CONSOLIDATED

QUARTERLY REPORT

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

31 MARCH 2022

Place and date of publication: Warsaw, 19 May 2022

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MANAGEMENT BOARD'S REPORT

ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP

IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

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1. Introduction

The GTC Group is an experienced, established, and fully integrated, real estate company operating in the SEE region with a primary focus on Poland and Hungary and capital cities in the CEE and SEE region including Bucharest, Belgrade, Zagreb and Sofia, where it directly manages, acquires and develops primarily high-quality office and retail real estate assets in prime locations. The Company is listed on the Warsaw Stock Exchange and inward listed on the Johannesburg Stock Exchange. The Group operates a fully-integrated asset management platform and is represented by local teams in each of its core markets.

GTC GROUP:

Poland,
Hungary,
Belgrade,
Bucharest,
Sofia
and Zagreb

As of 31 March 2022, the book value of the Group's total property portfolio was €2,350,974. The breakdown of the Group's property portfolio was as follows:

- 45 completed commercial buildings, including 39 office buildings and 6 retail properties with a total combined commercial space of approximately 763 thousand sq m of GLA, an occupancy rate at 91% and a book value of €2,050,946, which accounts for 88% of the Group's total property portfolio;
- four office buildings under construction with a total GLA of approximately 51 thousand sq m and a book value of €57,417, which accounts for 2% of the Group's total property portfolio;
- investment landbank intended for future development with the book value of €173,262 (including land in Croatia and Poland held for sale in the amount €3,824), which accounts for 7% of the Group's total property portfolio;
- residential landbank account for €26,880 (including land in Romania held for sale in the amount €680), which accounts for 1% of the Group's total property portfolio; and
- right of use of lands under perpetual usufruct with value of €42,469 which accounts for 2% of the Group's total property portfolio.

45 completed buildings	763 000 sq m of GLA	4 buildings under construction	landbank for future development

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

TERMS AND ABBREVIATIONS

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	is 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;
Bonds	is 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, HU0000360284 and XS2356039268;
the Report	is 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	is to the Group of countries that are within the region of Central and Eastern Europe (Poland, Hungary);
SEE	is 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 amount of the office or retail space available to be rented in completed assets multiplied by add-on-factor. The gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the Group;
Total property portfolio	is to book value of the Group's property portfolio, including: investment properties (completed, under construction and landbank), residential landbank, assets held for sale, and the rights of use of lands under perpetual usufruct;
Commercial properties	is to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties;
Occupancy rate	is to average occupancy of the completed assets based on square meters ("sq m") of the gross leasable area;
Funds From Operations, FFO, FFO I	are to profit before tax less tax paid, after adjusting for non-cash transactions (such as fair value or real estate remeasurement, depreciation and amortization share base payment provision and unpaid financial expenses), the share of profit/(loss) of associates and joint ventures, and one-off items (such as FX differences and residential activity and other non-recurring items);
EPRA NTA	is a net asset value measure under the assumption that the entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability. It is computed as the total equity less non-controlling interest, excluding the derivatives at fair value as well as deferred taxation on property (unless such item is related to assets held for sale);
In-place rent	is 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;
Net loan to value (LTV); net loan-to-value ratio	are to net debt divided by Gross Asset Value. **Net debt** is calculated as total financial debt net of cash and cash equivalents and deposits and excluding loans from non-controlling interest and deferred debt issuance costs. **Gross Asset Value** is investment properties (excluding the right of use under land leases), residential landbank, assets held for sale, building for own use, and share on equity investments. Net loan to value provides a general assessment of financial risk undertaken;
The average cost of debt; average interest rate	is calculated as a weighted average interest rate of total debt, as adjusted to reflect the impact of contracted interest rate swaps and cross-currency swaps by the Group;

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	is to the lawful currency of Hungary;
JSE	is 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 2021. 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 2022 and 31 March 2021. 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 2022 (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 2022.

Selected financial data presented in PLN is derived from the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2022 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.

	For the 3-month period ended 31 March			
	2022		2021	
(in thousands)	€	PLN	€	PLN
Consolidated Income Statement				
Revenues from operations	41,765	193,176	37,227	169,357
Cost of operations	(11,471)	(53,057)	(9,761)	(44,406)
Gross margin from operations	30,294	140,119	27,466	124,951
Selling expenses	(392)	(1,813)	(364)	(1,656)
Administrative expenses	(3,221)	(14,898)	(2,980)	(13,557)
Profit/(loss) from revaluation/impairment of assets, net	3,063	14,167	(2,594)	(12,089)
Financial income/(expense), net	(8,046)	(37,216)	(8,490)	(38,623)
Net profit	15,224	70,415	8,706	39,407
Basic and diluted earnings per share (not in thousands)	0.03	0.12	0.02	0.08
Weighted average number of issued ordinary shares (not in thousands)	574,255,122	574,255,122	485,555,122	485,555,122
Consolidated Cash Flow Statement				
Net cash from operating activities	21,771	100,699	22,252	101,229
Net cash from/(used in) investing activities	47,108	218,125	(19,949)	(90.755)
Net cash from/(used in) financing activities	112,174	518,838	(19,559)	(88,978)
Cash and cash equivalents at the end of the period	277,584	1,291,460	254,054	1,183,968

	As at			
	31 March 2022		31 December 2021	
Consolidated statement of financial position				
Investment property (completed and under construction)	2,108,363	9,809,159	2,062,389	9,485,752
Investment property landbank	169,438	788,310	139,843	643,194
Right of use (investment property)	41,376	192,502	38,428	176,746
Residential landbank	27,293	126,981	27,002	124,193
Assets held for sale	4,504	20,955	292,001	1,343,029
Cash and cash equivalents	277,584	1,291,460	87,468	402,300
Receivables from shareholders	-	-	123,425	567,681
Others	86,547	402,659	73,193	336,643
Total assets	2,715,105	12,632,026	2,843,749	13,079,538
Non-current liabilities	1,484,202	6,905,249	1,487,683	6,842,449
Current liabilities including liabilities related to assets held for sale	92,218	429,045	239,077	1,099,610
Total Equity	1,138,685	5,297,732	1,116,989	5,137,479
Share capital	12,920	57,426	11,007	48,556

3. Presentation of the Group

3.1 General information about the Group

The GTC Group is an experienced, established, and fully integrated real estate company operating in the CEE and SEE region with a primary focus on Poland and Hungary and capital cities in the SEE region, including Bucharest, Belgrade, Zagreb, and Sofia, where it directly manages, acquires and develops primarily high-quality office and retail real estate assets in prime locations. The Company is listed on the Warsaw Stock Exchange and listed on the Johannesburg Stock Exchange. The Group operates a fully-integrated asset management platform and is represented by local teams in each of its core markets.

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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 2022 is presented in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2022 in Note 4 "*Investment in subsidiaries.*"

The following changes in the structure of the Group occurred in the three-month period ended 31 March 2022:

- acquisition of GTC PSZTSZR Projekt Kft,
- acquisition of GTC DBRNT Projekt Kft,
- acquisition of GTC B41 d.o.o.,
- sale of Office Planet Kft.,
- sale of Commercial and Residential Ventures d.o.o. Beograd,
- sale of GTC BBC d.o.o.,
- sale of Atlas Centar d.o.o. Beograd,
- sale of Demo Invest d.o.o. Novi Beograd,
- sale of GTC Business Park d.o.o. Beograd,
- sale of GTC Medj Razvoj Nekretnina d.o.o. Beograd,
- establishment of wholly-owned subsidiary - GTC Flex EAD.

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 2022

On 4 January 2022, National Court Register registered the amendment to the Company's articles of association regarding the increase of the Company's share capital through the issuance of ordinary series O bearer shares. On 10-11 January 2022, the Group recorded proceeds from issue of share capital (net of issuance costs) in amount of €120,386

On 10 January 2022, the Company received notifications from GTC Holding Zrt and GTC Dutch Holdings B.V regarding a change in the total number of votes in the Company resulting from issue of 88,700,000 ordinary O series shares and registration of the increase in the Company's share capital. Before the abovementioned change, GTC Holding Zrt jointly held 320,466,380 shares in the Company, entitling to 320,466,380 votes in the Company, representing 66% of the share capital of the Company and carried the right to 66% of the total number of votes in the Company. After the abovementioned change, GTC Holding Zrt jointly holds 359,528,880 shares in the Company, entitling to 359,528,880 votes in the Company, representing 62.61% of the share capital of the Company and carrying the right to 62.61% of the total number of votes in the Company.

On 12 January 2022 Group finalized the sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"), following the satisfaction of customary conditions precedent.

On 21 January 2022, the management board of the Warsaw Stock Exchange (WSE) adopted resolution regarding the admission and introduction to stock exchange trading on the main market of the WSE of 88,700,000 ordinary bearer series O shares in the Company with a nominal value of PLN 0.10 each, according to which the management board of the WSE stated that the series O shares are admitted to trading on the main market and resolved to introduce them to stock exchange trading on 26 January 2022.

On 13 January 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Zeta DBRNT Kft. from a company related to the majority shareholder of the Company, which owns an existing office building on the Danube riverbank with GLA of 2,540 sqm for a consideration of €7,700.

On 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi former President of the management board. Subsequently Mr. Carmi resigned from his seat on the management board of the Company and other subsidiaries.

On 28 January 2022, Mr. Gyula Nagy resigned from his seat on the management board of the Company.

On 4 February 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Epsilon PSZTSZR Kft. from a company related to the majority shareholder of the Company, which owns a land plot of 25,330 sqm in Budapest with existing six old buildings for a consideration of €9,900. The Group is refurbishing the existing buildings and once refurbished, the project will provide a 14,000 sq m new Class A office campus.

On 11 February 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired from Groton Global Corp a Napred company in Belgrade holding a land plot of 19,537 sqm for a consideration of €33,800.

On 19 February 2022, the Company received notification from GTC Dutch Holdings B.V. with its registered office in Amsterdam, the Netherlands (the "Seller", "GTC Dutch") and Icona Securitization Opportunities Group S.à r.l. acting on behalf of its compartment Central European Investments with its registered office in Luxembourg, Grand Duchy of Luxembourg (the "Buyer". "Icona") that the Seller and the Buyer entered into a preliminary share purchase agreement relating to the acquisition by the Buyer from the Seller of 15.7% of the shares in the Company. However, pursuant to the notification, the Buyer and the Seller agreed that the shareholder's' agreement will constitute an acting in concert agreement within the meaning of Articles 87(1)(5) and 87(1)(6) in connection with Article 87(3) of the Act of 29 July 2005 on Public Offerings and the Conditions for the Introduction of Financial Instruments to the Organised Trading System and Public Companies (the "Act on Public Offering") on joint policy towards the Company and exercising of voting rights on selected matters in an agreed manner. Also, pursuant to the assignment agreement, the Buyer will, among others, transfer to the Seller its voting rights attached to the Shares and grant the power of attorney to exercise voting rights attached to the shares. The assignment agreement expires in case either call or put option under the call and put option agreement is exercised and/or in case of a material default under the transaction documentation ("Transation"). On 1 March 2022, the company received notification that the Transaction was completed, and the Buyer acquired 15.7% of the shares in the Company.

As a result of execution of the Transaction, Icona holds 90,176,000 ordinary bearer shares in the Company which constitute 15.7% of total votes at GTC's general meeting, with reservations that (i) all the Buyer's voting rights were transferred to the Seller and that (ii) Buyer granted the Power of Attorney to Icona's voting rights to the Seller.

As a result of execution of the Transaction GTC Holding Zártkörüen Müködö Részvénytársaság ("GTC Holding Zrt") holds jointly 269,352,880 shares of the Company, entitling to 269,352,880 votes in the Company, representing 46.9% of the share capital of the Company and carrying the right to 46.9% of the total number of votes in the Company, including:

- directly holds 21,891,289 shares of the Company, entitling to 21,891,289 votes in the Company, representing 3.8% of the share capital of the Company and carrying the right to 3.8% of the total number of votes in the Company; and

- indirectly (i.e. through GTC Dutch) holds 247,461,591 shares of the Company, entitling to 247,461,591 votes in the Company, representing 43.1% of the share capital of the Company and carrying the right to 43.1% of the total number of votes in the Company.

In addition, GTC Holding Zrt also holds indirectly, through GTC Dutch, the Icona's Voting Rights, i.e. the right to exercise 90,176,000 votes in the Company, entitling to 15.7% of the total number of votes in the Company.

Since 1 March 2022, GTC Holding Zrt, GTC Dutch and Icona are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner.

On 11 March 2022, Mr. Zoltán Fekete resigned from his seat on the supervisory board of the Company The resignation is effective immediately.

On 11 March 2022, GTC Dutch Holdings B.V. appoints Mr. Gyula Nagy as member of the supervisory board of the Company, effective immediately.

On 17 March 2022, the supervisory board of the Company appointed Mr. Zoltán Fekete to the management board of the Company as the President of the management board, effective immediately.

In March 2022, the Group has completed a Class A office building in Budapest, Hungary – Pillar.

In March 2022, the Group commenced the development of the third building within the Matrix Office Park in Zagreb – Matrix C.

EVENTS THAT TOOK PLACE AFTER 31 MARCH 2022:

On 18 April 2022, GTC SA repaid all bonds issued under ISIN code PLGTC0000292 (full redemption). The original nominal value was €9,440.

On 22 April 2022 . Icona Securitization Opportunities Group S.à r.l. appoints Mr. Bruno Vannini as member of the supervisory board of the Company, effective immediately.

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 2022 and for the three-month period ended 31 March 2021, the Group derived 75**%** and 75% of its revenues from operations as rental revenue, which significantly 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 favourable rent levels. Moreover, for the three-month period ended 31 March 2022 and for the three-month period ended 31 March 2021, the Group derived 25% and 25% of its revenues from operations as service revenue, reflecting 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 indexed to Euro and 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 has its properties valued by external valuers at least twice a year, every June and December. 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 like GDP growth, disposable income, etc., as well as micro conditions such as new developments in the immediate neighbourhood, 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, 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 profit from revaluation and impairment of assets of €3,063 in the three-month period ended 31 March 2022 and €2,594 net loss from revaluation and impairment of assets in the three-month period ended 31 March 2021**.**

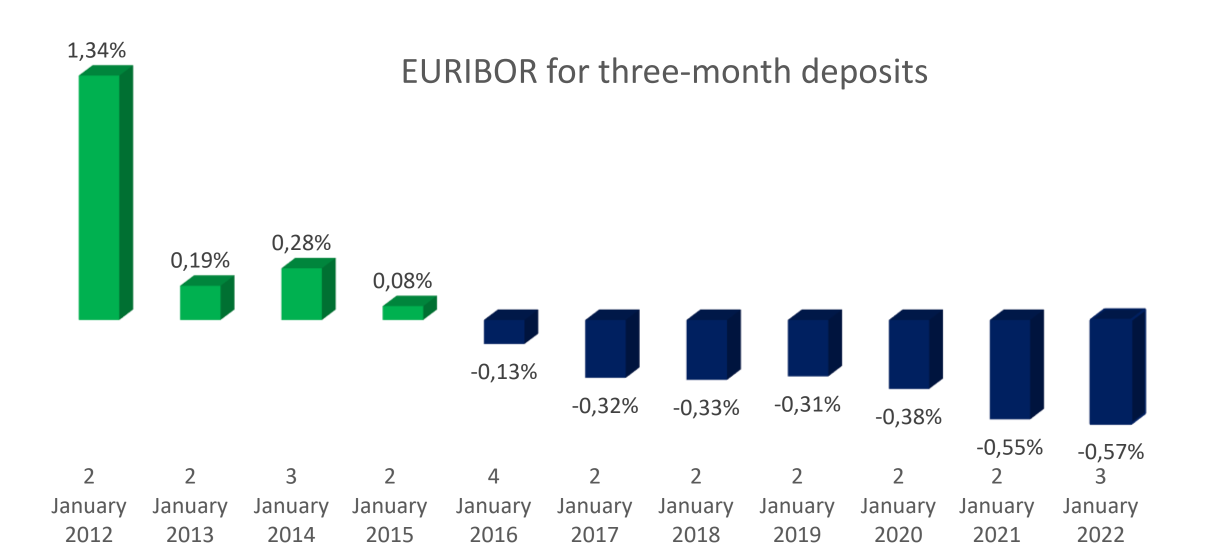
IMPACT OF INTEREST RATE MOVEMENTS

Substantially all of the loans of the Group and part of the bonds issued by the Group bear a variable interest rate, connected or swapped to EURIBOR. Increases in interest rates generally increase the Group's financing costs. However, as of 31 March 2022, 93% of the Group's borrowings were either based on fixed interest rate or hedged against interest rate fluctuations, mainly through interest rate swaps and cap transactions.

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, leading to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, resulting in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have decreased significantly, changing from 1.343% as of 2 January 2012 to -0.570% as 3 January 2022 (EURIBOR for three-month deposits) (for details see the graph below). However, with the increased inflation over 2021 and expected further hikes in the following years the interest rates may also increase.

The graph presents EURIBOR for three-month deposits for the period between 2012 – 2022.



IMPACT OF FOREIGN EXCHANGE RATE MOVEMENTS

For three-month period ended 31 March 2022 and 31 March 2021, 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 the Group operates in are an essential factor as the credit facilities 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, and Bulgaria. The Group receives the vast majority of its revenue from rent denominated in euro, however, it receives a certain portion of its income and incurs most of its costs (including the vast majority of its selling expenses and administrative expenses) in local currencies, including the Polish zlotys, Bulgarian levas, Croatian kunas, Hungarian forints, Romanian leis, 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 zlotys, 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.

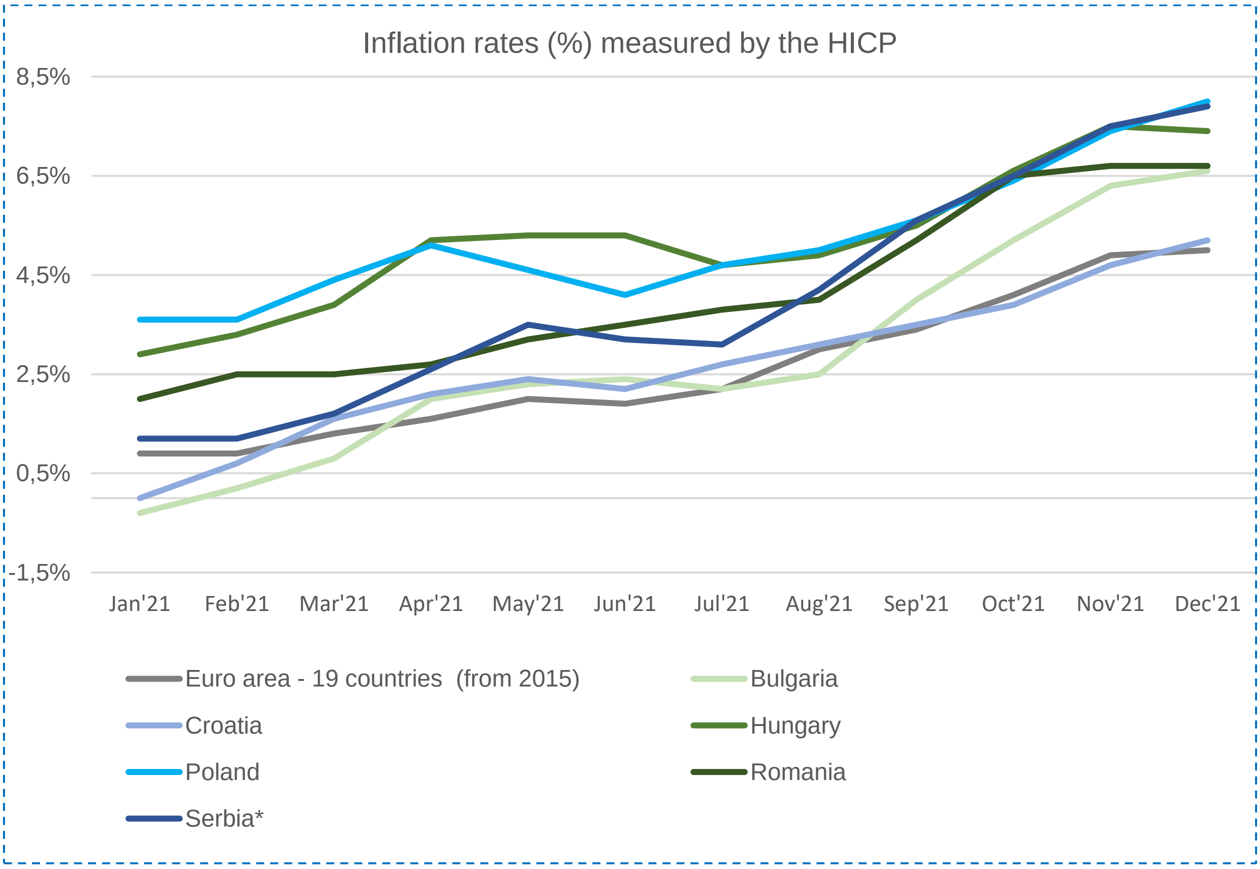
IMPACT OF INFLATION

The COVID-19 outbreak in Europe has led governments to implement rescue packages, as well as supporting monetary policies by the European Central Bank to moderate the economic impact of the pandemic which have a direct or indirect impact on household consumption and thus consumer price indices. Increase of price of energy and services significantly influences the inflation rate.

The Group's financial results are linked to the consumer price index as on one hand its rental revenue is indexed to the European CPI and on the other hand part of its debt is based on floating interest rate, which also may fluctuate as a result of the inflation. Although as of 31 March 2022, 93% of its debt is based on fixed rate on hedged against interest rate fluctuations so the exposure to the changes in interest rate is limited.

Additionally, the Group operates shopping malls and part of its rent (approximately 3% of total revenues from rental activity in 2021) is based on the tenant's turnover. Tenants' turnover might These factors may have an impact on the Group's operations and financial results.

According to Eurostat, the Euro area annual inflation was 5.0% in December 2021 and is expected to further grow. The graph below presents below the Harmonized Index of Consumer Prices (HICP) in countries which Group's operate and the Euro area. The main index reference period currently used is 2015.



* definition differs (see metadata at https://ec.europa.eu/eurostat/web/hicp/overview)

Source: https://ec.europa.eu/eurostat/web/hicp/overview

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 the issue of the bonds, proceeds from bank loans, loans extended by their holding companies. 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. The unstable geopolitical situation may have negative impact on the cost and availability of the financing. Finally, the availability and cost of financing may impact the Group's development dynamics and the Group's net profit.

5.2 Specific factors affecting financial and operating results

On 12 January 2022, the Group finalized the sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"), following the satisfaction of customary conditions precedent. The free cash generated from this disposal net of cash in disposed assets was €125,112.

On 4 January 2022, National Court Register registered the amendment to the Company's articles of association regarding the increase of the Company's share capital through the issuance of ordinary series O bearer shares. On 10-11 January 2022, the Group recorded proceeds from issue of share capital (net of issuance costs) in amount of € 120,386.

On 13 January 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Zeta DBRNT Kft. from a company related to the majority shareholder of the Company, which owns an existing office building on the Danube riverbank with GLA of 2,540 sqm for a consideration of €7,700.

On 4 February 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Epsilon PSZTSZR Kft. from a company related to the majority shareholder of the Company, which owns a land plot of 25,330 sqm in Budapest with existing six old buildings for a consideration of €9,900. The Group is refurbishing the existing buildings and once refurbished, the project will provide a 14,000 sq m new Class A office campus.

On 11 February 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired from Groton Global Corp Napred company in Belgrade holding a land plot of 19,537 sq m for a consideration of €33,800.

In March 2022, the Group has completed a Class A office building in Budapest, Hungary – Pillar.

In March 2022, the Group started the development of the third building within the Matrix Office Park in Zagreb – Matrix C.

IMPACT OF THE SITUATION IN UKRAINE ON GTC GROUP

On 24 February 2022, Russian forces entered Ukraine and military conflict ensued. At the time this financial statements were prepared the extent of the conflict and its longer-term impact are unknown. The conflict caused immediate volatility in global stock markets and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. Significant economic sanctions have been imposed against Russia by the European Union. The direct impact on the real estate markets where the Company operates is yet unknown. At this stage, there is no evidence that transaction activity within the Markets that the Company operates and the sentiment of buyers or sellers has changed. As of 31 March 2022 and 31 December 2021, the Group did not have any assets on areas of conflict.

5.3 Presentation of differences between achieved financial results and published forecasts

The Group did not publish forecasts for the first quarter of 2022 or for full year 2022.

5.4 Consolidated statement of financial position

5.4.1 Key items of the consolidated statement of financial position

INVESTMENT PROPERTY

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

RESIDENTIAL LANDBANK

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

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

ASSETS HELD FOR SALE

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

BLOCKED DEPOSITS

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

DERIVATIVES

Derivatives include hedge instruments held by the Group that mitigate the risk of interest and currency 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 gains 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 2022 compared to 31 December 2021

ASSETS

Total assets decreased by €128,644 (5%) to €2,715,105 as of 31 March 2022 from €2,843,749 as of 31 December 2021.

The value of investment property increased by €78,517 (4%) to €2,319,177 as of 31 March 2022 from €2,240,660 as of 31 December 2021, mainly due to an investment of €73,954 mostly into the acquisition of a new landbank in Serbia and two assets in Hungary.

The value of assets held for sale decreased by €287,497 to €4,504 as of 31 March 2022 from €292,001 as of 31 December 2021, mainly as a result of the completion of the sale of Serbian entities (incl. real estate assets, cash and deposits, and other assets).

The value of derivatives increased by €7,607 to €8,433 as of 31 March 2022 from €826 as of 31 December 2021, mainly attributable to the positive valuation of IRS instruments for bank loans.

The value of receivables from shareholders decreased to €0 as of 31 March 2022 from €123,425 as at 31 December 2021, following the registration of capital increase by the National Court Register and recording proceeds in January 2022.

The value of prepayments and deferred expenses sale increased by €5,402 (47%) to €16,917 as of 31 March 2022 from €11,515 as of 31 December 2021, mainly as a result of advance payments to construction companies related to the development activity.

The value of cash and cash equivalents increased by €190,116 (217%) to €277,584 as of 31 March 2022 from €87,468 as of 31 December 2021, mainly as a result of the sale of Serbian assets (net of cash in disposed entities) of €125,112 combined with capital increase in the total amount of €120,386, partially offset by the purchase of completed assets and land in the total amount of €50,356.

LIABILITIES

The value of loans and bonds remained stable at €1,299,467 as of 31 March 2022 as compared to €1,299,451 as of 31 December 2021.

The value of liabilities held for sale decreased by €154,702 to €129 as 31 March 2022 from 154,831 as at 31 December 2021 following the disposal of office properties in Serbia.

The value of lease liability (incl. current portion of lease liabilities) increased by €2,123 (5%) to €41,088 as of 31 March 2022 from €38,965 as of 31 December 2021, mainly due to the recognition of new lease liabilities in the amount of €3,973, partially offset by payment of leases, change in accrued interests and foreign exchange differences.

The value of provision for deferred tax liability decreased by €3,427 (2%) to €136,718 as of 31 March 2022 from €140,145 as of 31 December 2021, mainly due to the reclassification of income tax on sale of Serbian office portfolio to current income tax, partially offset by utilization of tax losses in current period.

The value of trade payables and provisions decreased by €3,448 (11%) to €27,644 as of 31 March 2022 from €31,092 as of 31 December 2021, mainly due to reversal of provision for share issuance costs of €2,100 and settlement of liabilities from previous year balance

The value of income tax payable increased by €7,796 to €8,796 as of 31 March 2022 from €1,000 as of 31 December 2021, mainly due to the reclassification of income tax on sale of Serbian office portfolio from provision for deferred tax.

EQUITY

The value of unregistered share capital increase decreased to €0 as of 31 March 2022 from €120,295 as at 31 December 2021, following registration of the capital increase by National Court Register (Krajowy Rejestr Sądowy).

The value of share capital increased by €1,913 to €12,920 as of 31 March 2022 from €11,007 as at 31 December 2021, following reclassification of unregistered share capital after share capital increase was registered.

The value of share premium increased by €118,382 to €668,904 as of 31 March 2022 from €550,522 as at 31 December 2021, following reclassification of unregistered share capital after share capital increase was registered.

The value of accumulated profit increased by €14,914 (3%) to €516,618 as of 31 March 2022 from €501,704 as of 31 December 2021, following recognition of profit for the period in the amount of €15,224.

The value of hedge reserve decreased by €6,596 (21%) to €24,307 as of 31 March 2022 from €30,903 as of 31 December 2021, mainly due to the positive revaluation of the IRS instruments for bank loans.

The value of equity increased by €21,696 (2%) to €1,138,685 as of 31 March 2022 from €1,116,989 as of 31 December 2021 mainly due to recognition of profit of €15,224 and a change of the value of hedge reserve by €6,596.

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 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.

ADMINISTRATION 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 gains 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 2022 with the result for the corresponding period of 2021

REVENUES FROM RENTAL ACTIVITY

Rental and service revenues increased by €4,538 (12%) to €41,765 in the three-month period ended 31 March 2022 compared to €37,227 in the three-month period ended 31 March 2021. The Group recognized an increase in rental revenues following acquisition of income generating properties and the completion of Pillar in the amount of €6,500 and an increase in rental revenues as from shopping centres in the amount of €3,800 as a result of the end of the Covid-19 related discounts and measures taken to help the retail tenants, as well as an increase in average rental rate following the indexation of its rental rates to the European CPI. The increase was partially offset by a decrease in rental revenues following the sale of Serbian office portfolio in the first quarter of 2022 of €5,800.

COST OF RENTAL ACTIVITY

Service cost increased by €1,710 (18%) to €11,471 in the three-month period ended 31 March 2022 as compared to €9,761 in the three-month period ended 31 March 2021. The Group recognized an increase in service costs following acquisition of income generating properties and completion of Pillar of €1,600 and increase in service costs in shopping centres of €1,000. The increase was partially offset by a decrease in the service costs due to the sale of Serbian office portfolio in the first quarter of 2022 of €1,400.

GROSS MARGIN FROM OPERATIONS

Gross margin (profit) from operations increased by €2,828 (10%) to €30,294 in the three-month period ended 31 March 2022 as compared to €27,466 in the three-month period ended 31 March 2021, mainly resulting from an increase in the rental revenues due to acquisitions of properties, partially offset by a loss in rental and service revenues due to the sale of Serbian office portfolio.

The gross margin on rental activities in the three-month period ended 31 March 2022 was 73% compared to 74% in the three-month period ended 31 March 2021.

ADMINISTRATION EXPENSES

Administration expenses (before provision for the share-based program) increased by €906 (33%) to €3,636 in the three-month period ended 31 March 2022 from €2,730 in the three-month period ended 31 March 2021 mainly due to an increase in the remuneration expenses and an increase in legal, tax, IT services and other advisory expenses. Mark-to-market of the share-based program resulted in a reversal of share-based provision of €415 in the three-month period ended 31 March 2022 compared to the provision of €250 recognized in the three-month period ended 31 March 2021. The above factors resulted in an increase of administration expenses of €241 (8%) to €3,221 in the three-month period ended 31 March 2022 from €2,980 in the three-month period ended 31 March 2021.

PROFIT FROM THE REVALUATION/IMPAIRMENT OF ASSETS

Net profit from the revaluation/impairment of the assets amounted to €3,063 in the three-month period ended 31 March 2022, compared to a net loss of €2,594 in the three-month period ended 31 March 2021. Net profit from the revaluation of the investment properties reflects mainly profit from the revaluation of Pillar (Budapest, Hungary) upon its completion, partially offset by capital expenditure invested on the existing investment properties.

FOREIGN EXCHANGE GAIN (LOSS), NET

Foreign exchange differences loss amounted to €1,145 in three-month period ended 31 March 2022, compared to a foreign exchange loss of €368 in the three-month period ended 31 March 2021.

FINANCE INCOME

Finance income amounted to €71 in the three-month period ended 31 March 2022 as compared to €74 in the three-month period ended 31 March 2021.

FINANCE COST

Finance cost decreased by €447 to €8,117 in the three-month period ended 31 March 2022 as compared to €8,564 in the three-month period ended 31 March 2021. The weighted average interest rate (including hedges) as of 31 March 2022 was 2.16%.

PROFIT / (LOSS) BEFORE TAX

Profit before tax was €19,923 in the three-month period ended 31 March 2022, compared to a profit before tax of €12,609 in the three-month period ended 31 March 2021. This mainly resulted from increased margin from operations following acquisitions and completions of income generating properties by €2,828 combined with profit from revaluation/impairment of assets of €3,063. The increase was partially offset by higher foreign exchange differences loss by €777.

TAXATION

Tax amounted to €4,699 in the three-month period ended 31 March 2022, compared to a tax of €3,903 in the three-month period ended 31 March 2021. Taxation consists mainly of €5,179 of current tax expenses and €480 of deferred tax benefit.

NET PROFIT / (LOSS)

Net profit increased by €6,518 (75%) to €15,224 in the three-month period ended 31 March 2022, compared to a net profit of €8,706 in the three-month period ended 31 March 2021. This mainly resulted from a strong operating performance combined with profit from revaluation/impairment of assets of €3,063, partially offset by an increase in foreign exchange differences loss by €777.

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 FROM (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 three-month periods ended 31 March 2022 and 2021:

	Three-month period ended	
	31 March 2022	31 March 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**21,771**	**22,252**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property and property, plant and equipment	(29,938)	(22,332)
Purchase of completed assets and land,	(50,356)	-
Sale of residential landbank or subsidiaries (net of cash in disposed entities)	126,185	-
Advances received for assets held for sale	-	1,080
VAT/tax on purchase/sale of investment property	1,214	1,297
Interest received	3	6
Net cash from/(used in) investing activities	**47,108**	**(19,949)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	432	103,883
Repayment of long-term borrowings	(3,358)	(111,821)
Interest paid and other financing breaking fees	(4,924)	(9,194)
Proceeds from issue of share capital, net of issuance costs	120,386	-
Repayment of a lease liability	(525)	(516)
Loans origination payment	-	(780)
Decrease/(Increase) in short term deposits	163	(1,131)
Net cash from /(used in) financing activities	**112,174**	**(19,559)**
Net foreign exchange difference	(102)	(686)
Net increase/ (decrease) in cash and cash equivalents	180,951	(17,942)
Cash and cash equivalents at the beginning of the period	**96,633**	**271,996**
Cash and cash equivalents at the end of the period	**277,584**	**254,054**

Net cash flow from operating activities slightly decreased to €21,771 in the three-month period ended 31 March 2022 from €22,252 in three-month period ended 31 March 2021. The decrease resulted from sale of office portfolio in Serbia and changes in working capital partially offset by increased property base following acquisitions and completions of income generating properties in Hungary.

Net cash flow from investing activities amounted to €47,108 in the three-month period ended 31 March 2022 compared to €19,949 used in the three-month period ended 31 March 2021. Cash flow from investing activities is mainly composed of sale of residential landbank and Serbian subsidiaries (net of cash in disposed entities) of €126,185, partially offset by expenditure on investment properties and land of €29,938, and purchase of completed assets and land of €50,356.

Net cash flow from financing activities amounted to €112,174 in the three-month period ended 31 March 2022, compared to €19,559 of cash flow used in financing activities in the three-month period ended 31 March 2021. Cash flow from financing activities mainly composed of (i) proceeds from issue of share capital, net of issuance costs of €120,386; (ii) repayment of long-term borrowings of €3,358 (iii) interest paid and other financing breaking fees in the amount of €4,924.

Cash and cash equivalents (as of 31 March 2022 amounted to €277,584 compared to €254,054 as of 31 March 2021. 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 2022, the Group believes that its cash balances, proceeds from the capital increase conducted in December 2021, cash generated from sale of Serbian entities on 12 January 2022, 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 manage all its liabilities efficiently and is constantly reviewing its funding plans related to (i) the development and acquisition of commercial properties, (ii) debt servicing of its existing assets portfolio, and (iii) CAPEX. Such funding is sourced through available cash, operating income, and refinancing.

As of 31 March 2022, the Group's non-current liabilities amounted to €1,484,202 compared to €1,487,683 as of 31 December 2021.

The Group's total debt from long and short-term loans and borrowings as of 31 March 2022 amounted to €1,299,467, as compared to €1,441,403, including loans related to assets held for sale of €141,952 (net of deferred issuance debt expenses) as of 31 December 2021. The weighted average interest rate (including hedges) as of 31 March 2022 was 2.16%.

The Group's loans and borrowings are mainly denominated in Euro. Debt in other currencies includes bonds (series maturing in 2022-2023) in PLN and green bonds issued by Hungarian subsidiary in HUF (series maturing in 2027-2031), which are hedged through cross currency interest rate swaps following the hedging policy of the Group.

The Group's net loan-to-value ratio amounted to 43.1% as of 31 March 2022, compared to 52.5% as of 31 December 2021. 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 2022, 93% of the Group's loans (by value) were based on the fixed interest rate or hedged against interest fluctuations, mainly 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 the issue of the bonds, proceeds from bank loans, loans extended by their holding companies. 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 and 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 projects, proceeds from bonds issued by the Company, and proceeds from asset disposals.

The Management has prepared and analyzed the cash flow budget based on certain hypothetical defensive assumptions to assess the reasonableness of the going concern assumption given 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.

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

As of 31 March 2022, 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

During the three-month period ended 31 March 2022, the Group did not grant guarantees of with the total value is material.

As of 31 March 2022 and 31 March 2021 there were no guarantees given to third parties. As of 31 March 2022, 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 2022.

The table is prepared based on information received directly from the shareholders or subscription information, and presents shareholder structure as of the date of this report:

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 31 December 2021 (not in thousand)
GTC Dutch Holdings B.V.	247,461,591	43.10%	337,637,591	58.80%	Decrease by 51,113,500
Icona Securitization Opportunities Group S.A R.L.[1]	90,176,000	15.70%	0	0%	Increase by 90,176,00
GTC Holding Zártkörüen Müködö Részvénytársaság[2]	21,891,289	3.81%	21,891,289	3.81%	No change
OFE PZU Złota Jesień	49,874,400	8.69%	49,874,400	8.69%	Increase by 8,160,400
AVIVA OFE Aviva Santander	47,239,793	8.23%	47,239,793	8.23%	Increase by 9,500,000
Other shareholders	117,612,049	20.47%	117,612,049	20.47%	Increase by 31,977,100
Total	**574,255,122**	**100.00%**	**574,255,122**	**100.00%**	Increase by 88,700,000

[1] Icona Securitization Opportunities Group S.A R.L. holds directly 15.70% of the share capital of the Company with reservations that all its voting rights were transferred to GTC Dutch Holdings B.V. and that Icona granted the power of attorney to its voting rights to GTC Dutch Holdings B.V.
[2] Directly holds 21,891,289 shares and indirectly through GTC Dutch Holdings B.V. (100% subsidiary of GTC Holding Zártkörüen Müködö Részvénytársaság) holds 337,637,591 shares.

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 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 (annual report for the year ended 31 December 2021) on of 6 April 2022.

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

Management board member	Balance as of 18 May 2022 (not in thousand)	The nominal value of shares in PLN (not in thousand)	Change since 6 April 2022 (not in thousand)
Zoltán Fekete	0	0	No change
Ariel Ferstman	5,240	524	No change
János Gárdai	0	0	No change
Pedja Petronijevic	0	0	No change
Total	**5,240**	**524**	

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 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 (annual report for the year ended 31 December 2021) on of 6 April 2022.

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

Members of supervisory board	Balance as of 18 May 2022 (not in thousand)	The nominal value of shares in PLN (not in thousand)	Change since 6 April 2022
János Péter Bartha	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
Gyula Nagy	0	0	No change
Daniel Obajtek	0	0	No change
Bálint Szécsényi	0	0	No change
Bruno Vannini[1]	0	0	No change
Total	**13,348**	**1,335**	

[1] change since 22 April 2022

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.

GTC

GLOBE TRADE CENTRE S.A.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

TOGETHER WITH INDEPENDENT AUDITORS` REVIEW REPORT

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2022
(in thousands of Euro)

	Note	31 March 2022 (unaudited)	31 December 2021 (audited)
ASSETS			
Non-current assets			
Investment property	8	2,319,177	2,240,660
Residential landbank		27,293	27,002
Property, plant and equipment		7,895	7,834
Blocked deposits	10	12,021	11,078
Deferred tax asset		3,850	3,786
Derivatives	11	8,433	826
Other non-current assets		158	163
		2,378,827	**2,291,349**
Loan granted to non-controlling interest partner	9	10,696	10,628
		2,389,523	**2,301,977**
Current assets			
Accounts receivables		7,662	6,161
Accrued income		3,602	3,448
Receivables from shareholders	19	-	123,425
VAT and other tax receivable	12	1,743	2,957
Income tax receivable		335	456
Prepayments, deferred expenses and other receivables	17	16,917	11,515
Short-term blocked deposits	10	13,235	14,341
Cash and cash equivalents		277,584	87,468
		321,078	**249,771**
Assets held for sale	16	4,504	292,001
		325,582	**541,772**
TOTAL ASSETS		**2,715,105**	**2,843,749**

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 31 March 2022
(in thousands of Euro)

	Note	31 March 2022 (unaudited)	31 December 2021 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	12,920	11,007
Share premium	19	668,904	550,522
Unregistered share capital increase	19	-	120,295
Capital reserve		(49,489)	(49,489)
Hedge reserve		(24,307)	(30,903)
Foreign currency translation		(2,694)	(2,570)
Accumulated profit		516,618	501,704
		1,121,952	**1,100,566**
Non-controlling interest	9	16,733	16,423
Total Equity		**1,138,685**	**1,116,989**
Non-current liabilities			
Long-term portion of long-term borrowing	14	1,251,562	1,255,114
Lease liability	15	40,876	38,767
Deposits from tenants		12,021	11,078
Long term payable		2,494	2,426
Provision for share based payment		995	1,410
Derivatives	11	39,536	38,743
Provision for deferred tax liability		136,718	140,145
		1,484,202	**1,487,683**
Current liabilities			
Current portion of long-term borrowing	14	47,905	44,337
Current portion of lease liabilities	15	212	198
Trade payables and provisions	13	27,644	31,092
Deposits from tenants		2,327	1,932
VAT and other taxes payable		1,822	2,222
Income tax payable		8,796	1,000
Derivatives	11	1,464	2,681
Advances received		1,919	784
		92,089	**84,246**
Liabilities related to assets held for sale	16	129	154,831
		92,218	**239,077**
TOTAL EQUITY AND LIABILITIES		**2,715,105**	**2,843,749**

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the three-month period ended 31 March 2022
(in thousands of Euro)

	Note	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Rental revenue	5	31,322	27,984
Service charge revenue	5	10,443	9,243
Service charge costs	5	(11,471)	(9,761)
Gross margin from operations		**30,294**	**27,466**
Selling expenses		(392)	(364)
Administration expenses	6	(3,221)	(2,980)
Profit/(loss) from revaluation / impairment of assets	8	3,063	(2,594)
Other income		35	118
Other expenses		(665)	(179)
Profit/(loss) from continuing operations before tax and finance income / expense		**29,114**	**21,467**
Foreign exchange differences gain / (loss), net		(1,145)	(368)
Finance income		71	74
Finance cost	7	(8,117)	(8,564)
Profit/(loss) before tax		**19,923**	**12,609**
Taxation	18	(4,699)	(3,903)
Profit /(loss) for the period		**15,224**	**8,706**
Attributable to:			
Equity holders of the Company		14,914	8,462
Non-controlling interest	9	310	244
Basic earnings / (losses) per share (in Euro)	20	0.03	0.02

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
for the three-month period ended 31 March 2022
(In thousands of Euro)

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Profit /(loss) for the period	**15,224**	**8,706**
Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods	**-**	**-**
Gain/(Loss) on hedge transactions	7,901	(9,118)
Income tax	(1,305)	626
Net gain/(loss) on hedge transactions	**6,596**	**(8,492)**
Foreign currency translation	(124)	(77)
Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	**6,472**	**(8,569)**
Total comprehensive income/(loss) for the period, net of tax	**21,696**	**137**
Attributable to:		
Equity holders of the Company	21,386	(107)
Non-controlling interest	310	244

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the three-month period ended 31 March 2022
(In thousands of Euro)

	Share capital	Share premium	Unregistered share capital increase	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2022 (audited)	**11,007**	**550,522**	**120,295**	**(49,489)**	**(30,903)**	**(2,570)**	**501,704**	**1,100,566**	**16,423**	**1,116,989**
Other comprehensive income/(loss)	-	-	-	-	6,596	(124)	-	6,472	-	6,472
Result for the period ended 31 March 2022	-	-	-	-	-	-	14,914	14,914	310	15,224
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**6,596**	**(124)**	**14,914**	**21,386**	**310**	**21,696**
Registered share capital increase	1,913	118,382	(120,295)	-	-	-	-	-	-	-
Balance as of 31 March 2022 *(unaudited)*	**12,920**	**668,904**	**-**	**(49,489)**	**(24,307)**	**(2,694)**	**516,618**	**1,121,952**	**16,733**	**1,138,685**

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

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Cash Flows
for the three-month period ended 31 March 2022
(In thousands of Euro)

	Note	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/ (loss) before tax		19,923	12,609
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets and residential projects	8	(3,063)	2,594
Foreign exchange differences loss, net		1,145	368
Finance income		(71)	(74)
Finance cost	7	8,117	8,564
Provision for share based payment loss/(profit)	6	(415)	250
Depreciation		121	181
Operating cash before working capital changes		**25,757**	**24,492**
Decrease / (increase) in accounts receivables and prepayments and other current assets		(2,042)	(2,072)
Decrease / (increase) in advances received		1,135	740
Increase / (decrease) in deposits from tenants		1,338	1,054
Increase / (decrease) in trade and other payables		(2,784)	(559)
Cash generated from operations		**23,404**	**23,655**
Tax paid in the period		(1,633)	(1,403)
Net cash from operating activities		**21,771**	**22,252**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property and property, plant and equipment	8	(29,938)	(22,332)
Purchase of completed assets and land	8	(50,356)	-
Sale of residential landbank	16	1,073	-
Sale of subsidiary, net of cash in disposed assets	16	125,112	-
Advances received for assets held for sale	16	-	1,080
VAT/tax on purchase/sale of investment property		1,214	1,297
Interest received		3	6
Net cash from/(used in) investing activities		**47,108**	**(19,949)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings	14	432	103,883
Repayment of long-term borrowings	14	(3,358)	(111,821)
Interest paid and other financing breaking fees		(4,924)	(9,194)
Proceeds from issue of share capital, net of issuance costs	1,19	120,386	-
Repayment of lease liability	15	(525)	(516)
Loans origination payment		-	(780)
Decrease/(Increase) in short term deposits		163	(1,131)
Net cash from /(used in) financing activities		**112,174**	**(19,559)**
Net foreign exchange difference		**(102)**	**(686)**
Net increase/ (Decrease) in cash and cash equivalents		**180,951**	**(17,942)**
Cash and cash equivalents at the beginning of the period		**96,633**	**271,996**
Cash and cash equivalents at the end of the period		**277,584**	**254,054**

(in thousands of Euro)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 March 2022 and 31 December 2021:

	31 March 2022	31 December 2021
Cash at banks and on hand	277,584	87,468
Cash at banks related to assets held for sale	-	9,165
Cash and cash equivalents at the end of the period	**277,584**	**96,633**

1. Principal activities

Globe Trade Centre S.A. (the “Company”, “GTC S.A.” 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. The Company owns, through its subsidiaries, commercial and residential real estate companies with a focus on Poland, Hungary, Bucharest, Belgrade, Zagreb and Sofia. There is no seasonality in the business of the Group companies.

As of 31 March 2022, the majority shareholder of the Company is GTC Holding Zrt., which holds directly and indirectly 269,352,880 shares of GTC S.A., entitling to 269,352,880 votes in the Company, representing 46.91% of the Company’s share capital and carrying the right to 46.91% of the total number of votes in GTC S.A. However, based on the power of attorney granted to GTC Dutch Holdings B.V. (“GTC Dutch”) by Icona Securitization Opportunities Group S.A R.L. ("Icona"), GTC Holding Zrt. also exercises, through GTC Dutch, voting rights from 90,176,000 shares belonging to Icona. As a result, GTC Holding Zrt. is entitled to 359,528,880 votes in GTC S.A. representing 62.61% of the total number of votes in the Company.

GTC Holding Zrt. owns its shares in the Company through its direct holding of 21,891,289 shares, entitling to 21,891,289 votes in GTC S.A., representing 3.81% of the Company’s share capital and carrying the right to 3.81% of the total number of votes in GTC S.A. and indirectly, through GTC Dutch, which holds 247,461,591 shares in the Company representing 43.10% of the Company’s share capital, entitling however to 337,637,591 votes in the Company, representing 58.80% of the total number of votes in GTC S.A. (including the right to votes from the shares belonging to Icona).

Since 1 March 2022, Icona holds directly 90,176,000 representing 15.70% of the share capital of the Company with reservations that all its voting rights were transferred to GTC Dutch and that Icona granted the power of attorney to its voting rights to GTC Dutch. Additionally, GTC Holding Zrt., GTC Dutch and Icona are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner.

EVENTS IN THE PERIOD

On 4 January 2022, National Court Register registered the amendment to the Company’s articles of association regarding the increase of the Company’s share capital through the issuance of ordinary series O bearer shares. On 10-11 January 2022, the Group recorded proceeds from issue of share capital (net of issuance costs) in amount of EUR 120.4 millions.

1. Principal activities (continued)

On 10 January 2022, the Company received notifications from GTC Holding Zrt and GTC Dutch Holdings B.V regarding a change in the total number of votes in the Company resulting from issue of 88,700,000 ordinary O series shares and registration of the increase in the Company's share capital. Before the abovementioned change, GTC Holding Zrt jointly held 320,466,380 shares in the Company, entitling to 320,466,380 votes in the Company, representing 66% of the share capital of the Company and carried the right to 66% of the total number of votes in the Company. After the abovementioned change, GTC Holding Zrt jointly holds 359,528,880 shares in the Company, entitling to 359,528,880 votes in the Company, representing 62.61% of the share capital of the Company and carrying the right to 62.61% of the total number of votes in the Company.

On 21 January 2022, the management board of the Warsaw Stock Exchange (WSE) adopted resolution regarding the admission and introduction to stock exchange trading on the main market of the WSE of 88,700,000 ordinary bearer series O shares in the Company with a nominal value of PLN 0.10 each, according to which the management board of the WSE stated that the series O shares are admitted to trading on the main market and resolved to introduce them to stock exchange trading on 26 January 2022.

On 12 January 2022, GTC Group finalized sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"), following the satisfaction of customary conditions precedent. For details please refer to note 16.

On 13 January 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Zeta DBRNT Kft. from a company related to the majority shareholder of the Company, which owns an existing office building on the Danube riverbank with GLA of 2,540 sqm for a consideration of EUR 7.7 million.

On 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi, former President of the Management Board. Subsequently, Mr Carmi resigned from his seat on the Management Board of the Company and other subsidiaries.

On 28 January 2022, Mr. Gyula Nagy resigned from his seat on the Management Board of the Company.

1. Principal activities (continued)

On 4 February 2022, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Epsilon PSZTSZR Kft. from a company related to the majority shareholder of the Company, which owns a land plot of 25,330 sqm in Budapest with existing six old buildings for a consideration of EUR 9.9 million. The Group plans to refurbish the existing buildings and provide a 14,000 sqm new green certified Class A office campus.

On 11 February 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired from Groton Global Corp Napred company in Belgrade holding a land plot of 19,537 sqm for a consideration of EUR 33.8 million.

On 19 February 2022, the Company received notification from GTC Dutch Holdings B.V. with its registered office in Amsterdam, the Netherlands (the "Seller") and Icona Securitization Opportunities Group S.à r.l. acting on behalf of its compartment Central European Investments with its registered office in Luxembourg, Grand Duchy of Luxembourg (the "Buyer") that the Seller and the Buyer entered into a preliminary share purchase agreement relating to the acquisition by the Buyer from the Seller of 15.7% of the shares in the Company. However, pursuant to the notification, the Buyer and the Seller agreed that the shareholders' agreement will constitute an acting in concert agreement within the meaning of Articles 87(1)(5) and 87(1)(6) in connection with Article 87(3) of the Act of 29 July 2005 on Public Offerings and the Conditions for the Introduction of Financial Instruments to the Organised Trading System and Public Companies (the "Act on Public Offering") on joint policy towards the Company and exercising of voting rights on selected matters in an agreed manner. Also, pursuant to the assignment agreement, the Buyer will, among others, transfer to the Seller its voting rights attached to the Shares and grant the power of attorney to exercise voting rights attached to the shares. The assignment agreement expires in case either call or put option under the call and put option agreement is exercised and/or in case of a material default under the transaction documentation. On 1 March 2022, the Company received notification that the transaction was completed, and the Buyer acquired 15.7% of the shares in the Company.

As a result of execution of the transaction, Icona Securitization Opportunities Group S.à r.l. holds 90,176,000 ordinary bearer shares in the Company which constitute 15.7% of total votes at GTC's general meeting, with reservations that (i) all the voting rights were transferred to the Seller and that (ii) Buyer granted the Power of Attorney to Buyer's Voting Rights to the Seller.

1. Principal activities (continued)

As a result of execution of the Transaction GTC Holding Zrt holds jointly 269,352,880 shares of the Company, entitling to 269,352,880 votes in the Company, representing 46.9% of the share capital of the Company and carrying the right to 46.9% of the total number of votes in the Company, including:

- directly holds 21,891,289 shares of the Company, entitling to 21,891,289 votes in the Company, representing 3.8% of the share capital of the Company and carrying the right to 3.8% of the total number of votes in the Company; and
- indirectly (i.e. through GTC Dutch Holdings B.V.) holds 247,461,591 shares of the Company, entitling to 247,461,591 votes in the Company, representing 43.1% of the share capital of the Company and carrying the right to 43.1% of the total number of votes in the Company.

In addition, GTC Holding Zrt also holds indirectly, through GTC Dutch Holdings B.V., the Buyer's Voting Rights, i.e. the right to exercise 90,176,000 votes in the Company, entitling to 15.7% of the total number of votes in the Company.

Since 1 March 2022, GTC Holding Zrt, GTC Dutch Holdings B.V. and Icona Securitization Opportunities Group S.à r.l. are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner.

On 17 March 2022, the supervisory board of the Company appointed Zoltán Fekete as the President of the Management Board of the Company, effective immediately.

Impact of the situation in Ukraine on GTC Group

On 24 February 2022, Russian forces entered Ukraine and military conflict ensued. At the time these financial statements were prepared the extent of the conflict and its longer-term impact are unknown. The conflict caused immediate volatility in global stock markets and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. Significant economic sanctions have been imposed against Russia by the European Union. The direct impact on the real estate markets where the Company operates is yet unknown. At this stage, there is no evidence that transaction activity within the Markets that the Company operates and the sentiment of buyers or sellers has changed. As of March 31 2022 and December 31 2021, the Group did not have any assets on areas of conflict.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2022 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 2022 have been presented in the Group's consolidated financial statements for the year ended 31 December 2021 (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 2021, which were authorized for issue on 5 April 2022. 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, as the Group primarily generates and expends cash in euro: 1) prices (rental income) are denominated in euro; 2) all borrowings are denominated in euro or hedged to euro through swap instruments.

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 2022, the Group's net working capital (defined as current assets less current liabilities) amounted to EUR 233.4 million.

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 (see Note 7 to the consolidated financial statements for 2021) except for changes in the standards which became effective 1 January 2022:

- Amendments to IFRS 3 Business Combinations – amendments to standard published in May 2020 relate to the applicable references to Conceptual Framework for Financial Reporting, without changes to substance of business combinations accounting.

- Amendments to IAS 16 Property, plant and equipment – the amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognized in profit or loss.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - the amendment to IAS 37 includes a clarification as to whether the unavoidable costs under a contract exceed the expected economic benefits.

- Annual improvements to IFRSs 2018-2020 - the annual improvements contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to illustrative examples to IFRS 16 Leasing. Amendments include explanations and clarify standards guidelines to recognition and valuation.

Those amendments to the standards have no significant effect on the Group's consolidated 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.

(in thousands of Euro)

4. Investment in Subsidiaries

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed below together with direct and indirect ownership of these entities, 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 2022	31 December 2021
GTC Konstancja Sp. z o.o. (1)	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%
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 PLtd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Váci út 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. (1)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft.	Váci út 81-85 Kft.	Hungary	100%	100%
Centre Point II. Kft.	Váci út 81-85 Kft.	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
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%

(1) Under liquidation.

(in thousands of Euro)

4. Investment in Subsidiaries (continued)

Name	Holding Company	Country of incorporation	31 March 2022	31 December 2021
GTC Future Kft.	GTC Hungary	Hungary	100%	100%
Globe Office Investments Kft.	GTC Hungary	Hungary	100%	100%
Office Planet Kft. (1)	GTC Hungary	Hungary	-	100%
GTC Investments Sp. z.o.o.	GTC Hungary	Poland	100%	100%
GTC Univerzum Projekt Kft.	GTC Hungary	Hungary	100%	100%
GTC Origine Investments Pltd. (“GTC Origine”)	GTC S.A.	Hungary	100%	100%
GTC HBK Project Kft.	GTC Origine	Hungary	100%	100%
GTC VI188 Property Kft.	GTC Origine	Hungary	100%	100%
GTC FOD Property Kft.	GTC Origine	Hungary	100%	100%
G-Delta Adrssy Kft.	GTC Origine	Hungary	100%	100%
GTC KLZ 7-10 Kft.	GTC Origine	Hungary	100%	100%
GTC PSZTSZR Projekt Kft (2)	GTC Origine	Hungary	100%	-
GTC DBRNT Projekt Kft (2)	GTC Origine	Hungary	100%	-
GTC B41 d.o.o. (2)	GTC Origine	Hungary	100%	-
GTC Nekretnine Zagreb d.o.o.	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%
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) Sold (please refer to note 1).
(2) Acquired (please refer to note 1).

(in thousands of Euro)

4. Investment in Subsidiaries (continued)

Name	Holding Company	Country of incorporation	31 March 2022	31 December 2021
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GOC EAD	GTC S.A.	Bulgaria	100%	100%
GTC Flex EAD (2)	GTC S.A.	Bulgaria	100%	-
GTC Medj Razvoj Nekretnina d.o.o. Beograd (1)	GTC S.A.	Serbia	-	100%
GTC Business Park d.o.o. Beograd (1)	GTC S.A.	Serbia	-	100%
Commercial and Residential Ventures d.o.o. Beograd (1)	GTC S.A.	Serbia	-	100%
Demo Invest d.o.o. Novi Beograd (1)	GTC S.A.	Serbia	-	100%
Atlas Centar d.o.o. Beograd (1)	GTC S.A.	Serbia	-	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. (1)	GTC S.A.	Serbia	-	100%
GTC Aurora Luxembourg S.A.	GTC S.A.	Luxembourg	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%

(1) Sold (please refer to note 1).

(2) Newly established wholly-owned subsidiary.

(in thousands of Euro)

5. Segmental analysis

Rental income divided by sectors is presented below:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Rental income from office sector	25,659	26,457
Rental income from retail sector	16,106	10,770
TOTAL	**41,765**	**37,227**

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, Hungary, Bucharest, Belgrade, Sofia, and Zagreb. Segment *Hungary* includes Budapest and Debrecen, in the financial statements for the three-month period ended 31 March 2021 only Budapest.

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

a. Poland
b. Belgrade
c. Hungary
d. Bucharest
e. Zagreb
f. Sofia
g. Other (including Luxembourg)

Segmental analysis of rental income and costs for the three-month period ended 31 March 2022 and 31 March 2021 is presented below:

	2022			2021		
Portfolio	**Revenues**	**Costs**	**Gross margin**	**Revenues**	**Costs**	**Gross margin**
Poland	17,257	(4,803)	12,454	14,358	(4,091)	10,267
Belgrade	2,931	(708)	2,223	8,069	(2,092)	5,977
Hungary	11,549	(3,009)	8,540	4,954	(1,210)	3,744
Bucharest	2,792	(891)	1,901	4,343	(685)	3,658
Zagreb	3,558	(1,056)	2,502	3,029	(1,026)	2,003
Sofia	3,678	(1,004)	2,674	2,474	(657)	1,817
Total	**41,765**	**(11,471)**	**30,294**	**37,227**	**(9,761)**	**27,466**

(in thousands of Euro)

5. Segmental analysis (continued)

Segmental analysis of assets and liabilities as of 31 March 2022 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	899,919	44,988	12,190	**957,097**	299,275	60,892	11,138	**371,305**
Belgrade	149,096	6,060	2,302	**157,458**	756	-	6,173	**6,929**
Hungary	735,819	23,125	19,756	**778,700**	266,687	18,333	12,534	**297,554**
Bucharest	186,848	4,439	2,443	**193,730**	14,905	13,185	2,152	**30,242**
Zagreb	162,314	9,718	11,528	**183,560**	43,637	17,122	4,796	**65,555**
Sofia	192,208	4,865	1,173	**198,246**	-	8,608	4,684	**13,292**
Other	31,797	-	54	**31,851**	-	-	129	**129**
Non allocated (*)	-	209,645	4,818	**214,463**	725,066	18,578	47,770	**791,414**
Total	**2,358,001**	**302,840**	**54,264**	**2,715,105**	**1,350,326**	**136,718**	**89,376**	**1,576,420**

(*) Loans, bonds and leases comprise mainly of bonds issued by GTC S.A., GTC Hungary and GTC Aurora Luxembourg S.A.

Segmental analysis of assets and liabilities as of 31 December 2021 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	898,827	43,450	7,456	**949,733**	299,946	59,706	15,244	**374,896**
Belgrade	381,875	18,702	3,861	**404,438**	146,093	3,000	9,156	**158,249**
Hungary	699,036	28,207	15,302	**742,545**	267,243	20,057	11,269	**298,569**
Bucharest	187,047	10,745	1,249	**199,041**	15,406	13,062	3,925	**32,393**
Zagreb	163,020	6,243	11,385	**180,648**	43,704	16,992	4,271	**64,967**
Sofia	190,516	4,477	1,589	**196,582**	31	8,528	3,147	**11,706**
Other	29,835	464	-	**30,299**	-	-	-	**-**
Non allocated (**)	-	15,700	124,763	**140,463**	722,410	21,800	41,770	**785,980**
Total	**2,550,156**	**127,988**	**165,605**	**2,843,749**	**1,494,833**	**143,145**	**88,782**	**1,726,760**

(**) In other assets are presented receivables from shareholders in the amount of 123,425 EUR. Loans, bonds and leases comprise mainly of bonds issued by GTC S.A., GTC Hungary and GTC Aurora Luxembourg S.A.

(in thousands of Euro)

6. Administration expenses

Administration expenses for the three-month period ended 31 March 2022 and 31 March 2021 comprises the following amounts:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Administration expenses	3,636	2,730
Share based payment	(415)	250
Total	**3,221**	**2,980**

7. Finance costs

Finance costs for the three-month period ended 31 March 2022 and 31 March 2021 comprises the following amounts:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Interest expenses (on financial liabilities that are not fair valued through profit or loss), banking costs and other charges	7,106	7,612
Finance costs related to lease liability	456	487
Amortization of long-term borrowings raising costs	555	465
Total	**8,117**	**8,564**

The weighted average interest rate (including hedges) on the Group's loans as of 31 March 2022 was 2.16% p.a. (2.16% p.a. as of 31 December 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:

	31 March 2022	31 December 2021
Completed investment property	2,050,946	1,929,979
Investment property under construction	57,417	132,410
Investment property landbank at cost	169,438	139,843
Right of use of lands under perpetual usufruct	41,376	38,428
Total	**2,319,177**	**2,240,660**

(in thousands of Euro)

8. Investment Property (continued)

The movement in investment property for the periods ended 31 March 2022 and 31 December 2021 was as follows:

	Right of Use of land	Level 2	Level 3 at fair value	Level 3 at Cost	Total
Carrying amount as of 1 January 2021	**42,679**	**1,202,961**	**736,512**	**142,976**	**2,125,128**
Capitalised expenditure	-	16,091	44,070	20,471	80,632
Purchase of completed assets and land	-	310,627	-	15,457	326,084
Adjustment to fair value / (impairment)	-	(12,765)	3,399	(2,105)	(11,471)
Amortization of right of use of lands under perpetual usufruct	(416)	-	-	-	(416)
Reclassified to assets held for sale	(3,724)	-	(266,763)	(1,352)	(271,839)
Reclassified to residential landbank	-	-	-	(5,500)	(5,500)
Classified to assets for own use, net	-	(1,252)	-	-	(1,252)
Disposal of land	-	-	-	(595)	(595)
Decrease	(745)	-	-	-	(745)
Foreign exchange differences	634	-	-	-	634
Carrying amount as of 31 December 2021	**38,428**	**1,515,662**	**517,218**	**169,352**	**2,240,660**
Capitalised expenditure	-	3,236	3,698	15,084	22,018
Purchase of completed assets and land	-	8,029	-	43,907	51,936
Reclassification (1)	-	112,000	(112,000)	-	-
Adjustment to fair value / (impairment)	-	(2,630)	5,733	(127)	2,976
Prepaid right of use of lands under perpetual usufruct	(703)	-	-	-	(703)
Amortization of right of use of lands under perpetual usufruct	(196)	-	-	-	(196)
Reclassified to assets held for sale	-	-	-	(1,361)	(1,361)
Increase	3,943	-	-	-	3,943
Foreign exchange differences	(96)	-	-	-	(96)
Carrying amount as of 31 March 2022	**41,376**	**1,636,297**	**414,649**	**226,855**	**2,319,177**

(1) Completion of Pillar building in Hungary in Q1 2022 – transfer to Level 2 fair value hierarchy.

(in thousands of Euro)

8. Investment Property (continued)

Fair value and impairment adjustment consists of the following:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Adjustment to fair value of completed investment properties	3,103	(3,157)
Adjustment to the fair value of investment properties under construction	31	786
Reversal of impairment/(Impairment) adjustment	(158)	(51)
Total adjustment to fair value / (impairment) of investment property	**2,976**	**(2,422)**
Adjustment to fair value/(Impairment) of assets held for sale	292	-
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(205)	(172)
Total recognised in profit or loss	**3,063**	**(2,594)**

Reconciliation between capitalized expenditure and paid expenditure is presented below:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Capitalized expenditure	**73,954**	**12,965**
Change in trade payables and provisions	533	5,403
Change in trade receivables	5,807	3,913
Purchase of property, plant, and equipment	-	51
Paid expenditures in line with cash flow statement	**80,294**	**22,332**

(in thousands of Euro)

8. Investment Property (continued)

Completed assets are valued using discounted cash flow (DCF) method.

Assumptions used in the fair value valuations of completed assets as of 31 March 2022 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV*	Fair Value Hierarchy Level	Average Yield**
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m		%
Poland retail	443,000	113	95%	20.5	20.7	2	6.0%
Poland office	373,639	196	86%	14.2	14.2	2	7.7%
Belgrade retail	90,700	35	97%	18.4	22.3	3	8.1%
Hungary office	626,073	223	98%	15.6	15.6	2	6.5%
Hungary retail	21,600	6	90%	17.4	18.4	2	5.6%
Bucharest office	171,985	67	66%	18.8	17.9	2	5.7%
Zagreb retail	85,400	28	99%	22.0	21.7	3	8.4%
Zagreb office	62,249	28	97%	15.2	14.7	3	8.0%
Sofia office	95,800	44	84%	14.4	14.8	3	6.7%
Sofia retail	80,500	23	95%	19.8	23.4	3	6.4%
Total	**2,050,946**	**763**	**91%**	**16.7**	**16.9**		**6.7%**

(*) 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).

(**) Average yield is calculated as in-place rent divided by fair value of asset.

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

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV*	Fair Value Hierarchy Level	Average Yield**
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m		%
Poland retail	443,000	113	94%	20.8	20.7	2	6.0%
Poland office	373,639	196	87%	14.2	14.2	2	7.7%
Belgrade retail	90,700	35	96%	18.0	22.3	3	7.9%
Hungary office	505,437	192	97%	15.5	15.5	2	6.7%
Hungary retail	21,600	6	90%	17.4	18.4	2	5.6%
Bucharest office	171,985	67	66%	18.2	17.9	2	5.6%
Zagreb retail	85,400	28	99%	21.3	21.7	3	8.2%
Zagreb office	61,918	28	92%	14.6	14.7	3	7.3%
Sofia office	95,800	44	84%	14.5	14.8	3	6.7%
Sofia retail	80,500	23	96%	19.7	23.4	3	6.4%
Total	**1,929,979**	**732**	**90%**	**16.5**	**16.9**		**6.7%**

(*) 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).

(**) Average yield is calculated as in-place rent divided by fair value of asset.

(in thousands of Euro)

8. Investment Property (continued)

Information regarding investment properties under construction as of 31 March 2022 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Budapest (PSZTSZR)	18,770	15
Belgrade (GTC X)	23,889	17
Zagreb (Matrix C)	3,530	11
Sofia (Sofia Tower 2)	11,228	8
Total	**57,417**	**51**

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

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Budapest (Pillar)	102,900	29
Belgrade (GTC X)	19,951	17
Sofia (Sofia Tower 2)	9,559	8
Total	**132,410**	**54**

(in thousands of Euro)

8. Investment Property (continued)

Information regarding book value of investment property landbank for construction as of 31 March 2022 and 31 December 2021 is presented below:

	31 March 2022	31 December 2021
Poland	39,015	39,007
Hungary	62,797	62,496
Romania	7,284	7,200
Bulgaria	4,680	4,657
Croatia	10,402	13,614
Total	**124,178**	**126,974**

Information regarding book value of investment property landbank (long term pipeline – with no current plan for construction) as of 31 March 2022 and 31 December 2021 is presented below:

	31 March 2022	31 December 2021
Poland	8,158	9,519
Serbia	33,752	-
Hungary	3,350	3,350
Total	**45,260**	**12,869**
GRAND TOTAL	**169,438**	**139,843**

(in thousands of Euro)

9. Non-controlling interest

The Company's subsidiary that holds Avenue Mall (Euro Structor d.o.o.) has granted in 2018 its shareholders a loan, pro-rata to their stake in the subsidiary. The loan principal and interest shall be repaid by 30 December 2026. 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 2022 is presented below:

	Avenue Mall	Non-core projects	Total
NCI share in equity	24,283	(7,550)	16,733
Loans received from NCI	-	8,522	8,522
Loans granted to NCI	(10,696)	-	(10,696)
Total as of 31 March 2022 *(unaudited)*	**13,587**	**972**	**14,559**
NCI share in profit / (loss)	**366**	**(56)**	**310**

10. Blocked deposits

Balance of blocked deposits slightly decreased from EUR 25,419 to EUR 25,256.

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.

(in thousands of Euro)

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 2022 and 31 December 2021 was as follows:

	31 March 2022	31 December 2021
Fair value as of the beginning of the period	**(40,598)**	**(19,260)**
Charged to other comprehensive income (*)	7,901	(20,356)
Charged to income statements (**)	130	(1,841)
Reclassified to liabilities related to assets held for sale	-	859
Fair value as of the end of the period	**(32,567)**	**(40,598)**

(*) Decrease is mainly attributable to the revaluation of IRS instruments related loans.

(**) This gain mainly offset a foreign exchange differences loss on bonds nominated in PLN and HUF.

Derivatives are measured at fair value at each reporting date. Valuations of hedges are considered as level 2 fair value measurements.

Fair value of derivatives is measured based on the data from publicly available sources.

12. VAT and other tax receivable

VAT and other tax receivable represent VAT receivable on the purchase of assets and due to development activity. The balance of VAT and other tax receivable decreased from EUR 2,957 to EUR 1,743.

13. Trade payables and provisions

The balance of trade payables and provisions decreased from EUR 31,092 to EUR 27,644 in the period ended 31 March 2022. The majority of the payables relates to development activity.

(in thousands of Euro)

14. Long-term loans and bonds

	31 March 2022	31 December 2021
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	48,129	48,166
Green bonds mature in 2027-2030 (HU0000360102)	107,477	107,389
Green bonds mature in 2028-2031 (HU0000360284)	53,587	54,056
Green bonds mature in 2026 (XS2356039268)	506,217	503,263
Bonds 0422 (PLGTC0000292)	9,610	9,520
Loan from Santander (Globis Poznan)	16,165	16,323
Loan from Santander (Pixel)	18,839	19,011
Loan from Santander (Globis Wroclaw)	20,501	20,675
Loan from Berlin Hyp (Corius)	9,500	9,500
Loan from Pekao (Sterlinga)	14,481	14,613
Loan from PKO BP (Artico)	13,211	13,338
Loan from Erste and Raiffeisen (Galeria Jurajska)	114,031	115,250
Loan from Berlin Hyp (UBP)	41,325	41,543
Loan from Santander (Francuska)	18,456	18,625
Loan from OTP (Centre Point)	47,411	47,862
Loan from UniCredit Bank (Pillar)	51,260	50,827
Loan from OTP (Duna)	36,766	37,116
Loan from Erste (HBK)	10,775	10,775
Loan from Erste (Váci Greens D)	24,250	24,438
Loan from OTP (Ericsson/evosoft Hungary)	80,000	80,000
Loan from Erste (V188)	16,225	16,225
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	42,500	42,500
Loans from NCI	8,522	8,760
Deferred issuance debt expenses	(9,771)	(10,324)
Total	**1,299,467**	**1,299,451**

(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 2022	31 December 2021
Current portion of long-term loans and bonds:		
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	16,605	16,278
Green bonds mature in 2027-2030 (HU0000360102)	340	72
Green bonds mature in 2028-2031 (HU0000360284)	18	397
Green bonds mature in 2026 (XS2356039268)	8,731	5,918
Bonds 0422 (PLGTC0000292)	9,610	9,520
Loan from Santander (Globis Poznan)	629	629
Loan from Santander (Pixel)	690	690
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 Pekao (Sterlinga)	525	525
Loan from PKO BP (Artico)	510	510
Loan from Santander (Francuska)	676	676
Loan from OTP (Centre Point)	1,807	1,807
Loan from OTP (Duna)	1,401	1,401
Loan from Erste (Váci Greens D)	750	750
Loan from UniCredit Bank (Pillar)	449	-
Deferred issuance debt expenses	(1,274)	(1,274)
Total	**47,905**	**44,337**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

	31 March 2022	31 December 2021
Long term portion of long-term loans and bonds:		
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	31,524	31,888
Green bonds mature in 2027-2030 (HU0000360102)	107,137	107,317
Green bonds mature in 2028-2031 (HU0000360284)	53,569	53,659
Green bonds mature in 2026 (XS2356039268)	497,486	497,345
Loan from Santander (Globis Poznan)	15,536	15,694
Loan from Santander (Pixel)	18,149	18,321
Loan from Santander (Globis Wroclaw)	19,808	19,982
Loan from Berlin Hyp (Corius)	9,500	9,500
Loan from Pekao (Sterlinga)	13,956	14,088
Loan from PKO BP (Artico)	12,701	12,828
Loan from Erste and Raiffeisen (Galeria Jurajska)	109,156	110,375
Loan from Berlin Hyp (UBP)	40,455	40,673
Loan from Santander (Francuska)	17,780	17,949
Loan from OTP (Centre Point)	45,604	46,055
Loan from OTP (Duna)	35,365	35,715
Loan from Erste (HBK)	10,775	10,775
Loan from Erste (Váci Greens D)	23,500	23,688
Loan from OTP (Ericsson/evosoft Hungary)	80,000	80,000
Loan from Erste (V188)	16,225	16,225
Loan from UniCredit Bank (Pillar)	50,811	50,827
Loan from Zagrabecka Banka (Avenue Mall Zagreb)	42,500	42,500
Loans from NCI	8,522	8,760
Deferred issuance debt expenses	(8,497)	(9,050)
Total	**1,251,562**	**1,255,114**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

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

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

In addition, substantially, all investment properties and investment properties under construction 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 maturing in 2022-2023) are denominated in PLN. Green Bonds (series maturing in 2027-2030) and green bonds (series maturing in 2028-2031) are denominated in HUF. All other bank loans and bonds are denominated in Euro.

As at 31 March 2022, the Group continues to comply with the financial covenants set out in their loan agreements and bonds terms.

The movement in long term loans and bonds for the periods ended 31 March 2022 and 31 December 2021 was as follows:

	1 January 2022-31 March 2022	1 January 2021-31 December 2021
Balance as of the beginning of the period (excluding deferred debt expenses)	**1,309,775**	**1,268,130**
Drawdowns	432	706,070
Repayments	(3,358)	(585,323)
Reclassified to liabilities related to assets held for sale	-	(142,369)
Loan on acquisition of GTC Univerzum Projekt Kft.	-	58,000
Change in accrued interest	3,206	6,531
Foreign exchange differences	(817)	(1,264)
Balance as of end of the period (excluding deferred debt expenses)	**1,309,238**	**1,309,775**

(in thousands of Euro)

14. Long-term loans and bonds (continued)

Repayments of long-term debt and interest are scheduled as follows (Euro million) (the amounts are not discounted):

	31 March 2022 (unaudited)	31 December 2021 (audited)
First year*	67	127(**)
Second year	92	148
Third year	165	99
Fourth year	83	144
Fifth year	778	821
Thereafter	234	236
	1,419	**1,575**

(*) Repaid during 12 months from reporting date.

(**) Including EUR 54m liabilities related to assets held for sale.

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 2022 was as follows:

Country	Completed investment property	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total
Poland	12,879	21,358	-	-	34,237
Romania	6,383	-	-	-	6,383
Serbia	-	756	-	-	756
Croatia	-	-	1,093	-	1,093
Hungary	-	-	-	67	67
Balance as of 31 March 2022	**19,262**	**22,114**	**1,093**	**67**	**42,536**

(in thousands of Euro)

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

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

Country	Completed investment property	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total
Poland	10,730	21,052	-	-	31,782
Romania	6,646	-	-	-	6,646
Croatia	-	-	1,102	-	1,102
Bulgaria	-	-	-	5	5
Hungary	-	-	-	37	37
Balance as of 31 December 2021	**17,376**	**21,052**	**1,102**	**42**	**39,572**

The balance of lease liability as of 31 March 2022 was as follows:

Country	Completed investment property	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total	Average Discount rate
Poland	12,879	19,887	-	-	32,766	4.2%
Romania	6,383	-	-	-	6,383	5.7%
Serbia	-	756	-	-	756	7.6%
Croatia	-	-	1,137	-	1,137	4.4%
Hungary	-	-	-	46	46	3.9%
Balance as of 31 March 2022	**19,262**	**20,643**	**1,137**	**46**	**41,088**	

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

Country	Completed investment property	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total	Average Discount rate
Poland	10,730	20,339	-	-	31,069	4.2%
Romania	6,646	-	-	-	6,646	5.7%
Croatia	-	-	1,204	-	1,204	4.4%
Bulgaria	-	-	-	30	30	4.5%
Hungary	-	-	-	16	16	3.9%
Balance as of 31 December 2021	**17,376**	**20,339**	**1,204**	**46**	**38,965**	

(in thousands of Euro)

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

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 period ended 31 March 2022 and for the financial year ended 31 December 2021 was as follows:

	2022	2021
Balance as of beginning of period	**39,572**	**44,024**
Recognition of Right of Use asset for fixed assets	30	-
Recognition / (derecognition) of Right of Use asset for lands under perpetual usufruct	3,943	(745)
Amortization of right of use	(209)	(531)
Prepaid right of use of lands under perpetual usufruct	(703)	-
Reclassification to assets held for sale	-	(3,724)
Foreign exchange differences	(97)	548
Balance as of end of period	**42,536**	**39,572**

The movement in lease liability for the periods ended 31 March 2022 and 31 December 2021 was as follows:

	2022	2021
Balance as of beginning of period	**38,965**	**43,054**
Recognition of lease liability for fixed assets	30	-
Recognition / (derecognition) of lease liability for lands under perpetual usufruct	3,943	(745)
Payments of leases	(525)	(516)
Change in provision	(358)	970
Change in accrued interest	(563)	(658)
Reclassification to liabilities related to assets held for sale	-	(3,724)
Foreign exchange differences	(404)	584
Balance as of end of period	**41,088**	**38,965**

(in thousands of Euro)

16. Assets held for sale and liabilities related to assets held for sale

The balance of assets held for sale as of 31 March 2022 and 31 December 2021 was as follows:

	31 March 2022	31 December 2021
Serbian completed office portfolio	-	287,816
Poland landbank	2,472	-
Romanian land bank	680	2,833
Croatian landbank	1,352	1,352
Total	**4,504**	**292,001**

The balance of liabilities, related to assets held for sale as of 31 March 2022 and 31 December 2021 was as follows:

	31 March 2022	31 December 2021
Serbian completed office portfolio	-	153,621
Romanian land bank	-	1,080
Croatian landbank	129	130
Total	**129**	**154,831**

The balance of assets held for sale and liabilities related to assets held for sale decreased significantly mainly due to the closing transaction on disposal of Serbian entities (*for details please refer to note 1*) and selling land plot in Romania. Serbian completed office portfolio was sold for EUR 125,112 (net of cash in disposed assets).

17. Prepayments, deferred expenses and other receivables

The balance of prepayments, deferred expenses and other receivables increased from EUR 11,515 to EUR 16,917 in the period ended 31 March 2022.

The majority of the increase relates to development activity.

18. 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-Avoidance Rule (GAAR) provisions. The new regulation requires significantly more judgement in assessment of the tax consequences of particular transactions.

Main tax changes to the Polish Corporate Income Tax effective from 1 January 2022

Withholding tax (WHT)

The package of changes introduced to the Polish tax law regulations starting from January 2022 has limited the original scope of the application of pay and refund mechanism (settlement of WHT in relation to payments exceeding PLN 2 million (EUR 0.4 million) per annum for each taxpayer). Under new rules, the conditional exemption from WHT or application of the reduced tax rate stipulated in the applicable double tax treaty (DTT) is restricted in terms of the passive payments (i.e. dividends, interest, license fees) in the amount exceeding PLN 2 million per annum made with respect to foreign related entities. In such cases the tax remitter is obliged to automatically collect the tax at a statutory domestic rate (19% or 20%) regardless of the fulfilment of the conditions allowing the application of the exemption or the reduced rate on the basis of the local law or DTT.

Group does not expect significant impact of above change on consolidated financial statements.

Limitation of tax depreciation of commercial buildings

According to general tax regulations depreciation expenses on fixed assets (buildings classified as investment property) can be tax deductible. However, from 1 January 2022 in the case of real estate companies, tax-deductible depreciation expenses rates cannot be greater than the current applied accounting depreciation expenses rates applied to the same fixed assets in a given year.

Group is in the process of assessing the tax impact of above change on consolidated financial statements.

19. Capital and Reserves

Shareholders who, as at 31 March 2022, held above 5% of the Company shares were as follows:

- GTC Dutch Holdings B.V
- Icona Securitization Opportunities Group S.A R.L.
- OFE PZU Zlota Jesien
- OFE AVIVA Santander

SHARE ISSUE

On 29 June 2021, the Annual General Meeting adopted a resolution regarding the capital increase of up to 20% of the existing share capital. As per the Annual General Meeting authorization, the Management launched the capital increase via the accelerated book building in December 2021. The subscription agreements with the shareholders participating in the offer of O series bearer shares were signed on 20-21 December 2021. As a result the Company issued 88,700,000 series O bearer shares. The capital increase and new Articles of Association were registered by the National Court Register on 4 January 2022 and the funds were transferred to the Company’s account. The O series bearer shares were admitted to trading on the respective stock exchange on 26 January 2022.

As of December 31, 2021 the Group recognized receivables from shareholders in the amount of EUR 123,425 and unregistered share capital increase in the amount of EUR 120,295. Unregistered share capital increase represents value of share capital increase at the moment of signing the subscription agreements, decreased by corresponding share issue costs.

In Q1 2022 the Group reclassified unregistered share capital to share capital of EUR 1,913 and share premium of EUR 118,382 after share capital increase was registered (please refer to note 1).

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 table) have been accounted for based on future cash settlement.

(in thousands of Euro)

19. Capital and Reserves (continued)

As at 31 March 2022, phantom shares issued were as follows:

Strike (PLN)	Blocked	Vested	Total
6.03	-	650,416	650,416
6.11	-	100,000	100,000
6.23	2,391,000	997,100	3,388,100
6.31	177,000	250,000	427,000
6.54	450,000	-	450,000
6.70	1,350,000	-	1,350,000
6.97	525,000	-	525,000
Total	**4,893,000**	**1,997,516**	**6,890,516**

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

Last year of exercise date	Number of phantom shares
2023	3,826,516
2025	3,064,000
Total	**6,890,516**

The number of phantom shares were changed as follows:

Number of phantom shares as of 1 January 2022	**5,360,516**
Granted during the period*	2,592,000
Expired	(590,000)
Exercised during the period	(472,000)
Number of phantom shares as of 31 March 2022	**6,890,516**

**In Q1 2022 new phantom share program was introduced for management and key personnel.*

(in thousands of Euro)

20. Earnings per share

Basic earnings per share were calculated as follows:

	Three-month period ended 31 March 2022 (unaudited)	Three-month period ended 31 March 2021 (unaudited)
Profit / (loss) for the period attributable to equity holders (Euro)	14,914,000	8,462,000
Weighted average number of shares for calculating basic earnings per share	574,255,122	485,555,122
Basic earnings per share (Euro)	**0.03**	**0.02**

There have been no potentially dilutive instruments as at 31 March 2022 and 31 March 2021.

21. Changes in commitments, contingent assets and liabilities

There were no significant changes in commitments and contingent liabilities, except for certain contingent assets in a way of rental guarantees and warranties provided by Sellers, in connection with the purchase of new assets in Hungary.

There were no significant changes in litigation settlements in the current period.

22. Subsequent events

On 18 April 2022, GTC SA repaid all bonds issued under ISIN code PLGTC0000292 (full redemption). The original nominal value was EUR 9,440.

23. Approval of the financial statements

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 18 May 2022.

Independent registered auditor's report on the review of the interim condensed consolidated financial statements

To the Shareholders and the Supervisory Board of Globe Trade Centre Spółka Akcyjna

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Globe Trade Centre S.A. Group (hereinafter called "the Group"), having Globe Trade Centre S.A. as its parent company (hereinafter called "the Parent Company"), with its registered office in Warsaw, Komitetu Obrony Robotników 45A Street, comprising the interim condensed consolidated statement of financial position as at 31 March 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the period from 1 January to 31 March 2022 and a summary of significant accounting policies and other explanatory notes.

The Management Board of the Parent's Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity as adopted by the National Council of Certified Auditors as the National Standard on Review Engagements 2410. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k., ul. Polna 11, 00-633 Warszawa, Polska
T: +48 (22) 746 4000, F: +48 (22) 742 4040, www.pwc.pl

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 International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

Conducting the review on behalf of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., a company entered on the list of Registered Audit Companies with the number 144:

Signature Not Verified

Dokument podpisany przez Piotr Wyszogrodzki
Data: 2022.05.18 18:17:32 CEST

Piotr Wyszogrodzki

Key Registered Auditor
No. 90091

Warsaw, 18 May 2022