | 131                           | 131           |
| Hungary                               | -                             | -                                    | -                    | 74                            | 74            |
| <b>Balance as of 31 December 2020</b> | <b>20,658</b>                 | <b>22,021</b>                        | <b>1,140</b>         | <b>205</b>                    | <b>44,024</b> |

The balance of lease liability as of 31 March 2021 was as follows:

| Country                            | Completed investment property | Investment property landbank at cost | Residential landbank | Property, plant and equipment | Total         | Discount rate |
|------------------------------------|-------------------------------|--------------------------------------|----------------------|-------------------------------|---------------|---------------|
| Poland                             | 10,270                        | 20,116                               | -                    | -                             | 30,386        | 4.2%          |
| Romania                            | 6,152                         | -                                    | -                    | -                             | 6,152         | 5.7%          |
| Serbia                             | 3,724                         | -                                    | -                    | -                             | 3,724         | 7.6%          |
| Croatia                            | -                             | -                                    | 1,159                | -                             | 1,159         | 4.4%          |
| Bulgaria                           | -                             | -                                    | -                    | 86                            | 86            | 4.5%          |
| Hungary                            | -                             | -                                    | -                    | 19                            | 19            | 3.9%          |
| <b>Balance as of 31 March 2021</b> | <b>20,146</b>                 | <b>20,116</b>                        | <b>1,159</b>         | <b>105</b>                    | <b>41,526</b> |               |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

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

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

| Country                               | Completed investment property | Investment property landbank at cost | Residential landbank | Property, plant and equipment | Total         | Discount rate |
|---------------------------------------|-------------------------------|--------------------------------------|----------------------|-------------------------------|---------------|---------------|
| Poland                                | 10,722                        | 21,003                               | -                    | -                             | 31,725        | 4.2%          |
| Romania                               | 6,211                         | -                                    | -                    | -                             | 6,211         | 5.7%          |
| Serbia                                | 3,724                         | -                                    | -                    | -                             | 3,724         | 7.6%          |
| Croatia                               | -                             | -                                    | 1,222                | -                             | 1,222         | 4.4%          |
| Bulgaria                              | -                             | -                                    | -                    | 106                           | 106           | 4.5%          |
| Hungary                               | -                             | -                                    | -                    | 66                            | 66            | 3.9%          |
| <b>Balance as of 31 December 2020</b> | <b>20,657</b>                 | <b>21,003</b>                        | <b>1,222</b>         | <b>172</b>                    | <b>43,054</b> |               |

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

The movement in Right of Use of land for the periods ended 31 March 2021 and 31 December 2020 was as follows:

|  | 2021          | 2020          |
|--|---------------|---------------|
| <b>Balance as of beginning of period</b>                             | <b>44,024</b> | <b>45,931</b> |
| Recognition of Right of Use asset for lands under perpetual usufruct | 2             | 96            |
| Amortization of right of use   | (191)         | (556)         |
| Prepaid right of use of lands under perpetual usufruct               | (610)         | -             |
| Foreign exchange differences   | 145           | (1,447)       |
| <b>Balance as of end of period</b>                                   | <b>43,370</b> | <b>44,024</b> |

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

The movement in lease liability for the periods ended 31 March 2021 and 31 December 2020 was as follows:

|   | 2021          | 2020          |
|---|---------------|---------------|
| <b>Balance as of beginning of period</b>                          | <b>43,054</b> | <b>46,430</b> |
| Recognition of lease liability for lands under perpetual usufruct | 2             | 96            |
| Payments of leases  | (516)         | (162)         |
| Change in provision   | 964           | (1,350)       |
| Change in accrued interest  | (1,887)       | 1,336         |
| Foreign exchange differences                                      | (91)          | (3,296)       |
| <b>Balance as of end of period</b>                                | <b>41,526</b> | <b>43,054</b> |

## 16. Residential landbank and assets held for sale

Residential land in Romania in amount of EUR 2,153 was reclassified to assets held for sale. Advance for this land in amount of EUR 1,080 was received on 23 March 2021.

## 17. Prepayment and deferred expenses

The balance of prepayment and deferred expenses increased from EUR 3,604 to EUR 9,812 in the period ended 31 March 2021.

The majority of the increase relates to development activity in Pillar project.

## 18. COVID-19

The Covid-19 pandemic has triggered a wave of strong negative effects on the global economy. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. However, the scope and duration of the pandemic and possible future containment measures are still impossible to predict. From mid-March 2020, it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with increased volatility in the financial markets might lead to a potential decrease in rental revenues, a potential decrease in the Company assets'



## **18. COVID-19 (continued)**

values, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined, it is clear that it poses substantial risks.

### ***CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES***

The COVID-19 pandemic has significantly impacted the Company's business. Following the outbreak of the COVID-19 pandemic, the authorities in many of the markets the Group operates in imposed restrictions on the opening of its shopping centres. Except for select "essential" retailers, or those able to offer curbside pickup or fulfil delivery orders from the store. The tenants in the Group's centres were unable to trade for a period beginning mid-March 2020 and ending between beginning-May and end-May 2020 depending on the country, and later in the period between beginning-November 2020 and ending end-December 2020 and end-January 2021. Additionally, the governments of Poland and Bulgaria have announced lockdowns in the period between second half of March and middle-April (Bulgaria) and beginning of May (Poland). Serbia had 5-day lockdown in second half of March 2021, as well as shorten working hours of the shops. Measures taken by the government affected and will continue to affect our business. In addition, even in those regions in which there were no mandatory shutdowns, or when shopping centres were allowed to reopen, not all retailers continued or restarted operations. Shopping centres in Poland and Bulgaria contributed 68% of total retail rental revenue for Q1 2021.

### ***RENT DISCOUNTS AND COLLECTION***

In several countries of our operations, governments adopted tenant support packages, such as a rental payments holiday in Poland for the period of lockdown or rent support through subsidizing part of any rental discounts. Upon the re-opening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by the Group. The Group implemented multi-pronged measures to support tenants and encourage consumer spending, such as reducing rent, allowing rent payment in instalments, waiving late payment interest and service charges. The financial impact of this in terms of loss of rent and service income related to the COVID-19 amounted to EUR 2,400.

### ***VALUATION OF INVESTMENT PROPERTIES***

Notwithstanding the above, as of 31 March 2021 the Company received letters from its external appraisers confirming that the market value of the almost all subject property portfolio as of 31 March 2021 remains the same as the market value performed and reported as at 31 December 2020. Changes in the valuation of investment property under construction result from the progress of construction work.

## **18.** COVID-19 (continued)

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

### **LIQUIDITY POSITION**

During the COVID-19 pandemic, the Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and CAPEX measures, as well as the decision to retain profit for the year ended 31 December 2019 in the Company as well as recommendation to suspend dividend for the year ended 31 December 2020. As of 31 March 2021, the Group holds cash in the amount of EUR 254,054. The Group runs stress tests, which indicated that the going concern assumption remains valid for at least 12 months from the financial statement publication date.

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

## **19.** Taxation

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

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

## 20. Capital and Reserves

Shareholders who as at 31 March 2021, held above 5% of the Company shares were as follows:

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

### PHANTOM SHARES

Certain key management personnel of the Group is entitled to specific cash payments resulting from phantom shares in the Group (the “Phantom Shares”). The company uses binomial model to evaluate the fair value of the phantom shares. The input data includes date of valuation, strike price, and expiry date.

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

As at 31 March 2021, phantom shares issued were as follows:

| Strike (PLN) | Blocked          | Vested         | Total            |
|--------------|------------------|----------------|------------------|
| 6.11         | 100,000          | 751,200        | 851,200          |
| 6.31         | 3,900,000        | 20,000         | 3,920,000        |
| <b>Total</b> | <b>4,000,000</b> | <b>771,200</b> | <b>4,771,200</b> |

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

| Last year of exercise date | Number of phantom shares |
|----------------------------|--------------------------|
| 2021                       | 500,000                  |
| 2022                       | 220,000                  |
| 2023                       | 4,051,200                |
| <b>Total</b>               | <b>4,771,200</b>         |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the three-month period ended 31 March 2021**  
**(in thousands of Euro)**

## 21. Earnings per share

Basic earnings per share were calculated as follows:

|  | Three-month period<br>ended 31 March 2021<br>(unaudited) | Three-month period<br>ended 31 March 2020<br>(unaudited) |
|--|--|--|
| Profit for the period attributable to equity holders (Euro)                | 8,462,000  | 2,577,000  |
| Weighted average number of shares for calculating basic earnings per share | 485,555,122  | 485,555,122  |
| Basic earnings per share (Euro)  | 0.02   | 0.01   |

There have been no potentially dilutive instruments as at 31 March 2021 and 31 March 2020.

## 22. Subsequent events

On 1 April 2021 GTC Corius wholly-owned subsidiary of the Company signed a loan agreement prolongation with Berlin Hyp Bank, for additional 5 years. As part of the prolongation a prepayment of EUR 500 thousand was done and the parties agreed that the loan will be paid in full on maturity.

On 19 April 2021 Dorado 1 signed a loan agreement with DSK Bank AD and OTP Bank Plc in total amount of EUR 9.2 million for the financing of the project Sofia Tower II.

On 27 April 2021, GTC Real Estate Development Hungary Zrt., a wholly owned subsidiary of the Company, signed a sale and purchase agreement with WING Real Estate Group for 100% holding of Winmark Ingatlanfejlesztő Kft ("Winmark"), which owns the Ericsson Headquarter Office Building and the Siemens Evosoft Headquarter Office Building two class A office buildings for the consideration of EUR 160,300 in Budapest. The closing of the transaction is expected in the second quarter of 2021 following completion of standard conditions precedent.

On 30 April 2021 the acquisition of Váci Greens D office building was completed. The office building shall consist of approx. 15,700 sq. m. and the total consideration is EUR 51 million. The acquisition financing loan was disbursed from Erste Bank in an amount of EUR 25 million.

On 7 May 2021 GTC Sterlinga Sp. z o.o. wholly-owned subsidiary of the Company signed a prolongation of the loan agreement with Pekao S.A. for additional 5 years.

## **23.** Approval of the financial statements

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 12 May 2021.



BDO spółka z ograniczoną odpowiedzialnością sp.k.  
ul. Postępu 12  
02-676 Warszawa  
Polska

tel.: +48 22 543 16 00  
fax: +48 22 543 16 01  
e-mail: office@bdo.pl  
www.bdo.pl

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

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

#### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of the Globe Trade Centre S.A. Group ("the Group"), where the parent company is Globe Trade Centre S.A. with its registered office in Warsaw at Komitetu Obrony Robotników 45A ("the Company", "the Parent Company"), comprising the consolidated statement of financial position prepared as at 31 March 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 January 2021 to 31 March 2021, as well as notes and explanatory information ("interim condensed consolidated financial statements").

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

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

#### Scope of Review

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

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

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

BDO spółka z ograniczoną odpowiedzialnością sp.k., Sąd Rejonowy dla m. st. Warszawy, XIII Wydział Gospodarczy, KRS: 0000729684, REGON: 141222257, NIP: 108-000-42-12. Biura BDO w Polsce: Katowice 40-007, ul. Uniwersytecka 13, tel.: +48 32 661 06 00, [katowice@bdo.pl](mailto:katowice@bdo.pl); Kraków 31-548, al. Pokoju 1, tel.: +48 12 378 69 00, [krakow@bdo.pl](mailto:krakow@bdo.pl); Poznań 60-650, ul. Piątkowska 165, tel.: +48 61 622 57 00, [poznan@bdo.pl](mailto:poznan@bdo.pl); Wrocław 53-332, ul. Powstańców Śląskich 7a, tel.: +48 71 734 28 00, [wroclaw@bdo.pl](mailto:wroclaw@bdo.pl)

BDO spółka z ograniczoną odpowiedzialnością sp.k. jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich

## Conclusion

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

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

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

**Krzysztof Maksymik**  
Certified Auditor No. 11380

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

Warsaw, 12 May 2021