

The present Information Document has been prepared in accordance with the XBond general business rules of Budapest Stock Exchange (company name: Budapesti Értéktőzsde Zrt.; company registration number: 01-10-044764; seat: 1054 Budapest, Szabadság tér 7. Platina torony. I. ép. IV. em.; "BSE"). BSE as market operator approved the Information Document under Decision No. 26/XBond/2021 on 19 February 2021.

INFORMATION DOCUMENT

OF

GTC Magyarország Zrt.

as Issuer for the registration and trading of "GTC 2030/A" Bonds on XBond multilateral trading facility operated by BSE

Joint Lead Manager 1 and Paying Agent:

OTP Bank Nyrt.

Joint Lead Manager 2:

Equilor Zrt.

15 February 2021

Warning: Investing into the Bonds qualifies particularly risky from investor perspective since the Issuer is solely responsible for the information contained herein.

INTRODUCTION

This Information Document has been prepared by the Issuer for the registration of 792 pcs HUF denominated, fixed interest rate, dematerialised Bonds issued by the Issuer in the amount of HUF 39,600,000,000 (name: GTC 2030/A Bond; ISIN identifier: HU0000360102). This Information Document contains relevant information and disclosures required by the XBond general business rules.

The Bonds have been placed on the market as part of an offer of securities to the public pursuant to the Prospectus Regulation. As the denomination per unit of the Bonds exceeds EUR 100,000 (in local currency equivalent of appr. HUF 36 million), the provisions of Article 1 (4) (c) of the Prospectus Regulation apply and this public offering was not subject to a prospectus disclosure obligation. Therefore, the Information Document is neither a prospectus nor a base prospectus pursuant to the Prospectus Regulation and the Capital Markets Act, consequently, it has not been examined or approved by the National Bank of Hungary or Budapest Stock Exchange; nor has BSE as market operator endorsed the accuracy or adequacy of the information and the content of this Information Document in the course of approving the Information Document. All legal responsibility for the adequacy, accuracy and completeness of the information contained in the Information Document concerning the Issuer and its operation remains solely with the Issuer, and therefore, in this respect, investing in the Bonds represents a higher risk than in cases where a prospectus approved by the competent supervisory authority is available.

The Issuer is solely responsible for all information contained in the present Information Document. The Information Document does not qualify as an investment recommendation, investment analysis or investment advice pursuant to the Capital Markets Act and the relevant EU legislations. Each Investor contemplating the purchase of any Bonds should consider the risks and rewards arising from the investment in the Bonds and decide on the actual purchase of the Bonds in light of this Information Document their market knowledge and experience, the Issuer's market and financial position, their own independent investigation on the terms of the Bonds and consultations with their own financial, legal, accounting, tax and other professional advisors.

The Bonds were offered and issued solely in Hungary and within the framework of the Bond Funding for Growth Scheme ("*Növekedési Kötvényprogram*") launched by the National Bank of Hungary (the "NBH").

The Issuer does not take responsibility for any costs or damages incurred at any third party, directly or indirectly, with regards to negotiations, transaction recommendations or consultancy fees based on or in connection with the content of the present Information Document.

The legal and financial consultants participating in the compilation of the present Information Document were Vámosi-Nagy Ernst & Young Law Office, OTP Bank Nyrt. and Equilor Zrt. (hereinafter collectively "**Consultants**"). During the preparation of the Information Document, the Consultants did not perform any financial, technical, tax or legal due diligence. The management of the Issuer is responsible for the compilation and implementation of the financial statements. The Consultants did not examine the feasibility of the business plans. The Consultants relied on the data received from the Issuer as being complete and accurate in all material respects, the Consultants do not take responsibility for the authenticity of this data. The Information Document was prepared in the period between 26 October 2020 and 15

February 2021, therefore the Information Document contains facts and information that revealed up to the date of its preparation period. The work of the Consultants was primarily based on information gathering and management interviews and did not include due diligence, therefore, the Consultants do not express an opinion on the quality of the financial statements.

The responsibility of the persons responsible extends to all the information contained in the Information Document. Such responsibility shall be binding for a period of five (5) years from the date of this Information Document and may not be excluded or limited.

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DEFINITIONS AND ABBREVIATIONS

Terms and abbreviations capitalized in this Information Document shall have the following meanings, unless the context clearly indicates otherwise:

"AML Act"	Means Act LIII of 2017 on the prevention of money laundering and terrorist financing.
"Bond(s)"	Debt Securities (bonds) issued in accordance with the terms of the Information Memorandum of the Issuer dated 26 November 2020.
"Bond Decree"	285/2001 (XII.26.) Government Decree on the bond
"Bondholder"	Any person that is to be considered the owner of the Bonds.
"BSE"	Budapesti Értéktőzsde Zrt. (registered office: 1054 Budapest, Szabadság tér 7. Platina torony. I. ép. IV. em.; registration number: 01-10-044764; tax number: 12853812-2-41)
"Business Day"	Business Day means a day on which credit institutions and the money and foreign exchange markets make payments or settlements in Budapest, if such day is also a Business Day at the Issuer and when KELER executes money transfers and securities transfers.
"Capital Markets Act"	Act CXX of 2001 on the Capital Market
"Civil Code"	Act V of 2013 on the Hungarian Civil Code
"Debt Securities"	Means debt securities (in Hungarian: <i>"hitelviszonyt megtestesítő értékpapír"</i>), as defined in the Capital Markets Act (such definition being: all securities in which the issuer (debtor) acknowledges that a certain amount of money has been placed at its disposal and that it commits itself to repaying the amount of the principal (loan) as well as, in the case of interest-bearing securities, the agreed interest or other returns calculated as specified or its other yields as well as to performing any other predetermined services, when applicable, to the holder of the securities (the creditor) on the date and in the manner stipulated).
"Joint Lead Manager 1" or "Paying Agent"	OTP Bank Nyrt. (registered office: 1051 Budapest, Nádor u.16.; registration number: 01-10-041585; tax number: 10537914-4-44)

"Joint Lead Manager 2"	Equilor Zrt. (registered office: 1026 Budapest, Pasaréti út 122-124.; registration number: 01-10-041431; tax number: 10379925-2-41)
"EUR"	Euro, the official currency of the following Member States of the European Union: Austria, Belgium, Cyprus, Estonia, Finland, France, Greece, Netherlands, Ireland, Latvia, Lithuania, Luxembourg, Malta, Germany, Portugal, Italy, Spain, Slovakia and Slovenia
"Forint" or "Ft"	The official currency of Hungary
"Group"	Means Globe Trade Centre S.A. and its affiliates including GTC Magyarország Zrt.
"Guarantee Undertaking"	Means the guarantee undertaking made by the Guarantor set out in Annex 7 of this Information Document.
"Guarantor"	Globe Trade Centre S.A. (registered office: 01-146 Warsaw, Komitetu Obrony Robotników 45A, Poland; registration number: 0000061500) which is a public company limited by shares listed on the Warsaw stock Exchange and inward listed on the Johannesburg Stock Exchange, with disclosures available http://ir.gtc.com.pl/en
"Information Document"	An offer of securities (the Bonds) to the public, which is a public communication to persons that provides sufficient information (including, but not limited to, the scope of information specified in the Bond Decree and the Capital Markets Act) about the terms of the offer and the Bonds offered to enable the Investors to make a decision on the investment of the Bonds.
"Instrument"	An instrument issued from the Bonds in dematerialized form with the content defined in Paragraph (2), Section 7 of the Capital Markets Act, which does not qualify as securities.
"Issuance" or "Bond Issuance"	Issuance of the Bonds in accordance with the terms of the Information Memorandum of the Issuer dated 26 November 2020.
"Issuer" or "GTC"	GTC Magyarország Zrt. (registered office: 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.; registration number: 01-10-043913; tax number: 12398155-2-41)

"KELER"	Központi Értéktár Zrt. (registered office: 1074 Budapest, Rákóczi út 70-72.; registration number: 01 10 042346; tax number: 10873151-2-44)
„NBH"	National Bank of Hungary
„NKP"	Bond Funding for Growth Scheme (" <i>Növekedési Kötvényprogram</i> ") launched by the National Bank of Hungary on 1 July 2019.
"NKP Prospectus"	Means the document "Information on the Terms and Conditions of the Bond Funding for Growth Scheme" published by the NBH and available at: https://www.mnb.hu/letoltes/nkp-termektajekoztato.pdf
"Prospectus Regulation"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

1. PERSON RESPONSIBLE - DECLARATION OF RESPONSIBILITY

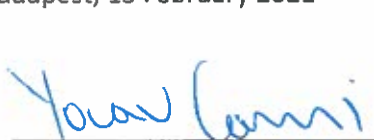
GTC Magyarország Zrt. (seat: 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.; company registration number: 01-10-043913; tax number: 12398155-2-41) as Issuer and as solely responsible person for the content of the Information Document hereby declares the following:

During the preparation of this Information Document the Issuer endeavoured, in the manner expected of it, to ensure that this Information Document contains, in accordance with the relevant legal requirements, all information regarding the market, economic, financial and legal situation of the Issuer and its expected development, as well as the data necessary for the investor to make a well-founded assessment of the rights attached to the Bonds. To the best knowledge of the Issuer, the data, data groupings, statements and analyses provided in this Information Document correspond to reality, are correct and allow the investor to make a well-founded assessment regarding the market, economic, financial and legal situation of the Issuer and its expected development, as well as the rights attached to the Bonds. To the best knowledge of the Issuer, this Information Document does not contain misleading information, groupings or analyses suitable for drawing erroneous conclusions, and does not omit such facts which endangers the market, economic, financial and legal situation of the Issuer and its expected development, as well as the data necessary for the investor to make a well-founded assessment of the rights attached to the Bonds. In accordance with the above mentioned, the undersigned representative of the Issuer on behalf of the Issuer declares, that this Information Document contains information and statements which correspond to reality and does not omit such facts and information which are relevant to the assessment of the Bonds and the position of the Issuer.

The responsibility of the Issuer extends to all the information contained in the Information Document. Such responsibility shall be binding on the Issuer for a period of five (5) years from the date of this Information Document and may not be excluded or limited.

Joint Lead Manager 1 and Joint Lead Manager 2 are not responsible for the reality of the information contained in this Information Document.

Budapest, 15 February 2021



Yovav Carmi
Member of the Board
GTC Magyarország Zrt.



Ariel Alejandro Ferstman
Member of the Board
GTC Magyarország Zrt.



Robert John Snow
Chairman of the Board
GTC Magyarország Zrt.

2. AUDITOR

The auditor of the Issuer is EUROCLIENS Tanácsadó, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság (seat: 1133 Budapest, Ipoly utca 8. 6. em. 8.; company registration number: 01-09-181612; tax number: 11364522-2-41; MKVK registration number: 004198) and Buzás Dóra Emese (mother's name: dr. Zongor Emilia Mária; address: 1133 Budapest, Ipoly utca 8. 6. em. 8.; MKVK registration number: 005614) is personally responsible for the Issuer's audit. The Issuer's EUR and IFRS-based financial statements are audited by BDO Magyarország Könyvvizsgáló Kft. (Budapest 1103, Kőér u. 2/A). The auditors of the Issuer have not been changed since the last business period.

3. RISK FACTORS AND RISK MANAGEMENT

3.1. Risks specific to the Issuer / Group and their activities

The Group's business could be affected if the general economic conditions in the countries in which the Group operates continue or worsen.

A deterioration of the general economic conditions and the real estate market in the countries where the Group operates may adversely affect the willingness and ability of customers to secure financing and purchase or lease property. If such demand falls, the Group may have to sell or let its projects at a loss or may not be able to sell or let its projects at all. A potential downturn in the general economic conditions and the real estate market in Poland or other countries in which the Group operates may also lead to a drop in the market value of the Group's properties. The crisis on the financial markets may also adversely affect the Group's business in other ways, for example if tenants of the Group or the financial institutions that provide the Group with financing go bankrupt.

Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

3.1.1. The Group may fail to implement its strategy

The Group is in the process of implementing its growth strategy pursuant to which it plans to: (i) expand its portfolio by acquiring and improving yielding properties in Poland and in capital cities in countries where the Group operates, supplemented by selected, most attractive development projects in the Group's Property Portfolio; (ii) improve the efficiency of its asset management activities and maximize operating performance and efficiency; and (iii) sell its non-core assets which may allow the Group to reduce its financial leverage or obtain funds to be used for new investments.

As a result, certain properties and qualities of the portfolio may change in terms of geographic split, the ratio of the value of completed properties and the value of properties under construction, as well as the portfolio's split by asset classes (i.e. retail, office, residential and other properties). As a result, various metrics of the Group's business and recurring cash flows derived from rental income may change. Moreover, no assurance can be given that the Group's property portfolio or future investment strategies effected pursuant to the Group's strategy will enhance the value of its property portfolio and increase the Group's profitability. In particular, the success of the Group's business strategy relies on assumptions and contingencies that may prove to be partially or wholly incorrect and/or inaccurate. This includes assumptions with

respect to the level of profitability of the acquisition targets to be completed in the future and investment criteria which have been developed by the Group for the purpose of achieving the expected level of returns on the acquired properties.

The Group may fail to achieve its major goals due to internal and external factors of a regulatory, legal, financial, social or operational nature, some of which may be beyond the Group's control. In particular, volatile market conditions, a lack of capital resources needed for expansion and the changing price of available properties for sale in the relevant markets may hinder or make it impossible for the Group to implement the core elements of its strategy. Moreover, expanding its presence in the asset management sector may be hindered or even impossible due to increasing competition from other real estate managers and investors in the real estate market.

Should the Group experience these or other challenges, the Group may be unable to implement its strategy fully or at all; it may decide to change, suspend or withdraw from its strategy or development program, and it may be unable to achieve, or it could encounter delays in achieving, the planned synergies and desired benefits from its strategy and development program. This could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.2. The valuation of the Group's properties is inherently uncertain, may be inaccurate and is subject to fluctuation

The Group presents the vast majority of its real estate properties at a fair value, which has been estimated by external real estate valuation experts.

The valuation of property is inherently subjective and uncertain since it is done on the basis of assumptions which may differ from actual future developments. For example, the valuation reports were prepared on the basis of certain forecasts and assumptions regarding the real estate market in geographic markets in which the Group operates.

The fair value of investment properties and the undeveloped landbank is established semi-annually (i.e. as of 30 June and 31 December of each year) by independent certified appraisers based on discounted projected cash flows from the investment properties using discount rates applicable for the relevant local real estate market or, in case of some of the real properties, using the sales comparison approach. In most instances the independent certified appraisers do not, however, prepare valuations for 31 March and 30 September of each year. Such valuations are reviewed internally and, if necessary, verified by the Group's management.

There can be no assurance that the valuations of the Group's properties (undeveloped, in progress and completed) will reflect the actual sale prices or that the estimated yield and annual rental revenue of any property will be attained, or that such valuations will not be subject to be challenged by, among others, the regulatory authorities. Forecasts may prove inaccurate as a result of the limited amount and quality of publicly available data and research regarding Poland and other markets in which the Group operates compared to mature markets. Additional factors that impact the valuation and, specifically, the planning of projects are the construction costs as estimated by the Group and established on the basis of current prices and future price forecasts, whereas the actual costs may be different. Moreover, some of the valuations are based on certain assumptions regarding future zoning decisions. Such assumptions may turn out not to be fulfilled which may result in the Group not being able to develop certain property in line with the plan. This may adversely impact the valuation of such properties in the future.

If the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove to be inaccurate, the actual value of the projects in the Group's portfolio may differ materially from that stated in the valuation reports. Inaccurate valuations of the Group's properties and fluctuations in valuations may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, a decrease in the value of the real estate properties of the Group may also negatively affect the Group's covenants to maintain certain levels of loan-to-value ratios established in connection with the Group's loans incurred to finance projects and the ability of the Group to raise and service its debt funding. Each such event may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.3. The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations

The Group's income generating properties and properties under development are independently revalued on at least semi-annual basis in accordance with its accounting policy. Consequently, in accordance with IAS 40 "Investment Property" as adopted by the EU, any increase or decrease in the value of its properties accounted for in accordance with fair value models recorded as a revaluation gain or loss in the Group's consolidated income statement for the period during which the revaluation occurs. Moreover, projects under construction which cannot be reliably valued at fair value are valued at historical cost decreased by impairment, if any. Such properties are tested for impairment on, at least, a semi-annual basis. If the criteria for impairment are satisfied, a loss is recognized in the Group's consolidated income statement.

As a result, the Group can have significant non-cash revenue gains or losses from period to period depending on the changes in the fair value of its investment properties, whether or not such properties are sold. For instance, the Group may recognize revaluation losses and impairment of assets and residential projects as well as profits in other years.

If market conditions and the prices of comparable commercial real properties continue to be volatile, the Group may continue to experience significant revaluation gains or losses from the Group's existing properties in the future. If a substantial decrease in the fair market value of its properties occurs, over the longer term, this may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.4. The Group's business is dependent on its ability to actively manage its assets

A core part of the Group's operations is the active management of its assets, which includes the management of vacancy rates and rent levels and the terms of executed lease agreements in the case of all commercial properties, as well as achieving the desired tenant mix in the case of retail properties. This is particularly relevant with respect to the Group's large-scale commercial properties. In addition to legal constraints, the Group's ability to reduce vacancies, renegotiate rents and create a desired tenant mix is partly subject to market-related factors. Some of these factors, such as the general economic environment, consumer confidence, inflation and interest rates, and others are beyond the Group's control. During periods of recession or downturns in the economy it is more challenging for developers to attract new tenants and to retain existing ones, and the competition between developers for each tenant is much stronger. If the Group is unable to create or capture demand for its properties by, for example, improving tenant services

or motivating its external sales agents, it may not be able to reduce vacancy rates or renegotiate rents as desired.

A prolonged period of higher vacancy rates could lower the rents tenants generally pay and make it more difficult to increase the average rent that the Group expects to charge. Higher vacancy rates would also increase the Group's overall operating costs, as it would have to cover expenses generated by empty properties or units. Any such decrease in rental revenue or increase in operating costs could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.5. The Group's growth and profitability will depend on the Group's ability to identify and acquire attractive income-generating properties, efficiently manage its portfolio and develop selected projects

In accordance with its strategy, the Group intends to expand its business through: (i) the acquisition of yielding properties; (ii) asset management focused on unlocking value from the Group's portfolio; and (iii) the development of selected projects. Accordingly, the growth and profitability of the Group and the success of its proposed business strategy depend, to a significant extent, on its continued ability to locate and acquire yielding properties at attractive prices and on favourable terms and conditions.

The ability to identify and secure accretive value-added acquisition opportunities involves uncertainties and risks, including the risk that the acquisition is not an income-generating one after the Group has carried out business, technical, environmental, accounting and legal examinations of the property or project. In addition, the Group also faces the risk that competitors may anticipate certain investment opportunities and compete for their acquisition. Additionally, any potential acquisition of properties may give rise to pre-acquisition costs which have to be paid by the Group even if the purchase of a property is not concluded. There can be no assurance that the Group will be able to: (i) identify and secure investments that satisfy its rate of return objective and realize their values; and (ii) acquire properties suitable for management in the future at attractive prices or on favourable terms and conditions.

As a part of its strategy, the Group intends to focus on maximizing the operating performance and efficiency of the active management of its income-generating commercial property portfolio. In pursuing this objective, the Group may expend considerable resources (including funds and management time) on managing properties that do not generate the expected returns and maintain certain ratios at the required level due to, for example, a decrease in demand for rental units or in rental levels which are not possible to anticipate.

The failure of the Group to identify and acquire suitable properties, effectively manage its properties portfolio and develop its projects could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

3.1.6. The Group might not receive adequate information on risks relating to, or might make errors in judgment regarding, future acquisitions of real estate

The acquisition of real estate requires a precise analysis of the factors that create value, in particular the levels of future rental values and the potential for the improvement of the NOI. Such an analysis is subject to a wide variety of factors as well as subjective assessments and is based on various assumptions. It is possible that the Group or its service providers will misjudge

individual aspects of a given project when making acquisition decisions or that assessments on which the Group bases its decision are inaccurate or based on assumptions that turn out to be incorrect. Such judgment errors may lead to an inaccurate analysis and valuation of the properties by the Group in connection with investment decisions that may only become apparent at a later stage and force us to revise the Group's valuation amounts downwards. The Group can also not guarantee that the service provider it chooses to carry out its due diligence when purchasing property will identify all the risks related to the property in question. In addition, the Group cannot guarantee that it will be able to have recourse to the seller of the property for not disclosing such risks. If the Group does not find out about these risks, this could lead the Group to economic and financial disadvantages. The Group cannot guarantee that it will be able to pursue remedies against the respective seller for the non-disclosure of such risks. The occurrence of one or several of such risks could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.7. The Group cannot guarantee that it will continue to generate rental income at assumed levels

Rental levels of the Group's properties are generally affected by overall conditions in the economy as well as the conditions of the portfolio itself (including future acquisitions of properties and the performance of the existing portfolio), the development of the selected existing projects, their infrastructure condition, the specific properties, and the vacancy rates. All these elements are subject to various factors, some of which are outside the Group's control. In particular, due to increased competition and pressure on rents and the worsening of the financial condition of tenants, the Group may not be able to renew the expiring leases of its current properties on favourable terms and conditions (if at all) or find and retain tenants willing to enter into leases on terms that are at least as favourable as those on which the Group has rented its properties thus far. Moreover, the Group's portfolio has included and will continue to include numerous properties with non-fixed rents tied to the turnover of the tenants. Accordingly, if the turnover of such tenants' declines, the rent payable by them will also decrease. In addition, the Group has no impact on the operations of its tenants and may not be able to monitor on an ongoing basis the tenants' turnover in order to ensure that the level of turnover reflects the best and actual performance efforts of its tenants. Consequently, the amounts of rental income generated by the Group's office and retail properties in the past cannot be used to predict future rental income and there can be no assurance that rental income will develop positively in the future.

Additionally, the Group's rental income may also decrease as a result of asset disposals or acquisitions of properties with no or unsatisfactory income-generating capabilities. As part of its strategy, the Group is reorienting its portfolio and intends to acquire accretive and value-added properties and sell its non-core assets. In accordance with such strategy, that newly acquired properties are intended to be integrated with the existing portfolio and rented out in order to generate rental income for the Group. If these properties are not fully rented and/or the rental rates are agreed below the estimated rental values, the Group may not be able to realize its expected rates of return on the new acquisitions.

A less positive or negative development of rental income and profits could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.8. The termination or expiration of lease agreements or the inability to rent out existing unoccupied space could have lasting negative effects on the Group's profitability and on the value of the Group's portfolio

For the Group to be profitable over the long term, the income-generating properties it owns and intends to acquire in the future must be rented out without interruptions to the greatest extent possible. The same applies to maintaining the valuation of the properties the Group owns and thus the valuation of the overall portfolio. To the extent that leases are terminated or expire, the Group can give no assurance that the properties in question can be rented out again immediately. An increased vacancy rate would result in lower rental income from the management of the existing portfolio and in a lower valuation of the Group's properties and overall portfolio. Expected vacancies are already reflected in the valuation reports as of 31 December 2019. The fixed costs for maintaining vacant spaces and the lack of rental income generated by such spaces could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.9. The Group may be unable to fully recover the costs of operating the properties from the tenants

The majority of the Group's lease contracts are structured in a way that allow to pass on certain of the costs related to the leased property to the tenant, including marketing cost, electricity cost on common space, real estate taxes, building insurance, and maintenance. However, the Group is not able to pass on all such costs to the tenants, especially in a very competitive environment, where the Group has to offer the attractive conditions to be able to compete with the other office buildings or has to improve the conditions offered to its tenants to be able to attract a new tenant to its retail project. Deteriorating market conditions, increased competition and tenants' requirements may further limit the Group's ability to transfer such costs, in full or in part, to the tenants. The service charges of the properties may increase due to a number of factors, including an increase in the electricity costs or an increase in the maintenance cost. Moreover, if vacancy rates increase, the Group has to cover the portion of the service charge that is related to the vacant space. Some lease agreements provide for the maximum value combined rental rate and service charged paid by the tenant. In such cases, if the maintenance charges increase, the Group is unable to pass on such costs to the tenants. For example, in the case of Galleria Arad and Avenue Mall Osijek, due to the worsening macroeconomic conditions and strong competition, the Group was unable to pass on all the maintenance costs to the tenants in the period running from their completion to their sale, and had to lease out those commercial properties at a loss.

Any significant increases in the property costs that cannot be compensated by increasing the level of costs incurred by the tenants may have an adverse effect on the Group's business, financial condition and results of operations.

3.1.10. The Group may be materially affected by the loss of attractive tenants

The presence of reputable tenants, especially anchor tenants, in the Group's retail projects is important for its commercial success. Such tenants play an important part in generating customer traffic and making a building a desirable location for other tenants. It may be more difficult for the Group to attract tenants to enter into leases during periods when market rents are increasing or when general consumer activity is decreasing, or if there is competition for such tenants from competing developments. In addition, the termination of a lease agreement

by any significant tenant may adversely affect the attractiveness of a project. The failure of such tenant to abide by these agreements, or its bankruptcy or economic decline, may cause delays or result in a decrease in rental income (temporary or long-term), the effect of which the Group may not be able to off-set due to difficulties in finding a suitable replacement tenant. If the Group fails to renew the leases of important tenants, or to replace such tenants in a timely manner, the Group may incur material additional costs or loss of revenues, which may, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

3.1.11. The Group faces competition from other owners, real estate managers and developers of commercial real estate

The Group has faced and continues to face increased competition from other owners, local and international real estate managers and developers of commercial real estate. Such competition may affect the Group's ability to attract and retain tenants and may reduce the rents that the Group is able to charge. Such competing properties may have vacancy rates that are higher than the vacancy rates of the Group's properties, which could result in their owners being willing to make space available at lower rental rates than the Group would normally be prepared to offer but which the Group may have to match. Competition in the real estate market may also lead to increased marketing and development costs.

Given that the successful growth and profitability of the Group depend on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on best achievable market terms; (iii) the level of lease rent and rent collection; (iv) optimization of property maintenance costs; and (v) the acquisition of real estate at lowest available prices, the increased competition from other owners, real estate managers and developers of commercial real estate and surrounding factors could adversely affect the Group's business, financial condition and results of operations.

3.1.12. The Group may be subject to significant competition in seeking investments and may increase the purchase price of properties to be acquired

The Group competes with a number of real estate companies and developers for properties, developments, contractors and customers. Some of the Groups competitors may be larger or have greater financial, technical and marketing resources than the Group and therefore the Group may not be able to compete successfully for investments or developments.

In addition, new acquisitions of existing properties at yields that the Group considers attractive may become difficult to complete. Accordingly, the implementation of the Group's strategy to make suitable investments in prime locations may be delayed or, even, become impossible.

Competition in the real estate market may also lead to a significant increase in prices for real estate available for sale, which could be potential targets for the Group. Each of these risks could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.13. The Group cannot assure profitability of its projects

The Group currently has no projects that are not profitable, however in the past the Group had a number of projects that were not primarily due to insufficient occupancy rates and rent levels.

The Group cannot exclude that other projects may also start generating losses in the future. Any such development may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.14. The Group may not be able to sell its properties on a timely basis

As part of its strategy, the Group intends to sell its non-core assets. The sale of a real estate project is usually a complex and lengthy process. There may be situations, however, when it would be beneficial for the Group to be able to sell one or more of its projects quickly. For example, the Group may wish to sell on short notice if it believes that market conditions are optimal or if it is approached by a party interested in purchasing a particular property on commercially attractive terms. The Group's ability to sell its property quickly may, however, be hindered by a number of factors beyond its control.

The Group's properties may constitute collateral established in favour of entities providing external financing, which may further restrict and/or delay their transferability if the lender's consent must first be obtained. Several of the Group's projects are also held through joint ventures with third parties and may, as a result, be subject to legal and/or contractual limitations on transferability, such as first refusal and co-sale rights, or a requirement to obtain joint approval for any such sale. Such limitations could adversely affect the Group's ability to complete a transaction and to generate cash as needed through the timely sale of its projects at favourable prices or to vary its portfolio in response to economic or other conditions impacting the property value. If the Group cannot sell a particular project within a reasonable time, it may not be able to generate the cash flow it may require to service ongoing operations or invest in new projects, or it may be unable to take advantage of favourable economic conditions or mitigate the impact of unfavourable economic conditions should they arise, which could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.15. The Group's properties could suffer damage due to undiscovered defects or external influences

The Group's properties could suffer damage due to undiscovered or underestimated defects or from external influences (e.g., earthquakes, floods, landslides or mining damage). In addition to the significant health risks and related costs, the Group could also be required to pay for the removal and disposal of hazardous substances, as well as the related maintenance and restoration work, without the ability to pass those costs onto third parties. The occurrence of any such risk could have a material adverse effect on the Group's business, financial condition, results of operations.

If a given property is currently under renovation or modernization, there can be no assurance that any space which has not been pre-leased, can be let or otherwise marketed during or following the renovation or modernization phase on the appropriate terms and conditions. Such developments could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.16. Failure to obtain the required zoning or construction permits, or any other approvals in a timely manner or at all may delay or prevent the development of certain of the Group's projects

The Group cannot guarantee that any permits, consents or approvals required from various government entities in connection with existing or new development projects will be obtained by the Group in a timely manner, or that they will be obtained at all, or that any current or future permits, consents or approvals will not be withdrawn. For example, as part of its operations, the Group, may occasionally purchase land that requires rezoning or a new or amended local spatial development plan or planning permission. The issuance of a required permission cannot be guaranteed, and the Group has encountered difficulties in the past in that respect.

If the Group cannot obtain the required approvals and permits in a timely manner or at all, its projects may be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.17. The Group may be subject to increased costs or project delays or cancellations if it is unable to hire general contractors to build its projects on commercially reasonable terms, or at all, or if the general contractors it hires fail to build the Group's projects to accepted standards, in a timely manner or within budget

The Group outsources the construction of its projects to general contractors. The successful construction of the Group's projects depends on its ability to hire general contractors to build its projects to accepted standards of quality and safety on commercially reasonable terms, within the limits of an agreed timeframe or an approved budget. The Group's failure to hire general contractors on commercially reasonable terms could result in increased costs. Failure to hire general contractors at all could result in project delays or cancellations. Failure of the general contractors to meet accepted standards of quality and safety or to complete the construction within the agreed timeframe or within an approved budget may result in increased costs, project delays or claims against the Group. In addition, it may damage the Group's reputation and affect the marketability of the completed property. If the Group is unable to enter into contracting arrangements with quality general contractors or subcontractors on commercially reasonable terms, or their performance is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations.

The financial strength and liquidity of the Group's general contractors may be insufficient in the case of a severe downturn in the real estate market, which, in turn, could lead to their insolvency. Although most of the subsidiaries' agreements with general contractors provide for the indemnification of the subsidiaries against any claims raised by sub-contractors engaged by such general contractors, there can be no assurance that such indemnification provisions will be fully effective, in particular if such indemnification is challenged in court. The Group endeavours to require general contractors to secure the performance of their obligations under their respective agreements, in particular by presenting bank guarantees. However, there can be no assurance that such guarantees will cover the entire costs and damages incurred by the Group in connection with the non-performance of agreements entered into with general contractors.

The Group's reliance on general contractors and subcontractors exposes it to risks associated with the poor performance of such contractors and their subcontractors and employees and construction defects. The Group may incur losses as a result of being required to engage

contractors to repair defective work or pay damages to persons who have suffered losses as a result of such defective work. Furthermore, these losses and costs may not be covered by the Group's professional liability insurance, by the contractor or by any relevant subcontractor - in particular in the case of the architects engaged by the general contractors as both the scope of their liability and their financial strength is limited in comparison to the value of the Group's projects. If the performance of the Group's general contractors or subcontractors is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.18. The Group may face claims for defective construction and risks associated with adverse publicity, which could have an adverse effect on its competitive position

The construction, lease and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. There can be no assurance that such claims will not be asserted against the Group in the future, or that such corrective or other works will not be necessary. Further, any claim brought against the Group, and the surrounding negative publicity concerning the quality of the Group's properties or projects, irrespective of whether the claim is successful, could also have a material adverse effect on how its business, properties and projects are perceived by target customers, tenants or investors. This could negatively affect the Group's ability to market, lease and sell its properties and projects successfully in the future, which could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.19. The construction of the Group's projects may be delayed or otherwise negatively affected by factors over which the Group has limited or no control

The construction of the Group's projects may be delayed or otherwise negatively affected by, among others, the following factors over which the Group has limited or no control:

- increased material, labour or other costs, which may make completion of the project uneconomical;
- acts of nature, such as harsh climate conditions, earthquakes and floods, that may damage or delay the construction of properties;
- industrial accidents, deterioration of ground conditions (for example, the presence of underground water) and potential liability under environmental laws and other laws related to, for example, ground contamination, archaeological findings or unexploded ordnance;
- acts of terrorism, riots, strikes or social unrest;
- building code violations or as yet undetected existing contamination, soil pollution, or construction materials that are determined to be harmful to health;
- changes in applicable laws, regulations, rules or standards that take effect after the commencement by the Group of the planning or construction of a project that result in the incurrence of costs by the Group or delays in the development of a project; and

- defective building methods or materials.

The inability to complete the construction of a project on schedule, within budget or at all for any of the above or other reasons may result in increased costs or cause the project to be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.20. The Group is subject to general development risks that may increase costs and/or delay or prevent the development of its projects

Development of certain of the Group's projects has not yet begun and these projects do not as of the date of delivery of this Report generate any revenues. The successful development of these projects is an important factor for the Group's future success and involves a large number of highly variable factors which are complex and inherently subject to risk. Development risks to which the Group is sensitive include, among others:

- additional construction costs for a development project being incurred in excess of the amount originally agreed with the general contractor;
- liability to subcontractors related with bankruptcy of the general contractor;
- changes in existing legislation or the interpretation or application thereof (e.g. an increase of the rate of the goods and services tax, which impacts the demand for housing);
- actions of governmental and local authorities resulting in unforeseen changes in urban planning, zoning and architectural requirements;
- potential defects or restrictions in the legal title to plots of land or buildings acquired by the Group, or defects, qualifications or conditions related to approvals or other authorizations relating to plots of land held by the Group;
- the Group's potential inability to obtain financing on favourable terms or at all for individual projects or in the context of multiple projects being developed at the same time;
- potential liabilities relating to acquired land, properties or entities owning properties with respect to which the Group may have limited or no recourse;
- tenants' unwillingness to vacate a development site;
- obligations regarding the development of adjacent properties;
- inability to receive required zoning permissions for intended use;
- discrepancies between the planned area and the post-construction area of developments; and

- obligations relating to the preservation and protection of the environment and the historic and cultural heritage of Hungary, as well as other social obligations.

These factors, including factors over which the Group has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development of the Group's projects. The inability to complete the construction of a property on schedule or at all for any of the above reasons may result in increased costs or cause the projects to be delayed or cancelled, which may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.21. Without sufficient local infrastructure and utilities, the construction of the Group's projects may be delayed or cancelled, or it may be unable to realize the full expected value of its completed projects

The Group's projects can only be carried out if the sites on which they are located have access to the relevant technical infrastructure required by law (e.g. internal roads, utility connections, and fire prevention equipment and procedures). In cases where such sites do not have the required infrastructure, a use permit for the project may not be issued until such infrastructure is assured. It is also possible that the relevant authorities may require the Group to develop the relevant infrastructure as a part of the works related to the project, which may have a significant impact on the costs of the construction works. The authorities may also demand that the investor develop technical infrastructure that is not required from the project's perspective but may be expected by the authorities as a contribution by the investor to the development of the local municipality.

In addition to the necessity of having adequate infrastructure during the construction process, the viability of the Group's projects, once completed, depends on the availability and sufficiency of the local infrastructure and utilities. In some cases, utilities, communications and logistics networks have not been adequately funded or maintained in recent decades and may be non-existent, obsolete or experience failures. To be sufficient, the existing local infrastructure and utilities may need to be improved, upgraded or replaced. As a consequence of this lack of maintenance, for example, the Group may from time to time experience shortages in the availability of energy and other utilities. There can be no assurance that improvements to the infrastructure in and around the Group's projects, or the infrastructure integrated into its projects, will be completed prior to the completion of the projects or that any such improvement will be sufficient to support the Group's completed projects. This may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.22. The Group is reliant on partners and co-investment agreements for a portion of its developments and faces counterparty risks

A subsidiary of the Group may be a party to a shareholders' agreement imposing some restrictions on it, including, inter alia, in relation to the disposal of its interest, and its income and capital distribution entitlements. In addition, as a shareholder, the Group may be jointly and severally liable for costs, taxes or liabilities with its co-investors and, in the event of the subsidiary default, and the Group company may be exposed to more than its proportionate share of the cost, tax or liability in question. This could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is also exposed to the credit risk of its counterparties in such partnership or co-investment agreements and their ability to satisfy the terms of contracts Group companies have with them. This may have an adverse effect on the Group's business, financial condition, results of operations.

3.1.23. The Group may be subject to liability following the disposal of investments

When the Group disposes of its projects, it may be required to give certain representations, warranties and undertakings which, if breached, could result in liability to pay damages. As a consequence, the Group may become involved in disputes or litigation concerning such provisions and may be required to make payments to third parties, which may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.24. The Group may be exposed to certain environmental liabilities and compliance costs

The environmental laws in CEE and SEE impose existing and potential requirements to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. In such circumstances, the owner's liability is generally not limited under such laws, and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on any of the Group's properties, or the liability for the failure to remedy contamination from such substances, could adversely affect the Group's ability to sell or let such property or to borrow funds using such property as collateral. In addition, the presence of hazardous or toxic substances on a property may prevent, delay or restrict the development or redevelopment of such property, which could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.25. The Group may be subject to legal disputes and risks

The Group's business involves the acquisition, rental, sale and administration of properties, including under cooperation agreements that, as a matter of ordinary course of business, expose the Group to a certain amount of small-scale litigation and other legal proceedings. Legal disputes which, taken individually, are relatively immaterial, may be joined with disputes based on similar facts such that the aggregate exposure of the Group might become material to its business. Furthermore, the Group may face claims and may be held liable in connection with incidents occurring on its construction sites such as accidents, injuries or fatalities of its employees, employees of its contractors or other visitors on the sites. It is standard practice in real estate transactions for the seller to make representations and warranties in the purchase agreement concerning certain features of the property. Typically, the assurances the seller gives regarding the property in the purchase agreement do not cover all of the risks or potential problems that can arise for the Group in connection with the purchase of property by the Group. In addition, the Group may be unable, for a variety of reasons, including, in particular the seller's insolvency, to enforce its claims under these assurances. If this were to occur, the Group may suffer a financial loss.

Moreover, if the Group's properties are subjected to legal claims by third parties and no resolution or agreement is reached, these claims can delay, for significant periods of time, planned actions of the Group. Such situations may include, for example, claims from third parties relating to plots of land where the Group has developed and completed a real estate

asset which it then intends to sell, as well as claims from third parties relating to specific land plots the Group needs to acquire in order to complete a particular project (for example plots adjoining plots it owned as of the date of the delivery of this Report), which could delay the acquisition by the Group of such plots.

The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.26. When leasing or selling real estate, the Group could be faced with claims for guarantees for which it does not have adequate recourse

The Group provides different types of guarantees when it leases real estate, especially with regard to legal title and the absence of defects in quality, as well as existing contamination and the portfolio of leases. The same applies to the sale of real estate. Claims could be brought against the Group for breach of these guarantees. Defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction pose a particular risk. The Group's possible rights of recourse towards the sellers of properties could fail due to the inability of the persons in question to demonstrate that they knew or should have known about the defects, due to the expiration of the statute of limitations, due to the insolvency of the parties opposing the claim, or for other reasons. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.27. The Group's insurance may be inadequate

The Group's insurance policies may not cover it for all losses that may be incurred by the Group in the conduct of its business, and certain types of insurance are not available on commercially reasonable terms or at all. As a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate properties. In addition, there are certain types of risks, generally of a catastrophic nature, such as floods, hurricanes, terrorism or acts of war that may be uninsurable or that are not economically insurable. Other factors may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its properties or business for which it may not be compensated fully or at all. As a result, the Group may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.28. The Group is dependent on a limited number of key members of its management

The Group's success depends on the activities and expertise of the members of its management. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.29. Shortages of qualified employees and other skilled professionals could delay the completion of the projects of the Group or increase its costs

The Group relies on a skilled team of professionals, including its key management and project managers, mid-level managers, accountants and other financial professionals, in the development of its projects. If the Group is unable to hire the necessary employees, staffing shortages may adversely affect its ability to adequately manage the completion of its projects and efficiently manage its assets or force it to pay increased salaries to attract skilled professionals or the necessary employees. Furthermore, the future success of the Group depends on its ability to hire senior personnel such as managers with extensive experience in the identification, acquisition, financing, construction, marketing and management of development projects and investment properties. The failure by the Group to recruit and retain appropriate personnel may have a material adverse effect on the Group's business, financial condition, results of operations.

3.1.30. Risks related to data protection

The Group manages personal data related to its property renting and operating activities and its own employees. Whilst the Group has verified the compliance of its data management process with the GDPR, breaches of data protection requirements (including hacking incidents and unintentional disclosure of personal data) cannot be excluded and these may result in significant fines.

3.2. Risk factors relating to the Group's financial condition

3.2.1. The Group's leverage and debt service obligations could increase, adversely affecting its business, financial condition or results of operations

As of the date of the delivery of this Report the Group is substantially leveraged and have significant debt service obligations. In addition, the Group may incur additional indebtedness in the future. The incurrence of additional indebtedness would increase the leverage-related risks described in this Report and may have a material adverse effect on the Group's business, financial condition, results of operations. The Group's leverage could have material consequences for investors, including, but not limited to, could lead to the following:

- increasing vulnerability to and simultaneously reducing flexibility to respond to downturns in the Group's business or general adverse economic and industry conditions, including adverse economic conditions in the jurisdictions in which the Group operates;
- limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain covenants under loan agreements;
- requiring the dedication of a substantial portion of the Group's cash flows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cash

flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;

- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the real estate market; and
- placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations.

3.2.2. The Group may incur substantial losses if it fails to meet the obligations and requirements of its debt financing and, furthermore, the restrictions imposed by its debt financing may prevent it from selling its projects

In order to secure its loans, the Group has in the past and/or may in the future mortgage its assets, pledge participation interests in its subsidiaries, enter into guarantees and covenant to its creditors that it would not establish any further mortgages or pledges on its present and/or future assets without their consent (negative pledges provisions). In addition, the Group's loans contain restrictions on its ability to dispose of certain key assets, which in turn may be required in order to satisfy certain financial covenants. The Group could fail to make principal and/or interest payments due under the Group's loans or breach any of the covenants included in the loan agreements to which the Group has entered. In some cases, the Group may breach these covenants due to circumstances which may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratio, debt service coverage and working capital requirements. A breach of such covenants by the Group could result in the forfeiture of its mortgaged assets, the acceleration of its payment obligations, the acceleration of payment guarantees, trigger cross-default clauses or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its loan obligations or the completion of its affected projects could be delayed or curtailed.

Any of the events described above could have a material adverse effect on the Group's business, financial condition, results of operations.

3.2.3. The Group might be unable to renew or refinance loans as they mature, or might be able to renew or refinance such loans only on less favourable terms

All of the Group's real estate developments have been financed through loans, which have been provided for a limited term. The Group might not be able to renew or refinance the remaining obligations in part or at all or might have to accept less favourable terms in respect of such refinancing. If the Group is unable to renew a loan or secure refinancing, the Group could be forced to sell one or more of its office properties in order to procure the necessary liquidity. Additionally, if the Group is not able to renew certain loans, those properties which are financed through loans will become low leveraged and, as a consequence, will not be able to generate the expected returns on equity. Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations.

3.2.4. The Group is exposed to changes in foreign currency exchange rates

The Group's financial statements are expressed in Euro and the Group's functional currency is the Euro. Moreover, the majority of the Group's revenues, specifically rent revenues, are expressed in Euro. However, certain of the Group's costs, such as certain construction costs, labour costs and remuneration for certain general contractors, are incurred in the currencies of the respective geographical markets, including Polish złoty, Bulgarian leva, Croatian kunas, Hungarian forints, Romanian lei or Serbian dinars.

In making the assumptions regarding the level of equity required to implement its strategic objectives, the Group used Euro as the reference currency. Additionally, the majority of the investments that the Group plans to make as part of its business strategy will be expressed in Euro. Therefore, no assurance can be given that the proceeds derived and expressed in Polish zloty will suffice to meet the investment requirements of the Group's contemplated acquisition pipeline. Whilst the companies of the Group may engage in currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from their currency exposure by, inter alia, entering into derivatives transactions, obtaining debt financing denominated in Euro, as well as concluding agreements with contractors specifying remuneration expressed in Euro, there can be no assurance that such hedging will be fully effective or beneficial. Moreover, given the fact that certain contractors of the Group engage in hedging arrangements with respect to their remuneration on the basis of, inter alia, construction contracts, their flexibility to postpone certain phases of construction may be limited and may result in their financial distress. In addition, given that payments under most of the Group's commercial leases are expressed as the local currency equivalent of a euro-denominated amount, some of the Group's tenants, specifically those leasing retail space, may face difficulties in meeting their payment obligations under such leases as they derive revenues in their respective local currencies. Consequently, any future material appreciation of the local currencies against the Euro could significantly decrease the Group's income in terms of the local currencies and could have a material adverse effect on the Group's business, financial condition, results of operations.

3.2.5. The Group is subject to interest rate risk

The Group currently has and intends to incur certain indebtedness under existing debt facilities which is subject to variable interest rates. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond the Group's control. The Group's exposure to interest risk and the extent to which the Group attempts to hedge such exposure vary significantly between the geographical markets in which the Group operates, but any changes in the relevant interest rates may increase the Group's costs of borrowing in relation to existing loans, thus impacting its profitability. The need to hedge interest rate risk is reviewed by the Group on a case by case basis, except for those projects in which the lenders require it to hedge the relevant interest rate risk. Changes in interest rates may have a material adverse effect on the Group's business, financial condition, results of operations.

3.2.6. The Group's business is capital intensive, and additional financing may not be available on favourable terms, on a timely basis or at all

The Group requires substantial up-front expenditures for land acquisition, development construction and design costs. As a result, the Group requires substantial amounts of cash and

construction financing from banks for its operations. The Group's capital needs depend on many factors, in particular on market conditions, which are beyond the Group's control. Should its capital needs differ significantly from those currently planned, the Group might require additional financing. In the case of difficulties in obtaining additional financing, the scale of the Group's growth and the pace of achievement of certain strategic objectives can be slower than originally assumed. It is not certain whether the Group will be able to obtain the required financing if needed or if such funds will be provided on conditions favourable to the Group.

In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of predetermined construction and space leasing milestones or the sale of a specific number of flats. If the Group fails to achieve these milestones, the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule. Restrictions of or delays in the access to sources of external financing and conditions of such financing that are less favourable than assumed can have a material adverse effect on the Group's business, financial condition, results of operations.

3.3. Risk Factors Relating to the Macroeconomic, Political and Legal Environment in the Markets where the Group Operates

3.3.1. Political, economic and legal risks associated with countries in emerging markets, including CEE and SEE countries

All of the Group's revenues are attributable to operations in CEE and SEE countries, particularly Poland, Romania, Serbia, Croatia and Hungary. These markets are subject to greater risk than more developed markets. CEE and SEE countries still present various risks to investors, such as instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. In particular, the Group is affected by rules and regulations regarding foreign ownership of real estate and personal property. Such rules may change quickly and significantly and, as a result, impact the Group's ownership and may cause it to lose property or assets without legal recourse.

Furthermore, some countries may regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Some CEE and SEE countries, have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries.

In addition, adverse political or economic developments in neighbouring countries could have a significant negative impact on, among other things, gross domestic product, foreign trade or economies in general of individual countries. The countries and the region in which the Group operates have experienced and may still be subject to potential political instability caused by changes in governments, political deadlock in the legislative process, tension and conflict between federal and regional authorities, corruption among government officials and social and ethnic unrest. In particular, the armed conflict in the territory of Ukraine and uncertainties

regarding the relationship with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in the countries neighboring with Ukraine and Russia, where the Group operates.

The Group may not be able to realise its expected rates of return if the real estate markets in CEE and SEE countries in which the Group operates become saturated and competition increases. Real estate markets may reach saturation if the supply of properties exceeds demand. Saturation in these markets would result in an increase in vacancy rates and/or a decrease in market rental rates and sale prices. As the commercial real estate markets in CEE and SEE are characterised predominantly by short-term leases, the Group expects that rental rates will decrease promptly in response to a perceived oversupply of lettable commercial space in those markets. If vacancy rates rise and/or market rental rates decrease, the Group may not be able to realise its expected rates of return on its projects or may be unable to let or sell its properties at all, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The materialisation of any of the foregoing risks would have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.2. The real estate market is cyclical

The real estate market is cyclical. Consequently, the number of projects completed by the Group has varied from year to year, depending on, among other things, general macro-economic factors, changes in the demographics of specific metropolitan areas, availability of financing and market prices of existing and new projects. Typically, growing demand results in greater expectations regarding the achieved profits and an increase in the number of new projects, as well as increased activity on the part of the Group's competitors. Because of the significant lag time between the moment a decision is taken to construct a project and its actual delivery, due in part to the protracted process of obtaining the required governmental consents and construction time, there is a risk that once a project is completed, the market will be saturated and the developer will not be able to lease or sell the project with the anticipated level of profits. An upturn in the market is typically followed by a downturn as new developers are deterred from commencing new projects due to reduced profit margins. There can be no assurance that during a downturn in the market the Group will be able to select projects which will fill actual demand during an upturn in the market. Additionally, the corporate bodies of the respective Group companies that are expected to make certain investment decisions may not be able to properly assess the cycle of the real estate market and, consequently, accurately define the most favourable stage for completing the given investments.

All such events may have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.3. The locations of the Group's properties are exposed to regional risks and could lose some of their appeal

The locations of each of the properties are influenced by macro-economic developments in the regions in which the Group operates, as well as being subject to specific local conditions in a given regional market. The Group's real estate portfolio focuses on commercial premises, which significantly exposes the Group to negative developments in those segments of the real estate

market in the countries where the Group operates, including intensified competition or increased saturation.

Insolvencies, close-downs or moves of large companies or companies from individual or several sectors as a consequence of adverse developments or for other reasons could have a negative effect on the economic development of the location in question and, consequently, on the Group's portfolio as a whole. The Group has no control over such factors. Negative economic developments at one or more of the locations could reduce the Group's rental income or result in a loss of rent, which stem from a number of tenants being unable to pay their rent in full or in part, as well as cause a decline in the market value of the Group's properties, which may have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.4. Changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Issuer

Tax regulations in number of countries the Group operates in, including Poland, are complex and they are subject to frequent changes. The tax law practice of the tax authorities is not homogenous and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. No assurance may be given by the Group that the tax authorities will not employ a different interpretation of the tax laws which apply to the Group companies, which may prove unfavourable to the Group. One may not exclude the risk that the specific individual tax interpretations already obtained and applied by the Group companies will not be changed or questioned. There is also a risk that once new tax law regulations are introduced, the Group companies will need to take actions to adjust thereto, which may result in greater costs forced by circumstances related with complying with the changed or new regulations.

In light of the foregoing, there can be no assurance given that the tax authorities will not question the accuracy of tax reporting and tax payments made by the Group companies, in the scope of tax liabilities not barred by the statute of limitations, and that they will not determine the tax arrears of the Group companies, which may have a material adverse effect on the Group companies' business, financial standing, growth prospects or results of the Group.

Moreover, in relation to the cross-border nature of the Group's business, the international agreements, including the double tax treaties, to which all countries of the Group are a party, also have an effect on the Group companies' business. Different interpretations of the double tax treaties by the tax authorities as well as any changes to these treaties may have a material adverse effect on the business, financial standing or results of the Group companies.

3.3.5. The related-party transactions carried out by the Group and its subsidiaries could be questioned by the tax authorities

The Group companies have carried out transactions with related parties. When concluding and performing related party transactions, the Group companies endeavour to take special care to ensure that such transactions comply with the applicable transfer pricing regulations. However, due to the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of examining the prices applied, as well as the difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific Group companies will not be subject to inspections or other investigative activities undertaken by tax authorities or fiscal control authorities. Should the methods of determining

arm's-length terms for the purpose of the above transactions be challenged, this may have a material adverse effect on the business, financial standing, growth prospects, results of the Group companies.

3.3.6. Changes in laws could adversely affect the Group

The Group's operations are subject to various regulations in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria and other jurisdictions in which the Group conducts business activities, such as fire and safety requirements, environmental regulations, labour laws, and land use restrictions. If the Group's projects and properties do not comply with these requirements, the Group may incur regulatory fines or damages.

Moreover, there can be no assurance that if perpetual usufruct fees in Poland are increased, the Group will be able to pass such costs onto its tenants in the form of increased service charges as such increase might lead to a given property becoming less competitive as compared to properties not situated on land subject to perpetual usufruct fees.

Furthermore, the imposition of more strict environmental, health and safety laws or enforcement policies in CEE and SEE could result in substantial costs and liabilities for the Group and could subject the properties that the Group owns or operates (or those formerly owned or operated by the Group) to more rigorous scrutiny than is currently applied. Consequently, compliance with these laws could result in substantial costs resulting from any required removal, investigation or remediation, and the presence of such substances on the Group's properties may restrict its ability to sell the property or use the property as collateral.

New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the use of the properties and could have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.7. Unlawful, selective or arbitrary government actions may impact the Group's ability to secure the agreements, contracts and permits required for it to develop its projects

Government authorities in the geographical markets in which the Group operates have a high degree of discretion and may not be subject to supervision by other authorities, requirements to provide a hearing or prior notice or public scrutiny. Therefore, government authorities may exercise their discretion arbitrarily or selectively or in an unlawful manner and may be influenced by political or commercial considerations. The Group has faced administrative decisions in the past which forced it to unexpectedly change its investment plans (including limiting the scale of a project). Such discretion may have a material adverse effect on the Group's business, financial condition, results of operations.

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, and the Group's properties may be subject to restitution claims

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, which may, inter alia, result in delays in the land acquisition process and the registration of many plots into one consolidated plot, which is a requirement before certain projects can be developed. This inefficiency could have a material adverse effect on the business, cash flows, financial condition, results of operations of the Group.

Moreover, the Group may be exposed to the inherent risk related to investing in real estate situated in CEE and SEE countries resulting from the unregulated legal status of some of such real properties. Following the introduction of nationalization in certain CEE and SEE jurisdictions, including Poland and Hungary, during the post-war years, many privately-owned properties and businesses were taken over by such states. In many cases, the requisition of the property took place in contravention of prevailing laws. After the CEE and SEE countries moved to a market economy system in 1989-1990, many former property owners or their legal successors took steps to recover the properties or businesses lost after the war or to obtain compensation. For many years, efforts have been made to regulate the issue of restitution claims in Poland. Despite several attempts, no act regulating the restitution process has been passed in Poland. Under the current law, former owners of properties or their legal successors may file applications with the authorities for the administrative decisions under which the properties were taken away from them to be revoked. As at the date of the delivery of this Report, there are no proceedings underway seeking the invalidation of administrative decisions issued by the authorities concerning properties held by the Group. There is no guarantee, however, that restitution claims may not be brought against the Group in the future, and this could have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.8. The Group's claims to the titles to investment and development properties may be subject to challenge in certain cases, and permits in relation to such properties may have been obtained in breach of applicable laws

It may be difficult or, in certain cases, impossible for the Group to establish with certainty that the title to a property has been vested in a relevant Group company due to the fact that real estate laws in Poland and other jurisdictions in which the Group operates are complicated and often ambiguous and/or contradictory and the relevant registries may not be reliable. For example, under the laws of Poland, transactions involving real estate may be challenged on many grounds, including where the seller or assignor to a given property did not have the right to dispose of such property, for a breach of the corporate approval requirements by a counterparty or a failure to register the transfer of a title in an official register, when required. Also, even if a title to real property is registered, it may still be contested. Therefore, there can be no assurance that the Group's claim to a title would be upheld if challenged. Further, it is possible that permits, authorisations, re-zoning approvals or other similar decisions may have been obtained in breach of applicable laws or regulations. Such matters would be susceptible to subsequent challenge. Similar issues may arise in the context of compliance with privatisation procedures and auctions related to the acquisition of land leases and development rights. It may be difficult, or impossible, to monitor, assess or verify these concerns. If any of these permits, authorisations, re-zoning approvals or other similar requirements were to be challenged, this may have a material adverse effect on the Group's business, financial condition, results of operations.

3.3.9. Because the Issuer is a holding company, its ability to service its debts depends upon the ability of its subsidiaries to pay dividends and advance funds

As a holding company, the Issuer's ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds to the Issuer. Therefore, there can be no assurance that the Issuer will be in a position to receive dividends from its subsidiaries in the future. This may have a material adverse effect on the Issuer's business, financial condition, results of operations.

3.3.10. Technological risks

The Group continuously monitors innovative technological solutions (e.g. energy efficiency, data analysis in investment decisions etc.) and keeps abreast their development. The Group strives to meet the new technological challenges, as well as the changed market (e.g. the significant decrease of the popularity of “open plan” offices), new trends and economic environment. However, it cannot be guaranteed that the Group will not suffer a loss or competitive disadvantage in the future as a result of not adapting such new technological solutions in a timely or appropriate manner.

3.3.11. Risks related to the pandemic situation

At the time of the preparation of this Information Document, the COVID-19 pandemic already had a negative impact on many sectors of the economy, and such effects are not yet quantifiable or predictable, especially with a significant second wave currently experienced in most regions of the world. Most office tenants have introduced “home office” programmes of some sort and the demand for rental space has dropped in some sectors. Also, the pandemic has adversely affected the financial strength of many, previously financially strong tenants. Consumer behaviours have also changed due to the COVID-19 pandemic, which could significantly reduce the footfall in shopping malls and retail spaces. Further adverse developments affecting the real estate rental market may have a significant adverse effect on the Group's business and prospects. On the other hand, construction investments have not been shut down in countries where the Group is active, and the works are still underway on most construction sites. However, a possible construction restriction or a possible reduction in employee capacity due to the pandemic may increase the construction time and the technical readiness and the handover of the properties. Border closures at European level could hold back the supply of raw materials for construction sites, both in terms of increased procurement times and increased procurement costs.

3.4. Risks related to the Bonds

3.4.1. Regulation of investment in bonds

Some investors may carry out their investment activities in accordance with laws and regulations, and these activities may be controlled and supervised by certain authorities. Bondholders are advised to consult with their own legal advisor and to clearly ascertain that the investment in the Bonds complies with laws and other regulations applicable to their business and to the Bonds.

3.4.2. Changes in tax rules

The legislation in force at the date of the preparation of this Information Document regarding the taxation of income received in connection with the Bonds may change in the future.

3.4.3. Lack of liquidity and secondary market

Currently, the Hungarian corporate bond market may be characterized by a lack of liquidity; therefore, the liquidity risk of the Bonds is much higher compared to government securities. Even after the registration of the Bonds on the XBond market, there can be no guarantee that the turnover of the Bonds on this platform will be able to provide sufficient liquidity to the Bonds. This means that the Bondholder - if an offer for the Bonds appears on the buyer's side in the

system - may only sell his / her Bond with an exchange rate loss before the end of the term of the Bonds.

3.4.4. Shift in market yields

The market price of the Bonds depends on several different factors. The Bondholder may be exposed to the risk of unfavourable market exchange rates, as in the event of a general increase in market yields, the price of the Bonds will fall. Therefore, if the Bondholder does not hold the Bonds until maturity, it is conceivable that he /she will realize a loss in such case.

3.4.5. Foreign exchange risk

In case the Bondholder registers his /her investments in a currency other than the currency of the Bonds, it can cause an exchange fluctuation. If the Bondholder's registration currency appreciates against the Bond's currency, the realizable yield on the Bonds expressed in the Bondholder's currency decreases, the value of the Bonds' principal amount expressed in the Bondholder's currency decreases and the market value of the Bonds in the Bondholder's currency decreases.

3.4.6. Fixed interest rate risk

The issued Bonds have a fixed interest rate. Investing in fixed rate Bonds carries the risk that changes in market yields following the investment may affect the market value of the Bondholder's investment. In addition, the fixed interest expressed in real terms payments may decrease in the event of the inflation.

3.4.7. Lack of insurance

The Bonds are not covered by the protection of the Investor Protection Fund (or other similar insurance, such as the National Deposit Insurance Fund), therefore any default of the Issuer in connection with the Bonds cannot be indemnified by a third party.

3.4.8. Transaction costs

In connection with the current price of the Bonds and in case of the purchase or sale of the Bonds, various additional costs (including transaction fees and commissions) may incur. These additional costs may significantly reduce or even exclude the profitability of the Bonds. In addition to such costs directly related to the purchase of the Bonds, the Bondholders must also take into account the monitoring costs (such as supervision fees). Prior to investing in the Bonds, prospective investors should be aware of any additional costs incurred in making the purchase, custody or sale of the Bonds.

3.4.9. The payment under the Bonds are not secured

The Issuer is primarily responsible for the payments under the Bonds, while the Guarantor undertakes to guarantee the obligations of the Issuer in accordance with the terms and conditions of the Guarantee Undertaking. The Bonds are not secured with assets. If the Issuer is unable to meet its interest or principal amount repayment obligations under the Bonds, the Bondholders may lose all or part of the value of his / her investment.

3.4.10. Credit rating risk of the Bonds

Credit ratings do not reflect the potential effects of structure and market risks and other factors that may affect the liquidity or market value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating agency may review, suspend or revoke a rating at any time. It may affect the liquidity and market value of the Bonds if the Issuer no longer maintains a credit rating or if a credit rating agency withdraws, suspends or downgrades the rating of the Issuer or the Bonds, or if such revocation, suspension or downgrade is expected (or any credit rating agency assigns the credit rating of the Issuer or the Bonds to "credit monitor" status when considering downgrading, suspension or revocation).

3.4.11. Breach of obligations

If the Issuer breaches its obligations related to the Bonds, an obligation to redeem the Bonds prematurely may arise, in which case there is no guarantee that the funds required for such redemption will be available at the Issuer.

3.5. Presentation of the Issuer's risk management mechanisms

The Issuer and its management are aware of the risks specified above, and agree to constantly monitor these risks, and if necessary, to maintain and apply internal risk assessment processes meeting international standards, based on the best industrial practice. It is the task of the Issuer's management to determine the principles and processes regarding such risk assessment. The primary goal is to disclose the risks as soon as possible and to manage the problems effectively and quickly.

In order to ensure effective and fast risk management, the Issuer arranges regular leadership meetings, during which the possible risks affecting the Issuer's effectiveness not only will be disclosed and evaluated, but also a management's decision shall be made about the risk management mechanisms.

The risk factors are presented to the Supervisory Board of GTC S.A. (the Issuer's parent company) at least once a year and the risk mitigating mechanisms are discussed during the Audit Committee and Supervisory Board Meetings.

4. INFORMATION ABOUT THE ISSUER

4.1. Company data of the Issuer

Name:	GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság
Place of incorporation:	Fővárosi Törvényszék Cégbírósága
Company registration number:	01-10-043913
Registered office:	1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.
Date of incorporation:	11 September 1998

Duration of its activity:	Indefinite
Legal form:	Private Company Limited by Shares
Applicable law:	Hungarian law
Telephone contact:	+36 1 412 36 80
Beneficial owner(s):	Yovav Carmi, Robert John Snow, Ariel Alejandro Ferstman (identified with reference to Section 3. 38. f) of the AML Act)
Rights related to the shares:	The share capital of the Issuer consists of 5,000 registered shares with a nominal value of 1,000 HUF each, which provides the shareholders the following rights: - 2,499 pc Class "A" preference shares for which the related rights are embodied in more detail in Annex 9 of this Information Document; and - 2,501 pc ordinary shares.

4.2. Company structure, organizational structure

4.2.1. Presentation of group companies, significant subsidiaries and the Guarantor

The Issuer is a real estate development company with a history of 22 years, whose activities cover the area of development and property management of office buildings. The Issuer was established in 1998 under the name of Oxford Holding Részvénytársaság, which has been changed to GTC Magyarország Ingatlanfejlesztő Részvénytársaság in 2000 and has been changed to its current name in 2005. Since its date of foundation, it has been operating in this form and is present in the Hungarian market.

In 2020 a significant transaction has taken place as regards the ownership structure of the Issuer, through which GTC Holding Zrt. has acquired 100% of GTC Dutch Holdings B.V., which holds 61.49% in GTC S.A. (which is the 100% parent company of the Issuer) and parallel GTC Holding Zrt. directly acquired 4.51% in GTC S.A.. As a result: GTC Holding Zrt. holds jointly 320,466,380 shares of GTC S.A., entitling to 320,466,380 votes in GTC S.A., representing 66% of the share capital of GTC S.A. and carrying the right to 66% of the total number of votes in GTC S.A., including:

- directly holds 21,891,289 shares of the Issuer, entitling to 21,891,289 votes in GTC S.A., representing 4.51% of the share capital of the Issuer and carrying the right to 4.51% of the total number of votes in GTC S.A.; and
- indirectly (i.e. through GTC Dutch Holdings B.V.) holds 298,575,091 shares in GTC S.A., entitling to 298,575,091 votes GTC S.A., representing 61.49% of the share capital of GTC S.A. and carrying the right to 61.49% of the total number of votes in GTC S.A.

The Issuer is widely known and at the same time well-recognized in the regional real estate industry, which is also supported by the size of the projects realized by the Issuer. The work of the Issuer is completed in high quality and price, as well as in compliance with the agreed deadlines, which is based on its strong financial background, safely operated technologies and professional experience in project management. The Issuer complies with high quality standards, during which it also takes into account environmental, safety, building energy, health protection and energy saving standards.

The ultimate beneficial owners of the Issuer are Yovav Carmi, Robert John Snow and Ariel Alejandro Ferstman (identified with reference to Section 3. 38. f) of the AML Act).

The Issuer controls (directly or indirectly) and owns (directly or indirectly) several subsidiaries (the "**Subsidiaries**").

The Subsidiaries are mainly used as project vehicles (each real estate development is carried out in separate limited liability companies) (the "**Project Entities**").

Albertfalva Üzletközpont Kereskedelmi Kft: This Project Entity is fully owned by the Issuer. The site is deemed a non-core asset of the Issuer.

KOMPAKT LAND Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of Pillar office building, which is currently under construction.

VRK Tower Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of "The Twins" office building, which is currently in the planning stage.

Spiral I. Ingatlanfejlesztő Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of Spiral office building, which was sold in October 2020.

GTC Duna Kft: This Project Entity is fully owned by the Issuer. It was founded in order to purchase, commercialize and manage Duna Tower office building, which is GTC's landmark building in Budapest.

GTC Metro Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of the GTC Metro office building, which currently serves as the headquarters of Budapest Bank.

Center Point I. Kft: This Project Entity is fully owned by the Issuer indirectly, through Váci út 81-85. Ingatlanfejlesztő Kft. It was founded for the development, commercialization and asset management of Center Point I office building.

Center Point II. Kft: This Project Entity is fully owned by the Issuer indirectly, through Váci út 81-85. Ingatlanfejlesztő Kft. It was founded for the development, commercialization and asset management of Center Point II office building which serves as the headquarter of - among others - Exxon Mobil , and the Center Point III office building, which is currently in the planning stage.

Váci út 81-85. Ingatlanfejlesztő Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of Center Point office buildings. The Center Point office building was the largest office complex in Budapest for more than 10 years after its handover in 2006.

GTC White House Kft: This Project Entity is fully owned by the Issuer. It was founded for the development, commercialization and asset management of White House office building. The office building, handed over in 2018, was sold in 2019.

Riverside Apartmanok Kft. v.a.: The 99,985% of the equity interest in this Project Entity is owned by the Issuer, and 0,015% of the equity interest is owned by Váci út 81-85. Ingatlanfejlesztő Kft. It was founded in order to manage the residential development of Riverside apartments which assets were sold in 2015. This Project Entity is now under voluntary liquidation.

GTC Future Kft.: This Project Entity is fully owned by the Issuer. It was established in October 2020 in order to manage the acquisition, development, commercialization and future asset management activity of the land plots registered under topographical lot no Budapest 26063, Budapest 26064, Budapest 26065, Budapest 26066, Budapest 26067/3 and Budapest 26069 consisting of land with office buildings, which will be converted into an office park and constitute the Issuer's land bank for future development.

Globe Office Investments Kft: This Project Entity is fully owned by the Issuer. It was established in November 2020 for the contemplated acquisition, commercialization and asset management of an office building in Budapest.

The legal forms of the Subsidiaries are limited liability companies.

The Issuer's main assets currently are the equity interests in and loans - as receivables - provided to its Subsidiaries.

In order to secure the obligations under the Bonds, the Issuer intends to involve Globe Trade Centre S.A. as Guarantor under the terms and conditions set out in the Guarantee Undertaking in Annex 7 of this Information Document. Globe Trade Centre S.A. is a leading real estate investor and developer focusing on Poland and capital cities in Central and Eastern Europe. The Group is operating in Warsaw and secondary cities in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. The Group was established in 1994 and has been present in the real estate market since then. Globe Trade Centre S.A. is a public company limited by shares listed on Warsaw Stock Exchange and inward listed on Johannesburg Stock Exchange, with disclosures available at <http://ir.gtc.com.pl/en>. The shares of Globe Trade Centre S.A. are included in mWIG 40. The Group's headquarters are located in Warsaw, at Komitetu Obrony Robotników 45A.

GTC S.A. together with its 68 subsidiaries constitute a Capital Group - GTC Group (the "Group").

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

Since its establishment and as at 30 September 2020 the Group has: (i) developed approximately 1.2 million sq. m of gross commercial space and approximately 300 thousand sq. m of residential space; (ii) sold approximately 570 thousand sq. m of gross commercial space in completed commercial properties and approximately 300 thousand sq. m of residential space;

and (iii) acquired approximately 150 thousand sq. m of commercial space in completed commercial properties. Additionally, the Group developed and sold over 100 thousand sq. m of commercial space and approximately 76 thousand sq. m of residential space through its associates in Czech Republic.

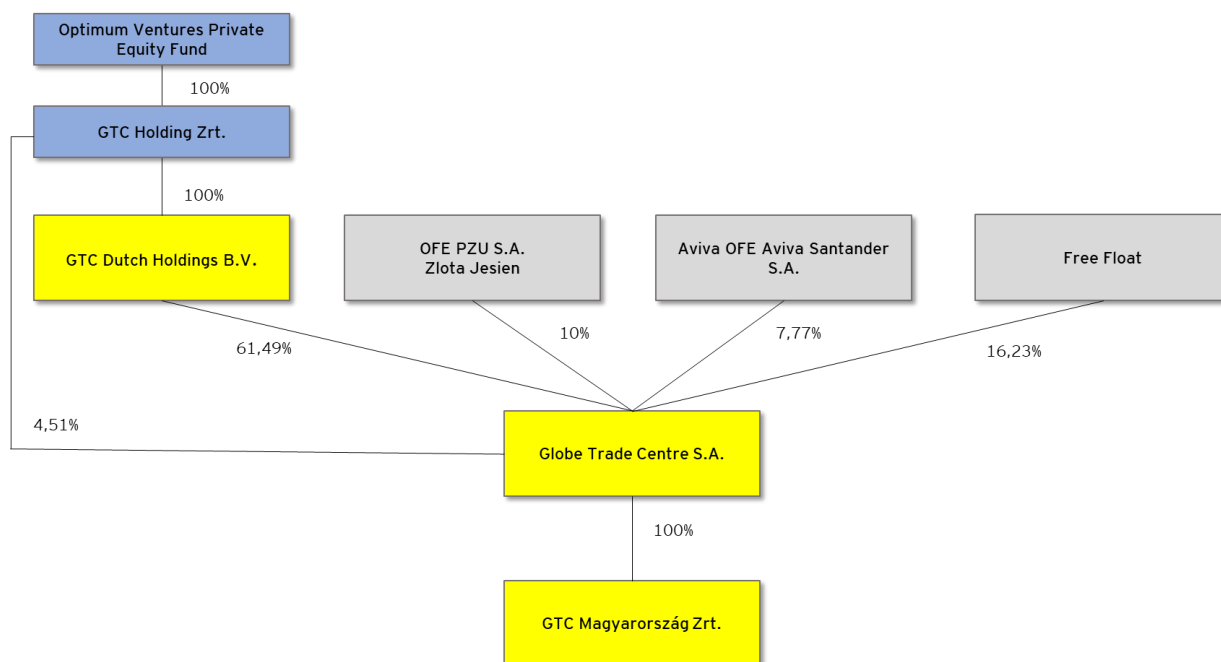
As of 30 September 2020, the Group's property portfolio comprised the following properties:

- 45 completed commercial buildings, including 40 office buildings and five retail properties with a total combined commercial space of approximately 716 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 706 thousand sq. m of GLA;
- assets held for sale, including one completed office building with a total commercial space of approximately 31 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 31 thousand sq. m of GLA;
- four office buildings under construction with total GLA of approximately 66 thousand sq. m, of which the Group's proportional interest amounts to 66 thousand sq. m of GLA;
- commercial landbank designated for future development; and
- residential landbank designated for sale.

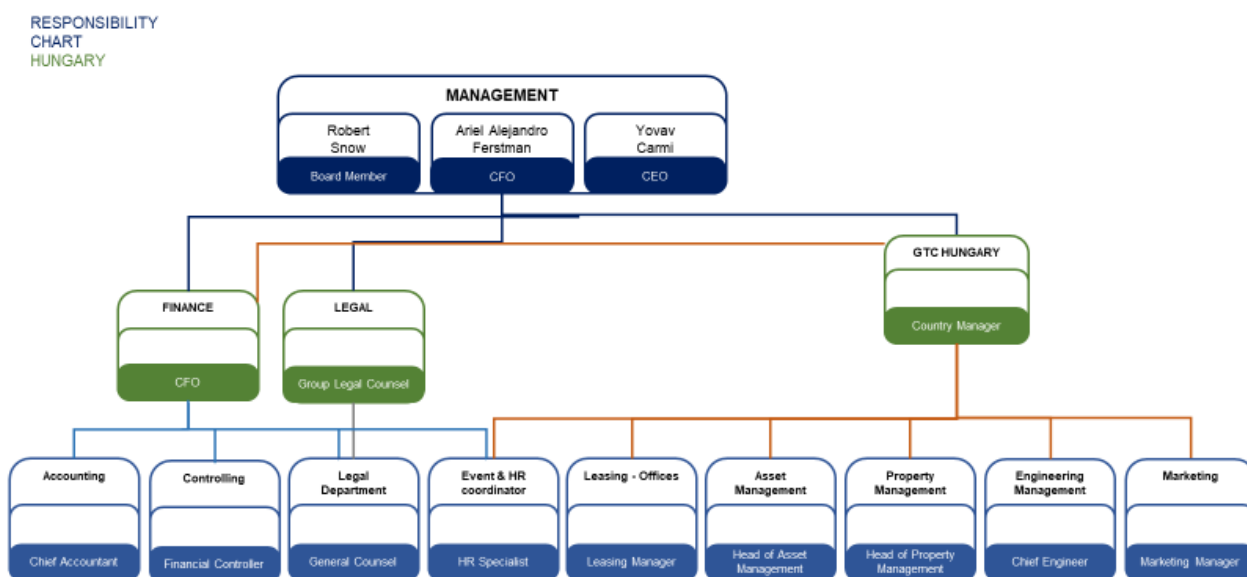
As of 30 September 2020, the book value of the Group's portfolio amounts to €2,234,776 with: (i) the Group's completed investment properties account for 84% thereof; (ii) investment properties under construction - 5%; (iii) an investment landbank intended for future development - 6%; (iv) right of use of lands under perpetual usufruct - 2% (v) assets held for sale - 3% and (vi) residential landbank account for less than 1%. Based on the Group's assessment approximately 99% of the portfolio is core and remaining 1% is non-core assets, including land plots designated for sale and residential landbank.

4.2.2. Outside organizational structure

The structure chart of the Issuer as of November 20, 2020 (the structure chart is subject to any change from time to time):



4.2.3. Inside organizational structure



4.3. Brief description of relevant patents, licenses, industrial, commercial or financial contracts or manufacturing processes

4.3.1. Patents, licenses

The Issuer and the members of the Group do not currently hold any patents or licenses, nor do they engage in any activities that may result in patents or licenses.

4.3.2. Trademarks

Trademarks owned or registered in Hungary owned by the Issuer and its subsidiary are presented in the table below. The Issuer and its subsidiary do not have trademarks registered in the European Union.

In each case, trademark protection lasts for ten years from the date of application, which can be renewed indefinitely for an additional period of ten years. Renewal takes place at the request of the Issuer, failing which the trademark will expire at the end of the term of protection.

The table below contains the list of trademarks of the Issuer as of 3 November 2020.

Name of trademark	Class	Appearance	Reg. number	Application date	Owner	Scope of protection
The Twist	N36		M1703758	21.11.2017	GTC Magyarország Ingatlanfejlesztő Zrt.	National
Budapest City Tower	N36		M1703757	21.11.2017	GTC Magyarország Ingatlanfejlesztő Zrt.	National
Budapest City Tower The Twist	N36		M1703756	21.11.2017	GTC Magyarország Ingatlanfejlesztő Zrt.	National
THE TWIST BUDAPEST CITY TOWER	26.11.10; 27.5.8; N36		M1703755	21.11.2017	GTC Magyarország Ingatlanfejlesztő Zrt.	National
THE TWIST BUDAPEST CITY TOWER	26.11.10; 27.5.8; N36		M1703754	21.11.2017	GTC Magyarország Ingatlanfejlesztő Zrt.	National

4.3.3. Industrial, commercial or financial contracts

At the date of the preparation of this Information Document, the Issuer does not have any material industrial, commercial or financial contracts unrelated to its regular activity.

4.3.4. Manufacturing processes

The Issuer does not have a manufacturing process at the date of the preparation of this Information Document.

4.4. Number of employees at the end of the financial period covered by this Information Memorandum

In the Issuer's financial year of 2019, the average number of employees was 27.

5. PRESENTATION OF THE ISSUER'S BUSINESS ACTIVITIES

5.1. Operation of the Issuer

The Issuer is a leading real estate investor and developer focusing on the Hungarian market. The Issuer is well structured to manage the portfolio of commercial real estate properties. While the head office administers all the managerial functions, each of the projects has a special purpose vehicle which is supported by a team of experienced managers as well as reputable real estate agents and maintenance companies. The Issuer aims to achieve its goal by development of carefully selected projects and acquisition of properties, while maintaining the rules of risk limitation and optimization of performance as a result of the Group's regional structure.

The Issuer has six completed real estate development projects in the office building subsector (Center Point 1 and 2, Spiral, Duna Tower, GTC Metro and GTC White House - two of these were now sold), one further project under construction (Pillar) and two more real estate development projects in the planning phase (Center Point 3 and The Twins).

5.2. Description of the main activities / products and / or services of the Issuer

The Issuer has real estate development, property management and leasing functions which are supported by a team of experienced managers as well as reputable real estate agents and maintenance professionals.

The Issuer's total gross rentable area in Budapest comprised 119 thousand sq. m in five office buildings. The occupancy rate was at the level of 98%. The average duration of leases was 3.2 years at the year end and applied yield was at the level of 7.0%. The average rental rate generated by the office portfolio in Budapest was at the level of €13.8 / sq. m / month. Book value of the Issuer's office portfolio in Budapest amounted to €261,679 as of 30 September 2020, as compared to €259,419 as of 31 December 2019.

The following table lists the Issuer's office properties located in Budapest:

<u>Property</u>	<u>GTC's share</u>	<u>Total gross rentable area</u>	<u>Year of completion</u>
	(%)	(sq. m)	
Center Point I&II	100%	40,900	2004/2006
Duna Tower	100%	31,300	2006
Spiral ¹	100%	30,600	2009
GTC Metro	100%	16,200	2010
	Total	119,000	

¹Spiral office building was sold in October 2020.

Center Point is located in Budapest, Hungary at Váci út 81 in the 13th District. The building is divided into two separate structures, each having its own independent services and underground parking areas. Center Point I was completed in 2004 and Center Point II in 2006. Both buildings offer a total of 40,873 sqm of office space on eight floors and 629 underground parking spaces. The list of key tenants includes ExxonMobil, Ecolab, KEF, Honeywell.

Duna Tower provides a total of 31,312 sq. m of leasable office space situated at Népfürdő utca 22, boasts a fantastic view to the historic City and the Margaret Island. The building was completed in 2006 and offers 16 floors of offices and three underground parking levels with nearly 400 parking spaces. The list of key tenants includes IBM, Metlife, Huawei, TMF, UNHCR, and GTC.

Spiral provides a total of 30,541 sq. m of leasable office space situated next to Váci út Corridor, one of the most popular office destinations in Budapest. The building was completed in 2008 and offers six floors of offices and four underground parking levels. The building has a single office occupier leased to a State-owned tenant and the remaining space of 1,896 sq. m is leased to a restaurant and a fitness centre operator. The building was sold in October 2020.

GTC Metro is located in Budapest, Hungary at Váci út corridor. The building was completed in 2010 and offers 16,192 sqm of office space on ten floors and 222 underground parking spaces. The building is fully leased to the sole tenant, Budapest Bank Nyrt.

Currently, the Issuer has one project under construction: Pillar, a 29,000 sq. m Class A office building which is to be completed in Q4 2021 and its construction is secured with a construction loan. The expected rental income upon stabilization is EUR 6.1m from which 93% is already secured. The building's office space is fully let to Exxon Mobil.

The following table lists the Issuer's projects that are in planning stage:

Property	Segment	Location	GTC's share	Total gross leasable area (sq. m)
Center Point 3	office	Budapest, Hungary	100%	35,500
The Twins	office	Budapest, Hungary	100%	38,000
Total				73,500

In relation to its activity, the Issuer earned several sector-specific awards such as Property Office Rental Deal of the Year (Pillar - ExxonMobil) (2019) given by Investment Forum; The Greenest Project - GTC White House given by Office of the Year Gala; and also Best Office Project GTC White House given by 2nd Annual CRE Awards.

Development: In the course of its construction activities, the Issuer pays special attention to the general architectural and technical evaluation of the given structure, the technical standard of the construction, professionalism, the efficacy and operability of the investment, and the cooperation between the entities involved in the construction concerned. The Issuer implements these projects with engineers and skilled employees with decades of experience, under the auspices of permanent subcontracts. The Issuer also carries out quality control activities on a regular basis in order to continuously improve the internal quality professionals and external participants, which significantly contributes to the Issuer's positive professional judgment in the construction industry.

Leasing: Due to the Issuer's complex business approach, it provides services covering the utmost part of the real estate lifecycle. Accordingly, the Issuer's activity covers the commercialization of the premises constructed by it, through identifying tenants and concluding lease agreements.

Asset and Property management: As the third part of the Issuer's complex business approach, the Issuer pursues an active management approach within the growing portfolio of commercial properties. Asset and Property management is a significant activity within the Issuer's business portfolio.

5.3. Presentation of the Issuer's key markets, including total sales revenue by business line and geography, the Issuer's competitive position

Statistics available for the Budapest office market as at the end of September 2020 (Q3) reflect the economic changes triggered by the COVID-19 pandemic. Compared to other real estate sectors the immediate impact of the coronavirus epidemic for offices has remained relatively limited with predominantly short-term disruption being noted.

The most immediate impact of the pandemic is the switch to large scale working from home with most corporates aiming to let staff work remotely where possible. This may reduce office utilization in the short term whilst the long-term trends are yet unknown. At the same time, we note an increase in the sq. m per person standards which are being integrated to avoid transmission risk.

Q3 2020 office market statistics show that total leasing activity has slowed compared to the record high demand witnessed in recent years. At the same time, based on headline rents for currently available space, only minimal rent correction has so far been witnessed, mainly in category 'B' office schemes.

The most active tenant sectors in the market remain IT/ telecommunication, professional services, share service centres and the public sector.

In Q1-Q3 2020 take up reached 247,000 sq. m, out of which new leases amounted to 57% of total demand, and 43% was generated by renewals.

Among the 9 office submarkets in Budapest, the highest demand was generated in the Váci Corridor and Buda South. At the same time, strong demand was also recorded in the Pest Central North and Pest Central South submarkets.

According to the Budapest Research Forum, 220 office agreements were concluded in Q1-Q3 2020 106 lease agreements were concluded in the third quarter of 2020 showing a 25% drop compared to the same quarter of 2019.

By the end of H1 2020, 133,310 sq. m of office space was delivered in the Greater Budapest market. In Q3 59,785 sq. m of office space was delivered, bringing the Q1-Q3 volume to 193,095 sq. m, which is 2.7 times higher than the entire volume in 2019.

Developers are still active in the market, with projects currently planned for completion in 2020/2022 totaling 498,000 sq. m. From this volume about circa 190,000 sq. m will be HQ projects such as MOL Campus (the first high-rise office building in Budapest), Bosch Campus or the new headquarters of Evosoft in Buda South. Total modern office stock currently totals 3,866,460 sq. m, comprising 3,251,710 sq m category 'A' and 'B' speculative office space as well as 614,750 sq. m of owner-occupied space.

The office vacancy rate in the market has reached 8.1%, representing an increase of 0.8 percentage points quarter-on-quarter, and 2.2 percentage points year-on-year. There is

however a significant gap between the vacancy rate of Class 'A' and Class 'B' office stock. The vacancy rate of Class 'A' stock stands at 7.4% whereas it is 9.8% for Class „B” stock.

The highest rents are registered in the CBD submarket with the average rents in Budapest for existing Class 'A' buildings being between € 13.50-17.00 / sq. m / month and in the case of Class 'B' buildings between € 11.50-13.50 / sq. m / month.

5.3.1. Presentation of the Issuer's key markets, including total sales revenue by business line

The Issuer's total revenue (100%) is from investing and developing real estates in Budapest, Hungary.

5.3.2. The Issuer is a leading real estate investor and developer focusing on the Hungarian market. Presentation of the Issuer's key markets, including total sales revenue by geography

The Issuer carries out its activity only (100%) in the territory of Hungary, therefore, it can be stated that 100% of its total sales revenue is generated in Hungary. The Issuer does not perform export activities.

5.3.3. The Issuer's competitive position

The Group has a leading position in the region and is considered to be among the top real estate investor and developer companies in CEE and SEE.

The market share of the Issuer is below 1% on the whole office market in Budapest.

Overall market share of the Group in CEE and SEE in Class "A" office market is below 1%.

The Group is a leading CEE and SEE real estate company dealing in long-term investments in, and the leasing and management of, real estate, predominantly in the CEE and SEE region.

The Issuer and the Group believe that they benefit from the following competitive strengths:

- 1) an integrated and fully functional management platform with deal sourcing capabilities and access to investment opportunities through a comprehensive regional network;
- 2) a leading real estate manager and developer in CEE and SEE with one of the longest track records and a highly recognized brand;
- 3) a stable and geographically diversified portfolio which combines primarily commercial income-generating properties and development projects;
- 4) a skilled management team in all markets of the Group's operation;
- 5) ability to attract and retain high quality tenants and high occupancy rates;
- 6) long-standing relationships with banks and ability to raise financing; and
- 7) a track record of successful sales of mature properties.

5.3.3.1. An integrated and fully functional management platform with deal sourcing capabilities and access to investment opportunities through a comprehensive regional network

The Group's organizational structure covers a broad range of real estate investment, management and development activities. Through its own resources and expertise, the Group has the capability to manage real estate purchase and sale procedures and actively manage properties, review potential investments, originate projects, conduct due diligence investigations of potential real estate investments, obtain financing and the required regulatory permits, conceive and execute designs, manage construction processes and complete real estate properties, including leasing. Capitalizing on its regional platform, real property management skills and broad experience in the real estate development, in addition to continuing the development activities, the Group is capable of expanding its real property portfolio by acquiring yielding properties with value added potential. The Group's comprehensive regional network allows it to monitor the real estate markets in the CEE and SEE countries on an on-going basis and to react swiftly to investment opportunities as they arise.

5.3.3.2. A leading real estate manager and developer in CEE and SEE with one of the longest track records and a highly recognised brand

The Group has a track record of 25 years of managing and developing real estate properties and projects in CEE and SEE countries.

As of 30 September 2020, the Group's property portfolio has a total GLA of approximately 747 thousand sqm in completed investment properties (of which the Group's proportional interest is approximately 737 thousand sqm), 66 thousand sqm of GLA in projects under construction, 288 thousand sqm of GLA in projects in pipeline, and plots of land in the landbank. Since its establishment and as of 30 September 2020, the Group has developed approximately 1.3 million sqm of GLA and approximately 380 thousand sqm of residential space. As of 30 September 2020, the Group has sold approximately 700 thousand sqm of NRA in completed commercial properties and approximately 380 thousand sqm of residential space.

The Group has developed a highly recognized brand and has established its position as a significant and well-known player in all of its core markets. In addition, the Management Board believes it has significantly enhanced its international reputation through continuously increasing its market presence in the CEE and SEE regions.

With the experience and presence in the numerous countries of the CEE and SEE regions, the Management Board believes that it has the skills necessary to effectively handle significant growth as well as the flexibility to take advantage of any potential future changes in market conditions and new opportunities.

5.3.3.3. A stable and geographically diversified portfolio which combines primarily commercial income-generating properties and development projects

The Group's real estate business is well diversified by geography, segment, asset portfolio and tenants. The Group's key sectors are retail, office space and the Group also holds a diversified land bank.

The portfolio managed by the Group comprises: (i) completed income-generating properties that provide stable gross rental income from the lease of office and retail space; and (ii) a landbank designated for future development, which provides significant growth potential. As of 30 September 2020, the Group's portfolio comprises, in particular, the following properties:

- i. 45 completed commercial properties, including 40 office and 5 retail properties with a combined GLA of approximately 716 thousand sqm, of which the Group's proportional interest amounts to approximately 706 thousand sqm of GLA;
- ii. assets held for sale, including one completed office building with a total commercial space of approximately 31 thousand sqm of GLA, of which the Group's proportional interest amounts to approximately 31 thousand sqm of GLA;
- iii. four office buildings under construction with total GLA of approximately 66 thousand sqm, of which the Group's proportional interest amounts to 66 thousand sqm of GLA;
- iv. two projects ready to be launched in 24 months with GLA of approximately 52 thousand sqm, of which the Group's proportional interest amounts to 52 thousand sqm of GLA;
- v. six projects in planning stage with GLA of approximately 236 thousand sqm, of which the Group's proportional interest amounts to 236 thousand sqm of GLA;
- vi. a landbank intended for commercial development.

Out of the Group's portfolio, as of 30 September 2020 747 thousand sqm of GLA are income-generating properties (of which the Group's proportional interest is 737 thousand sqm of GLA). Currently the Group's income-generating properties provide sufficient cash flows to cover the Group's administrative expenses.

5.3.3.4. A skilled management team in all markets of the Group's operation

The Group is led by a management team of experienced and skilled senior professionals, with in-depth knowledge of the real estate investment, development and management industry in the regions in which the Group operates. The experience of all members of the management team, each in his relevant field of expertise, has been gained through years of extensive work in their current positions at the Group or at other companies (see: "Management and Corporate Governance"). The Group also benefits from the local knowledge and expertise of the regional managers whose input is integral to the business. The Issuer is committed to the continued and progressive implementation of the real estate industry's best practices with respect to corporate governance and continues to adjust and improve its internal practices in order to meet evolving standards. In addition, as of 30 September 2020, the Group's operations are staffed with approximately 195 qualified and experienced professionals (197 as of 31 December 2019) in the head office and seven regional offices located throughout the CEE and SEE region. The vast majority of the core management teams have been employed by the Group for at least 10 years. The Group's management has been successful in managing the Group's activities both in times of economic prosperity and in the complex business environment of the financial crisis.

The Group's portfolio is locally managed by teams of experienced local managers who are guided, supported and instructed by the Group's central management, who ensure compliance of all local operations with the Group's global strategy. The Group's qualified professionals and local management teams have extensive knowledge of the real estate development and asset

management market and of the relevant local business environments in all real estate related disciplines, including planning, engineering, marketing and leasing. Such organisation provides the Group with a high degree of expertise and a deep understanding of each of the markets in which it operates. Local knowledge and expertise are necessary for the identification of business opportunities, negotiations with service providers and financial institutions, obtaining regulatory approvals and effective rental and marketing operations.

5.3.3.5. Ability to attract and retain high quality tenants

The Group has been able to attract and retain high quality tenants, including recognized multinational retailers such as Carrefour, Cinema City, H&M and the Inditex Group, and office tenants such as Exxon Mobil, IBM, Allegro, Budapest Bank, T-Mobile, Concentrix, Rompetrol, UniCredit, CBRE, LOT, Deloitte, and KPMG.

In addition, the Group's local managers maintain relationships with local retailers. Historically, the Group has let a substantial portion of each shopping mall within the first year of opening to a mix of multinational and local retailers.

Within the Group high occupancy rates are supported by long leases and a track record of lease renewals. Occupancy rates in the Group remain high, at 95 per cent as of 31 December 2019 and 94 per cent as of 30 September 2020 respectively. The Group generally maintains a long-dated lease profile which provides the Group with resilient income streams.

5.3.3.6. Long-standing relationships with banks and continued ability to raise financing

The construction or acquisition of the Group's income generating assets is mainly financed by long-term loans. As at 30 September 2020, the Group's loans and bonds (without minorities) had a weighted average duration of 4.0 years. The Group maintains good relationships with banks, as demonstrated by its ability to secure new development, refinance its existing debt and renegotiate certain covenants under existing loan agreements and increase bank financing. In the 12-month period preceding the date of this Information Document, the Group was able to obtain, by securing new financings and refinancing the existing loans and bond issuances and by taking new loans, approximately EUR 249 million and PLN 220 million (EUR 52 million), respectively.

5.3.3.7. Track record of successful sales of mature properties

In the course of its operations the Group has sold to international institutional investors various mature properties, including, among others, Galeria Mokotów, Platinum Business Park, Galeria Kazimierz and Centrum Biurowe Kazimierz, GTC White House, Mokotów Business Park and Spirál all of which were sold at a premium to their previously reported market values. Proceeds from those transactions were used partially to finance new investments.

The Group also generates sales profits from the disposal of its non-core assets. In line with its business strategy the Group intends to further expand its portfolio by acquiring yielding properties with value-added potential capitalizing on its regional platform and asset management skills.

The Group will be able to utilize the experience and know-how from past sales transactions when realizing its new strategy, including the intended sales of non-core assets and the sales of future projects to be acquired by the Group.

5.4. Presentation of strategic partners and cooperation with them

The Group cooperates with a large number of reputable banks in the region and its diversified portfolio of prestigious tenants consists of multinational companies from various sectors.

Given the nature of the Issuer's activity and the diverse portfolio of tenants and other trade counterparties, the Issuer does not consider any particular tenant or counterparty outside the Group as strategic partner or any of its legal relationship with such persons as strategic cooperation.

5.5. Brief summary of the Issuer's business strategy

The Group's objective is to create value from an active management of a growing commercial real estate portfolio in CEE and SEE, supplemented by selected development activities and enhancing deal flow, mitigating risks and optimizing performance through regional platform, by investing its own funds, the proceeds from share capital increase and reinvesting potential proceeds from the sale of real properties.

The Issuer shares the Group's above values, which may be depicted by three well-defined targets, as follows.

Portfolio and platform growth: The Issuer's strategic goal is to significantly increase the income-generating portfolio through acquisition of yielding properties in Budapest and complete prime development projects on already-owned or acquired land plots. Also, to have value-add acquisitions that provide tangible potential through re-letting, improvement in occupancy and rental upside as well as the realization of redevelopment potential. Its Intention is to convert ongoing development projects and land reserves into income-generating properties and the sale of non-core assets to unlock equity for new investments and acquisitions and increase the return on invested equity. Alongside with Issuer's prime goal to develop the pipeline projects that meet the highest environmental standards, the Issuer will continue to emphasize the sustainability value across its portfolio. In 2019, the Group achieved a great success with over 87% of its properties certified. The Issuer believes that an ecological perspective allows to secure future growth and deliver superior value appreciation to its stakeholders.

Operating and financial performance: The Issuer is engaged in improving the efficiency of asset management activities and maximizing operating performance. One of the main tools for that is active management of the income-generating property portfolio to achieve and maintain cost efficiency, to improve rental income and occupancy, and to diversify tenant risk by retaining a high-quality tenant base. Moreover, business targets involve further optimizing administrative and platform costs through organizational streamlining and optimization of costs of finance through deleveraging, planning and resource allocation, and through continuous refinancing at improved terms to increase the recurring return on equity.

Project delivery: The Issuer is devoted to developing high-quality commercial projects, with focus on the delivery of major projects in the next two to three years. The Issuer's goal is to continue to build track record of delivery of projects (a) on time, (b) on budget and (c) at a quality that meets tenants' demand and also continue to adhere to all relevant environmental aspects and standards in the construction of developments (e.g. building LEED certified buildings).

5.6. Green Bond Framework of the Group (for Second-Party opinion issued by Sustainalytics please see Annex 8)

The Group is dedicated to promoting sustainability in general, environmental awareness and protection in particular, and believes that operating in a sustainable way as an organization and encouraging its customers to do likewise not only enhances the efficiency and resilience of its business but also helps to raise social awareness and mitigate some of the most pressing problems the world faces today, including rapid environmental degradation.

As at 30 September 2020, the Group had diversified, a high-quality income generating real estate portfolio valued at €1.95 billion spread across CEE region, of which c. €1.6 billion (83%) was in environmentally certified properties. The Group had 34 certified (or in the process of certification) properties. The majority of the properties were certified with LEED accreditation (48.9% of standing commercial portfolio by value), followed by BREEAM (31.7%) and DGNB (2.0%), with the remaining of the portfolio being at different stages of green accreditation.

In 2015, the Group adopted a policy to develop the properties in an environmentally responsible and resource-efficient manner throughout a building's lifecycle: from planning to design, construction, operation, maintenance, renovation, and demolition. The Group made a commitment that all its existing projects where possible and all its new projects are assessed by sustainability certification schemes such as BREEAM or LEED.

The Group's commitment to sustainable properties is evidenced overtime, as in terms of value, it increased its portfolio of certified assets from €284 million (28% of the portfolio) in 2014 to €1.6 billion at 30 September 2020 (83% of the portfolio).

Additionally, the Group endorses all the 17 Sustainable Development Goals ("SDGs") as defined by the United Nations for the period 2015 - 2030, as well as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change. The Group contributes to the fulfilment of the SDGs in its operations.

In 2020, GTC S.A.'s Management Board decided on the introduction of the ESG reporting starting from 2020 based on GRI Sustainability Reporting Standards designed to be used by organizations to report about their impacts on the economy, the environment, and/or society. The Group engaged an external consultant to help in the process of selection of measures to report, creation an ESG report for 2020 and prepare an ESG policy.

Therefore, in connection and in compliance with the Group's internal rules, and framework the main principles are:

- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the Group operates;
- pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment;
- actively managing the Group's assets to continually improve environmental performance, quality and resilience; and

- encouraging proactive contributions from all employees, tenants, customers and stakeholders of the Group to meeting all objectives in compliance with the policy.

The Group is also a member of key industry initiatives, such as, the European Public Real Estate Association ("EPRA"). By participating in task groups with leading developers, consultants, engineers and manufacturers the Group plans to gain practical insights into innovative solutions for effective property management and access to information on upcoming legislation and the process of EU law transposition to region.

The Group acknowledges the importance of its real estate footprint to society and the environment, and the benefits of maintaining and operating of an efficient and high-quality portfolio.

Furthermore, the Group's Management Board and Supervisory Board place significant importance on the roles of business ethics and corporate social responsibility within the overall approach to governance. It is the Group's firm belief that this creates long-term value for the Group, its shareholders, its people and its community. Consequently, the Group has tried to ensure that its progress in this domain is keeping in line with its overall growth.

As part of its commitment to sustainability, the Group has developed a Green Bond Framework under which it is conducting the issuance of green bonds and use of the proceeds to finance and/or refinance, in whole or in part, existing and past projects that promote energy efficiency. This document acts as a framework for the selection and evaluation of eligibility of projects to be financed or refinanced using the proceeds, the management of proceeds and reporting. This framework meets the requirements of the International Capital Market Association (ICMA) Green Bond Principles 2018. Sustainability has provided a Second-Party Opinion on the Group's Green Bond Framework (please see Annex 8).

For each Green Bond issued (such as the Bonds), the Group asserts that it will adopt (1) use of proceeds (2) project evaluation and selection (3) management of proceeds and (4) reporting, as set out in this its Green Bond Framework (available at: http://ir.gtc.com.pl/en/bonds/green_bonds).

Eligible green projects under its Green Bond Framework will mainly contribute to climate change mitigation. The Group is paying particular attention to market developments on an EU-level and will look to adjust to the best extent possible its framework when the EU Taxonomy and EU Green Bond Standard (EU GBS) become enforceable.

6. ANALYSIS OF THE ISSUER'S MANAGEMENT ON THE ISSUER'S FINANCIAL SITUATION AND OPERATING RESULTS FOR THE LAST FINANCIAL YEAR

6.1. Presentation of factors that significantly affect the results of the business activities

The key factors affecting the Issuer's financial and operating results are discussed below.

The economic crisis may slow down the general economy in Hungary. Such economic downturn in Hungary may result in reduced demand for property, growth of vacancy rates, and increased competition in the real estate market, which may adversely affect the Issuer'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 dynamic, 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 Issuer. Specifically, the Issuer may be forced to change some of its investment plans. Additionally, the Issuer may not be able to develop numerous plans.

The Issuer derives the majority of its revenue from operations from rental activities, including rental and service revenue. The amount the Issuer can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of the Hungarian economy. The Issuer's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates and the Issuer's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Issuer's development projects as well as on its ability to let such completed properties at favourable rent levels.

The Issuer's results of operations depend heavily on the fluctuation of the value of assets on the property markets. The Issuer revalues its investment properties at least twice per year. Any change in 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 Issuer'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 Issuer's business.

The cash flow arising from operational performance is primarily determined by current gross rental income per sq. m, vacancy rate trends, total portfolio size, maintenance and administrative expenses, and operating expenses. Expected rental values are determined predominantly by expected development of the macroeconomic indicators as GDP growth, disposable income, etc. as well as micro conditions such as new developments in the immediate neighbourhood, competition, etc. Capitalization rates are influenced by prevailing interest rates and risk premium. 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 Issuer's investment properties and on the results of its operations. Moreover, the valuation of the Issuer's landbank additionally depends on among others the building rights and the expected timing of the projects. The value of landbank which is assessed using a comparative method is determined by referring to the market prices applied in transactions relating to similar properties.

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

6.2. Sales revenue

The Issuer achieved net sales revenue of EUR 21,827 thousand in the financial year of 2018. The net sales revenue of the Issuer in the financial year of 2019 was EUR 24,195 thousand which amount comes solely from the Issuer's and its subsidiaries' domestic activity in both years. Sales revenue is driven by the rental income received that was 76% of sales revenue in FY2018 and FY2019.

6.3. Gross margin

The amount of the Issuer's gross margin in the financial year of 2018 was EUR 16,661 thousand. The average statistical number of employees was 28 in 2018.

The amount of the Issuer's gross margin in the financial year of 2019 was EUR 18,403 thousand. The average statistical number of employees was 27 in 2019.

6.4. Profit from revaluation of assets

The profit from revaluation of assets was EUR 17,679 thousand in 2018 and was EUR 27,771 thousand in the financial year of 2019.

6.5. Operational results, EBITDA

The Profit from continuing operation of the Issuer was EUR 32,762 thousand and the amount of the EBITDA was EUR 15,083 thousand in 2018.

The Profit from continuing operation of the Issuer was EUR 43,585 thousand and the amount of the EBITDA was EUR 15,814 thousand in 2019.

6.6. Financial expenses, net

The Issuer's financial expenses in the financial year of 2018 was loss of EUR 7,818 thousand and in the financial year of 2019 was loss of EUR 7,021. Financial income is mainly driven by interest received from parent company (EUR 611 thousand in FY2019) and foreign exchange gain (EUR 140 thousand in FY2019). While financial expenses mainly consist of interest on member loans (EUR 4,012 thousand in FY2018 and EUR 4,327 thousand in FY2019), interest on bank loans (EUR 3,355 thousand in FY 2018 and EUR 3,242 thousand in FY 2019), bank cost and depreciation of borrowing costs (EUR 149 thousand in FY 2018 and EUR 203 thousand in FY 2019) and non- realized foreign exchange loss (EUR 303 in FY2018).

6.7. Profit for the period

The Issuer's profit for the period in the financial year of 2018 was EUR 22,341 thousand and in the financial year of 2019 was EUR 32,188 thousand.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2019 (in thousands of Euro)

	<u>Note</u>	<u>Year ended</u> <u>31 December</u> <u>2019</u>	<u>Year ended</u> <u>31 December 2018</u>
Rental income	(8)	18,370	16,560
Service charge revenue	(9)	5,825	5,267
Residential revenue		-	-
Service charge costs	(9)	(5,792)	(5,166)
Residential costs		-	-
Gross margin from operations		18,403	16,661

Profit from revaluation / impairment of assets	(17)	27,771	17,679
Selling expenses	(10)	(502)	(852)
Administrative expenses	(11)	(2,020)	(1,424)
Other income, net	(13)	(67)	698
Profit from continuing operations before tax and finance income / cost		43,585	32,762
Finance income	(12)	751	1
Finance cost	(12)	(7,772)	(7,819)
Profit before tax		36,564	24,944
Taxation	(15)	(4,376)	(2,603)
Profit for the period		32,188	22,341
Gain / (loss) on cash flow hedge	(23)	244	(13)
Deferred tax (loss) / income on cash-flow hedge	(15)	(22)	1
Net gain / (loss) on cash-flow hedge		222	(12)
Foreign currency translation loss		(791)	(803)
Total comprehensive income for the period, net of tax		31,619	21,526

6.8. Non-current assets

The value of the Issuer's non-current assets on the date of 31 December 2018 was EUR 283,689 thousand, out of which EUR 281,162 thousand was investment properties (completed office buildings, investment properties under constructions and landbanks).

The value of the Issuer's non-current assets on the date of 31 December 2019 was EUR 328,561 thousand, out of which EUR 324,817 thousand was investment properties (completed office buildings, investment properties under constructions and landbanks).

6.9. Current Assets

The value of the Issuer's current assets on the date of 31 December 2018 was EUR 13,806 thousand, out of which EUR 3,998 thousand was short-term deposits and EUR 8,722 thousand was cash and cash equivalents.

The value of the Issuer's current assets on the date of 31 December 2019 was EUR 67,952 thousand, out of which EUR 3,125 thousand was trade receivables, EUR 44,611 thousand was intercompany loan, EUR 2,978 thousand was short-term deposits and EUR 16,032 thousand was cash and cash equivalents.

6.10. Liabilities

The value of the Issuer's liabilities on the date of 31 December 2018 was EUR 287,384 thousand from which EUR 270,174 thousand was long-term liabilities to related undertakings. The value of the Issuer's liabilities on the date of 31 December 2019 was EUR 282,153 thousand from which EUR 257,959 thousand was long-term liabilities to related undertakings.

6.11. Presentation of equity, short -long term loans

The Issuer's equity was EUR 82,741 thousand in the financial year of 2018 and EUR 114,360 thousand in the financial year of 2019.

The value of the Issuer's long-term liabilities on the date of 31 December 2018 was EUR 270,174 thousand from which EUR 106,175 thousand was long-term part of the Issuer's subsidiaries' bank loan financing and EUR 151,095 was long-term loans from shareholders. The value of the Issuer's short-term liabilities on the date of 31 December 2018 was EUR 17,210 thousand from which EUR 6,250 thousand was short-term part of Issuer's subsidiaries' bank loan financing.

The value of the Issuer's long-term liabilities on the date of 31 December 2019 was EUR 257,959 thousand from which EUR 106,430 thousand was long-term part of Issuer's subsidiaries' bank loan financing and EUR 135,782 was long-term loans from shareholders. The value of the Issuer's short-term liabilities on the date of 31 December 2019 was EUR 24,194 thousand from which EUR 19,092 thousand was short-term part Issuer's subsidiaries' bank loan financing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2019 (in thousands of Euro)

	<u>Note</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
ASSETS			
Non-current assets			
Properties, plant and equipment	(16)	2,256	1,151
Investment property	(17)	259,419	237,741
Investment property landbank	(17)	65,398	43,421
Blocked deposits	(21)	1,354	1,376
Derivatives		134	-
		<u>328,561</u>	<u>283,689</u>
Assets held for sale	(18)	-	72,630
Current assets			
Trade receivables		3,125	240
Accrued income		286	147
Prepayments and deferred expenses		156	34
VAT receivable		595	537
Income tax receivable	(15)	133	128
Other current financial assets	(19)	44,611	-
Derivatives		36	-
Short-term deposits	(21)	2,978	3,998
Cash and cash equivalents	(20)	16,032	8,722
		<u>67,952</u>	<u>13,806</u>
TOTAL ASSETS		<u>396,513</u>	<u>370,125</u>
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	(2)	16	85
Share premium	(2)	-	109,118
Non-controlling interest holders transaction reserve		2,758	2,758
Foreign currency translation reserve		(2,818)	(2,027)
Cash-flow hedge reserve	(23)	(151)	(373)

Retained profit/(losses)		114,555	(26,820)
		<u>114,360</u>	<u>82,741</u>
Non-current liabilities			
Non-current portion of long-term borrowing, net of deferred debt expenses	(24)	106,430	106,175
Non-current portion of long-term loans from shareholders	(25)	135,782	151,095
Lease liability		37	-
Derivatives	(23)	266	225
Deferred tax liabilities	(15)	14,090	11,303
Deposits from tenants		1,354	1,376
		<u>257,959</u>	<u>270,174</u>
Current liabilities			
Trade payables and other payables	(22)	3,315	9,717
Deposits from tenants		261	254
Current portion of long-term borrowing	(24)	19,092	6,250
Lease liability current portion		25	-
VAT payable		356	440
Income tax payables		940	48
Advances received		136	316
Derivatives	(23)	69	185
		<u>24,194</u>	<u>17,210</u>
TOTAL EQUITY AND LIABILITIES		<u>396,513</u>	<u>370,125</u>

6.12. Cash Flow

The net cash from operating activities of the Issuer was EUR 14,048 thousand in 2018 and EUR 14,455 thousand in 2019. In contrast, the net cash from/(used) in investing activities was EUR (31,680) thousand in 2018 and EUR 2,533 thousand in 2019. The net cash from /(used) in financing activities was EUR 17,970 thousand in 2018 and EUR (9,749) thousand in 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2019 (in thousands of Euro)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,564	24,944
Adjustments for			
Depreciation	(16)	114	53
Gain from revaluation/impairment of assets	(17)	(27,771)	(17,679)
Other income	(13)	-	(875)
Other finance expense (F/X)	(12)	64	411
Net interest expense	(12)	6,957	7,365
Operating cash flow before working capital changes		<u>15,928</u>	<u>14,219</u>
Changes in trade receivables		(378)	(53)
Changes in other current assets		22	(92)
Changes in trade and other payables		(394)	551
Cash generated in operations		<u>15,178</u>	<u>14,625</u>
Tax paid in the period	(15)	(723)	(577)
Net cash from operating activities		<u>14,455</u>	<u>14,048</u>

CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditure on investments properties	(17)	(20,258)	(37,265)	
Expenditure on asset held for sale		(6,691)	-	
Decrease in short term investments		997	260	
Purchase of PPE	(16)	(261)	(107)	
Provided short term loan	(19)	(44,000)	-	
Proceeds from disposal of investment properties	(17)	72,746	5,432	
Net cash used in investing activities		2,533	(31,680)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term borrowings	(24)	(13,630)	(5,622)	
Proceeds of long-term borrowings	(24)	27,525	3,024	
Borrowing cost		(237)	-	
Proceeds of shareholders loans		7,800	20,350	
Repayment of shareholders loans	(25)	(24,113)	(3,631)	
Proceeds of capital increase		-	10,000	
Interest paid	(12)	(7,094)	(6,151)	
Net cash generated in financing activities		(9,749)	17,970	
Effect of foreign currency translation		71	(255)	
Net (decrease)/increase in cash and cash equivalents		7,310	83	
Cash and cash equivalents, at beginning of year		8,722	8,639	
Cash and cash equivalents at the end of the period		16,032	8,722	
Significant non-cash transaction:				
Non-paid expenditures on investment properties:		968	7,555	
Capital restructuring		109,118	-	
Reclassification from Investment Properties to Properties, plant and equipment:		899	-	

6.13. Information about the Issuer's existing, current and future investments

The Issuer's future investments include the construction of Pillar, a 29,000 sq. m Class A office building which is to be completed in Q4 2021 and is secured with a construction loan. The expected rental income upon stabilization is EUR 6.1m from which 93% is already secured. The building's office space is fully let to Exxon Mobil.

The Issuer will launch Center Point 3, a 35,500 sq. m Class A office space in 24 months. The related building permit is to be expected in Q1 2021. The expected total investment cost is 98.6m EUR.

The following table lists the Issuer's projects that are in planning stage:

Property	Segment	Location	GTC's share	Total gross leasable area (sq. m)
Center Point 3	office	Budapest, Hungary	100%	35,500
The Twins	office	Budapest, Hungary	100%	38,000
Total				73,500

6.13.1. EU and state subsidies

At the time of the preparation of this Information Document, the Issuer did not receive any EU or state subsidies.

6.14. Owners

6.14.1. Globe Trade Centre S.A.

Globe Trade Centre S.A. is a leading real estate investor and developer focusing on Poland and capital cities in Central and Eastern Europe. Globe Trade Centre S.A. is operating in Warsaw and secondary cities in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. The group was established in 1994 and has been present in the real estate market since then. Since the Group was founded it has:

- developed 74 commercial properties, offering 1,300,000 sq. m of lease area,
- purchased 11 commercial properties, offering approx. 150,000 sq. m of lease area,
- developed residential projects offering approx. 400,000 sq. m of floor space.

Today, Globe Trade Centre S.A. actively manages the real estate portfolio of 45 commercial buildings providing nearly 715,000 sq. m of office and retail space to its highly demanding tenants and customers in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. In addition, Globe Trade Centre S.A. has a development pipeline of approx. 340,000 sq. m retail and office properties in capital cities of Central and Eastern Europe, thereof approx. 60,000 sq. m under construction.

More information on the GTC S.A. is available at <http://ir.gtc.com.pl/en>.

6.14.1.1. Sales revenue

The Group achieved net sales revenue of EUR 153,961 thousand in the financial year of 2018. The net sales revenue of the Group in the financial year of 2019 was EUR 169,762 thousand which amount comes solely from the Group's activity in both years.

Sales revenue is driven by the rental income received that was 72% of sales revenue in FY2018 and 75% in FY2019 (the remaining part comes from lease-related service charge).

6.14.1.2. Gross margin

The amount of the gross margin in the financial year of 2018 was EUR 111,583 thousand. The average statistical number of employees was 182.

The amount of the gross margin in the financial year of 2019 was EUR 127,866 thousand. The average statistical number of employees was 195.

6.14.1.3. Segment analysis of income and costs for the Group

Segment analysis of income and costs for the year ended 31 December 2019 and 31 December 2018 is presented below:

Portfolio	Year ended 31 December 2019			Year ended 31 December 2018		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	75,793	(20,499)	55,294	78,531	(24,530)	54,001
Belgrade	29,542	(6,658)	22,884	19,619	(4,251)	15,368
Budapest	24,195	(5,792)	18,403	21,827	(5,166)	16,661
Bucharest	17,497	(3,103)	14,394	17,350	(3,594)	13,756
Zagreb	11,624	(3,893)	7,731	10,990	(3,736)	7,254
Sofia	11,111	(1,931)	9,180	5,644	(1,101)	4,543
Total	169,762	(41,876)	127,886	153,961	(42,378)	111,583

6.14.1.4. Profit from revaluation of assets

The profit from revaluation of assets was EUR 40,125 thousand in 2018.

The profit from revaluation of assets was EUR 16,190 thousand in 2019.

6.14.1.5. Profit from continuing operation and EBITDA

The profit from continuing operation was EUR 136,006 thousand and EBITDA was EUR 95,229 thousand in 2018.

The profit from continuing operation was EUR 126,877 thousand and EBITDA was EUR 108,260 thousand in 2019.

6.14.1.6. Financial expenses, net

The financial expenses in the financial year of 2018 was of EUR 30,048 thousand and in the financial year of 2019 was of EUR 34,691. Financial expenses mainly consist of interest on bank loans (EUR 27,925 thousand in FY 2018 and EUR 30,541 thousand in FY 2019), depreciation of borrowing costs (EUR 2,655 thousand in FY 2018 and EUR 1,993 thousand in FY 2019).

6.14.1.7. Profit for the period

The profit for the period in the financial year of 2018 was EUR 92,020 thousand and in the financial year of 2019 was EUR 75,421 thousand.

6.14.1.8. Non-current assets and assets held for sale

The value of the Group's non-current assets on the date of 31 December 2018 was EUR 2,152,009 thousand, out of which EUR 2,113,068 thousand was investment properties (completed office buildings, investment properties under constructions and landbanks) and EUR 12,698 thousand residential landbank.

The value of the Group's non-current assets on the date of 31 December 2019 was EUR 2,291,064 thousand, out of which EUR 2,247,030 thousand was investment properties (completed office buildings, investment properties under constructions and landbanks) and EUR 13,388 thousand residential landbank.

Assets held for sale on the date of 31 December 2019 consisted investment properties in the amount of EUR 76,196 thousand.

6.14.1.9. Current Assets

The value of the current assets on the date of 31 December 2018 was EUR 128,719 thousand, out of which EUR 30,041 thousand was short-term deposits and EUR 80,456 thousand was cash and cash equivalents.

The value of the current assets on the date of 31 December 2019 was EUR 231,678 thousand, out of which EUR 33,031 short-term deposits and EUR 179,636 thousand was cash and cash equivalents.

6.14.1.10. Liabilities

The value of the liabilities on the date of 31 December 2018 was EUR 1,336,129 thousand from which EUR 1,115,347 thousand was long-term liabilities to related undertakings. The value of the liabilities on the date of 31 December 2019 was EUR 1,464,080 thousand from which EUR 1,206,222 thousand was long-term liabilities to related undertakings.

6.14.1.11. Segment analysis of assets and liabilities of the Group

Segment analysis of assets and liabilities as of 31 December 2019 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	978,398	38,399	5,062	1,021,859	516,539	70,600	10,506	597,645
Belgrade	404,219	18,427	5,625	428,271	216,805	13,570	19,545	249,920
Budapest	326,832	20,364	4,705	351,901	126,524	14,090	5,756	146,370
Bucharest	219,271	10,578	1,941	231,790	110,272	12,844	4,793	127,909
Zagreb	160,366	4,305	12,326	176,997	58,710	17,538	7,161	83,409
Sofia	166,070	8,825	1,733	176,628	79,321	8,940	5,360	93,621
Other	12,029	20	15	12,064	-	-	1,184	1,184
Non allocated		122,886	346	123,232	151,249	9,650	3,123	164,022
Total	2,267,185	223,804	31,753	2,522,742	1,259,420	147,232	57,428	1,464,080

Segment analysis of assets and liabilities as of 31 December 2018 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities

Poland	1,003,436	13,557	6,544	1,023,537	493,664	72,078	16,555	582,297
Belgrade	359,089	11,984	2,468	373,541	142,242	14,279	17,486	174,007
Budapest	354,760	14,096	1,269	370,125	113,132	11,304	11,855	136,291
Bucharest	214,450	13,030	6,176	233,656	109,685	11,082	9,955	130,722
Zagreb	136,424	3,995	11,029	151,448	48,000	16,776	8,896	73,672
Sofia	128,547	3,920	1,665	134,132	64,044	7,213	3,225	74,482
Other	10,910	11	-	10,921	-	-	1,184	1,184
Non allocated		58,972	592	59,564	150,951	6,388	6,135	163,474
Total	2,207,616	119,565	29,743	2,356,924	1,121,718	139,120	75,291	1,336,129

6.14.1.12. Equity, short- and long-term loans

The Group equity was EUR 1,020,795 thousand in the financial year of 2018 and EUR 1,058,662 thousand in the financial year of 2019.

The value of the long-term portion of long-term loans and bonds on the date of 31 December 2018 was EUR 993,453 thousand. The value of the long-term portion of long-term loans and bonds on the date of 31 December 2019 was EUR 980,872 thousand from which EUR 81,595 thousand was related to bonds.

The value of the short-term portion of long-term loans and bonds on the date of 31 December 2018 was EUR 121,894 thousand. The value of the short-term portion of long-term loans and bonds on the date of 31 December 2019 was EUR 225,350.

6.14.1.13. Cash Flow

The cash flow regarding the ordinary activities was EUR 88,298 thousand in 2018 and EUR 101,407 thousand in 2019. The cash flow used in investing activities was EUR 131,690 thousand in 2018 and EUR 9,882 thousand in 2019. The cash flow used in financing activities was EUR 24,898 thousand in 2018 and cash generated from financing activities was EUR 7,655 thousand in 2019.

6.15. Information about the Group's future investments

Projects of the Group Under Construction

Project Name	Type	City	Build. Permit	Total GLA	Total investment	Expected completion
ABC II ¹	Office	Sofia	Yes	17,800	33,400	Q4 2020
Matrix B ²	Office	Zagreb	Yes	10,700	20,200	Q4 2020
The Pillar	Office	Budapest	Yes	29,000	83,300	Q4 2021
Sofia Tower	Office	Sofia	Yes	8,150	13,300	Q2 2022
Total				65,650	150,200	

Projects ready to be launched in 24 months

Project Name	Type	City	Build. Permit	Total GLA	Total investment
GTC X	Office	Belgrade	Yes	16,800	35,800
Center Point 3	Office	Budapest	No	35,500	98,600
Total				52,300	134,400

Projects under Planning Stage

Project Name	Type	City	Build. Permit	Total GLA
Moderna	Office	Katowice	No	18,300
The Twins	Office	Budapest	No	38,000
Matrix Future Phases	Office	Zagreb	No	55,000
City Rose Park	Office	Bucharest	No	50,100
Zielone Tarasy	Mixed Used	Warsaw	No	61,000
Total				222,400

1 Building completed in December 2020

2 Building completed in December 2020

7. OWNERS, MANAGEMENT, EMPLOYEES

7.1. OWNERS

7.1.1. Globe Trade Centre S.A.

Please find more information about Globe Trade Centre S.A. in Section 6.14.1.

Globe Trade Centre S.A.

7.2. Board of Directors

7.2.1. Robert John Snow, chairman of the board

Robert Snow is the Chairman of the Issuer. Mr. Snow joined the Issuer in 2000 as CEO and Country Manager in Hungary and led the development activity of GTC's operations in Hungary. He is a member of GTC S.A.'s Management Board since June 2020.

In addition, and from 2004 until 2013, Mr. Snow established and managed the development activities of GTC Serbia. Robert Snow has a proven track record in the real estate business in CEE in senior management roles for over 30 years; amongst others at Danubius Hotels in Budapest from 1996 to 2000. Prior to settling in Hungary, Mr. Snow was employed in project management, construction and logistics roles for over 15 years in the Middle East.

Mr. Snow was educated at Millfield School in Somerset, UK and holds a Bachelor of Science Degree from Manchester University Institute of Science and Technology in Building Technology.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

7.2.2. Yovav Carmi, member of the board

Yovav Carmi joined the Issuer in 2001. He is the President of GTC S.A.'s Management Board since September 2020.

He started his professional career in 1994 as an auditor at Ernst & Young, where he worked until 1996. In 1997, Mr. Carmi worked for the Israel Securities Authority as an investigator. Between 1998 and 2001 he was a financial controller at the Kardan Group. Yovav Carmi has been a chief financial officer and member of the management boards of many of GTC S.A.'s foreign subsidiaries since 2001. Mr. Carmi was a member of the management board of GTC S.A. between 2011 and 2015. Starting 2015, he became Chief Operating Officer at GTC S.A. In 2020, Mr. Carmi was also appointed as Chief Executive Officer at GTC S.A.

Yovav Carmi graduated from Tel-Aviv University, where he obtained a B.A. degree in law and a B.A. degree in accounting. He also holds an MBA degree from Tel-Aviv University (1998). Moreover, Mr. Carmi is a chartered public accountant in Israel.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

7.2.3. Ariel Alejandro Ferstman, member of the board

Ariel Alejandro Ferstman joined the Issuer in 2011 and has been leading the finance departments as a chief financial officer for GTC in Hungary, Croatia and Slovakia. He is a member of GTC S.A.'s Management Board and Chief Financial Officer since July 2020.

Prior to joining GTC, Mr. Ferstman spent over three years as the Financial Controller for BSR Europe, formerly listed on the Tel Aviv Stock Exchange, and five years as a senior auditor in Ernst & Young in Israel and Argentina.

Ariel Alejandro Ferstman graduated cum laude from The University of Buenos Aires where he obtained a B.A. degree in accounting and finance. He also holds an MBA in Finance and Business Strategy from The Hebrew University of Jerusalem. Moreover, Mr. Ferstman is a chartered public accountant in Israel and Argentina.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

7.3. Other key employees

7.3.1. Csaba Zovát, Financial Director

Csaba Zovát joined the Issuer in 2012. He started his professional career in 2003 as an auditor at Ernst & Young. He led statutory and international group audit of real estate, energy and utility companies and gained experience in numerous mergers and acquisitions. Mr. Zovát has been a Financial Controller and later on Chief Financial Officer at the Issuer since 2012 until today.

Csaba Zovát graduated from the Faculty of Finance and Accountancy of the Budapest Business School in 2003. Moreover, Mr. Zovát is a chartered public accountant in Hungary and member of Association of Chartered Certified Accountants since 2010.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

7.3.2. Mihály Szécsi, Chief Engineer

Mihály Szécsi joined the Issuer in 2002. He started his professional career in 1995 as site engineer at Fémmunkás Rt., where he worked until 1997. From 1998, Mr. Szécsi worked for CFE Hungary as site engineer. Between 1998 and 2001 he was a site engineer at CFE Hungary. Mihály Szécsi has been a project manager and later on chief engineer at the Issuer since 2002 until today.

Mihály Szécsi graduated from Technical University of Timisoara, Romania in 1993, where he obtained a M.Sc. degree in mechanical engineering. He also holds an MBA degree from Technical University of Budapest (2000). Moreover, Mr. Szécsi is a chartered Technical leader and Technical Controller in Building Mechanical Engineering and Building Energetics as well as Chartered Real Estate Manager.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

7.3.3. Eszter Losonci-Várnai, Leasing Director

Eszter Losonci-Várnai joined the Issuer in 2020 as Leasing Director of the Issuer. Eszter Losonci-Várnai started her real estate carrier at DTZ Agency (presently C&W) as office leasing advisor in 2000. She worked afterwards as leasing, sales and marketing director at ING Hungary Real Estate Development Ltd., having an insight to the retail and residential markets in addition to offices. Eszter was responsible for office leasing at the Issuer from 2008 to 2011, similarly to her present assignment. She dealt with reassessed assets at CIB Bank and recently she was expansion manager at an independent chain restaurant operator, AmRest, having world-known brands.

Eszter Losonci-Várnai, after graduating from College for Foreign Trade in Budapest, got her MBA degree of Corvinus University in 1999. She has been awarded the degree of Master of Science in Real Estate by completing the joint programme of Nottingham Trent University and Budapest University of Technology in 2004. She used to be Assessor in the entry committee for new members at RICS in Budapest.

No judicial, official or other proceedings have been instituted against him in the last three years in connection with his professional activities.

8. FINANCIAL INFORMATION

The HAS audited financial statements of the Issuer for the financial year of 2018 and 2019 (including the business report and other annexes) and the auditor's reports are set out in Annex 1 and Annex 2 of this Information Document. The IFRS audited financial statements of the Issuer for the financial year of 2018 and 2019 (including the business report and other annexes) and the auditor's reports are set out in Annex 3 of this Information Document. The IFRS consolidated financial statements of the Guarantor for the financial year of 2018 and 2019 (including the business report and other annexes) and the auditor's reports (IFRS is not required) are set out in Annex 4 and Annex 5 of this Information Document. The reviewed consolidated financial statements of the Guarantor for the nine months ended on September 30, 2020 (including the business report and other annexes) are set out in Annex 6 of this Information Document.

9. ONGOING COURT, ARBITRATION OR OTHER AUTHORITY (E.G., TAX) PROCEEDINGS EXCEEDING 10% OF EQUITY OF THE ISSUER

There are no pending court, arbitration or official proceedings against the Issuer for a value exceeding 10% of the Issuer's equity. Furthermore, at the time of the preparation of this Information Document, the Issuer is not aware of any court, arbitration or other official proceedings against any member of the Group that are expected to have a material effect on the financial condition or profitability of the Issuer or any member of the Group.

10. SIGNIFICANT CONTRACTS

The Issuer does not have any major contracts other than those in the ordinary course of business, under which the Issuer has an obligation or a right that has a material effect on the Issuer's status or the valuation of the Bond issued by it.

The Issuer has entered into market standard, ISDA-based cross-currency swap arrangements in connection with the proceeds of the Bonds.

11. INFORMATION ABOUT THE ISSUANCE

11.1. Purpose of the issue and use of incoming resources

The purpose of the Issuance is to refinance Issuer's and Guarantor's (at consolidated level) financial indebtedness (at least 50% of bond proceeds applied for refinancing) and to finance real estate acquisitions, redevelopment and construction projects by the Issuer and Guarantor (or other members of the Guarantor's group).

11.2. Presentation of the planned financial coverage for the fulfilment of the Bond obligations

The Issuer undertakes to fulfil its obligations under the Bonds. The Issuer's own income and assets, which are not restricted by law serve to cover the fulfilment of the payment obligations of the Issuer under the Bonds.

In addition, the Guarantor undertakes to guarantee the payment obligations of the Issuer under the Bonds in accordance with the terms and conditions set out in the Guarantee Undertaking under Annex 7 of this Information Document.

12. OTHER INFORMATION CONSIDERED AS KEY INFORMATION

12.1. Rating

With publication date of 12 November 2020, Scope Ratings GmbH credit rating agency rated the Issuer in the category of BBB- with a stable outlook and the Issuer's non-subordinated unsecured long-term debt in the category of BBB-.

The rating of the credit rating agency for the Issuer and the full justification are available on the credit rating agency's website (<https://www.scooperatings.com>) in English at the following link:

<https://www.scooperatings.com/#search/research/detail/165566EN>

Scope Rating GmbH is included in the register of credit rating agencies maintained by the European Securities and Markets Authority ("ESMA").

The Issuer undertakes, in accordance with Section II/10/f of the NKP Prospectus, to use the funds raised through the Issuance in accordance with the duly approved business plan provided to the credit rating agency issuing the credit rating required for the issuance, for the purposes set out therein, as set out in the credit rating agency's report, for which it is responsible.

The Issuer also undertakes that the credit rating of the Bonds will be reviewed at least annually until the maturity of the Bonds. The Issuer also undertakes to immediately and fully inform the Bondholders of the review and its outcome at the appropriate place of publication; at the same time it sends the fact and the outcome of the review directly to those Bondholders whose contact details are known by the Issuer (in case of NBH: nkp@mnbb.hu).

The Issuer also undertakes, in accordance with Section II/10/h of the NKP Prospectus, to provide all documents and information required for the credit rating to the credit rating agency in a timely manner and cooperate with it in the course of the rating, and it also agrees that the

NBH and the credit rating agency may publish the rating of the Issuer and the security to be issued and its annual review, together with the related rating reports, on its website.

13. INFORMATION RELATED TO SECURITIES, TERMS AND CONDITIONS OF BONDS

13.1. Terms and Conditions of Bonds

Name of the Bond:	GTC 2030/A
Issuer:	GTC Magyarország Zrt. Registered office: 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em. Registration number: 01-10-043913
Joint Lead Manager 1:	OTP Bank Nyrt. Registered office: 1051 Budapest, Nádor utca 16. Registration number: 01-10-041585
Joint Lead Manager 2:	Equilor Zrt. Registered office: 1026 Budapest, Pasaréti út 122-124. Registration number: 01-10-041431
Paying Agent:	OTP Bank Nyrt. Registered office: 1051 Budapest, Nádor utca 16. Registration number: 01-10-041585
Nature of Issuance:	The Bonds have been issued by way of a public offering (" <i>nyilvános forgalomba hozatal</i> ") addressed to qualified investors in an auction within the framework of the Bond Funding for Growth Scheme (" <i>Növekedési Kötvényprogram</i> ") launched by the National Bank of Hungary.
Place of Issuance:	Hungary
Authorization for Issuance:	The Issuance has been authorized under the Resolution of the Issuer on 9 November 2020.
Total amount of Issuance:	HUF 39.600.000.000
Term:	10 years
ISIN identifier:	HU0000360102
Bond currency:	Forint (HUF)
Nominal value per Bond:	HUF 50.000.000 that is fifty million forints
Number of Bonds:	792
Type of Bonds:	The Bonds are in dematerialized and registered form.
Central Securities Depositary:	KELER

	Registered office: 1074 Budapest, Rákóczi út 70-72.; Registration number: 01 10 042346
Method of placement:	Public offering for a security by an auction but exempted from publishing a Prospectus.
Date of Issue / Settlement Date (Value Date):	7 December 2020.
Interest Calculation Commencement Date:	7 December 2020.
Maturity Date:	7 December 2030.
Interest payment method:	Each Bond is a fixed rate bond.
Interest rate:	2.25% p.a., payable in arrears on the Interest Payment Dates.
Interest Payment Date(s):	The Bonds pay interest annually in arrears, during its term on 7 December of each year, as well as at Maturity Date. The first Interest Payment Date is 7 December 2021. The last Interest Payment Date, which is also the Maturity Date, is 7 December 2030.
Interest base:	Actual/Actual (ISMA)
Interest base determination day(s):	7 December of each calendar year. The number of interest base determination days per year is 1.
Repayment of the Bonds:	7th year: 10% of the Face Value at the end of the 7 th year following the Date of Issue i.e. on 7 December 2027; 8th year: 10% of the Face Value at the end of the 8 th year following the Date of Issue i.e. on 7 December 2028; 9th year: 10% of the Face Value at the end of the 9 th year following the Date of Issue i.e. on 7 December 2029; 10th year: 70% of the Face Value of the Bond on the Maturity Date i.e. on 7 December 2030.
Fixed interest amounts:	During the term of the Bonds the following fixed interest amounts are payable on the Interest Payment Dates for each Bond at a Face Value of HUF 50,000,000: 7 December 2021: 1,125,000 HUF 7 December 2022: 1,125,000 HUF 7 December 2023: 1,125,000 HUF 7 December 2024: 1,125,000 HUF 7 December 2025: 1,125,000 HUF

7 December 2026: 1,125,000 HUF

7 December 2027: 1,125,000 HUF

During the last three (3) years of the Term of the Bonds the following fixed interest amounts are payable on the following Interest Payments Dates for the amortized Face Value of the bonds:

7 December 2028: 1,012,500 HUF

7 December 2029: 900,000 HUF

7 December 2030: 787,500 HUF

Interest Payment Period:

The period beginning on the Interest Calculation Commencement Date (inclusive) and ending on the first Interest Payment Date (excluding this date) and all subsequent periods beginning on the Interest Payment Date (inclusive date) and the subsequent Interest Payment Date (excluding this day) ends with the provision that the last Interest Payment Date is the Maturity Date.

Business Day Rules:

Payments of principal and coupon in respect of the Bonds shall be made via bank transfer through the Paying Agent in accordance with the rules and regulations of KELER as effective from time to time. If the due date for any payment under the Bonds is not a Business Day, the payment shall be made to the Bondholders on the next Business Day following the due date and the Bondholders may not claim any interest or other payment due to such delay.

Business Day:

Each day when credit institutions and the money and foreign exchange markets make HUF payments and settlements in Budapest, if such a day is a Business Day at both the Issuer and the Paying Agent, and when KELER makes money transfers and securities transfers.

Repurchase before the Maturity Date at the Issuer's discretion:

The Issuer may buy back all or part of the Bonds in the secondary market before Maturity Date. In case of buying back a part of the Bonds before Maturity Date, the Issuer buys back the Bonds pursuant to the conditions of the Bond Funding for Growth Scheme of the MNB effective on the day of buy-back, but at least proportionate with the particular series of Bonds which is disposed by the MNB at the day of buy-back. The buy-back price may be determined after a prior consultation with the Bondholders and in agreement with the Bondholders.

Redemption before the Maturity Date at the Issuer's discretion:

Not applicable.

Redemption obligation of the Issuer prior to the Maturity Date:

The Issuer must redeem all outstanding Bonds before Maturity Date upon the occurrence of any of the following events and initiate the cancellation of the entire series of the Bonds at the Central Securities Depository within the time frame specified below:

Non-financial covenants

Non-payment

In the event the Issuer is in at least 15 (fifteen) days' delay in paying any interest or principal amount on any outstanding Bonds, the Issuer is obliged to redeem the Bonds no later than 30 (thirty) Business Days.

Cross default

If the Issuer has or may have a payment obligation under the Bonds, and an indirect breach specified below occurs at the Issuer or Guarantor, and the indirect breach lasts for at least 30 (thirty) days, the Issuer is obliged to redeem the Bonds immediately, but in any case not later than within 5 (five) Business Days.

The following cases shall constitute the indirect breach of contract:

(i) a payment obligation is not paid under any Debt Securities issued by the Issuer or the Guarantor (excluding the Bonds issued under this Information Document); or

(ii) a payment obligation arising from any Debt Securities issued by the Issuer or the Guarantor (excluding the Bonds issued under this Information Document) becomes due or due before the original maturity, or is declared as such, and is not paid.

Pari passu

As long as the Issuer has or may have a payment obligation under the Bonds, the Issuer and the Guarantor shall ensure that the payment obligations based on the Bonds will be ranked at least pari passu with the obligations arising from the issuance of other future Debt Securities.

In case of breach of such obligation, the Issuer is obliged to redeem the Bonds immediately, but in any case, no later than within 5 (five) Business Days.

Negative pledge

As long as the Issuer has or may have a payment obligation under the Bonds, the Issuer and the Guarantor undertake not to establish any encumbrances on any of the Issuer's or Guarantor's assets to secure the obligations arising from the issuance of any future Debt Securities.

In case of breach of such obligation, the Issuer is obliged to redeem the Bonds immediately, but no later than within 5 (five) Business Days.

Change of control

As long as the Issuer has or may have a payment obligation under the Bonds, and the direct shareholding of the Guarantor in the Issuer falls below 50% + 1 (one) vote for any reason, the Issuer is obliged to redeem the Bonds immediately, but no later than 5 (five) Business Days.

Insolvency

As long as the Issuer has or may have a payment obligation under the Bonds, and the Issuer or the Guarantor begins an insolvency proceeding or an insolvency proceeding is begun against the Issuer or the Guarantor and such proceedings are not dismissed or stayed within 30 (thirty) days, the Issuer is obliged to redeem the Bonds no later than 30 (thirty) days.

Deterioration of external rating

As long as the Issuer has or may have a payment obligation under the Bonds, and the rating of the Bonds deteriorates below B+ (but not CCC or below), the Issuer has a remediation period of 2 (two) years to remedy the rating of the Bonds (i.e. to achieve at least B+ rating). During the above remediation period the Issuer is restricted to perform any dividend payment (in Hungarian: "osztalék") to its Owner(s).

If the rating of the Bonds does not improve to achieve a minimum B+ rating during the remediation period, the Issuer is obliged to redeem the Bonds no later than 90 (ninety) days following the end of the remediation period.

If the rating of the Bond deteriorates to CCC or below, the Issuer is obliged to redeem the Bonds within 90 (ninety) days of such deterioration date unless the rating is restored (i.e. B+ at least is achieved) within that 90-days period.

Financial covenants

Loan-to-Value

As long as the Issuer has or may have a payment obligation under the Bonds, a Loan-to-Value ratio (LTV %) at consolidated level of the Guarantor is to be maintained at a maximum level of 65% during the term of the Bonds. The Issuer and the Guarantor have a remediation period of 1 year to remedy the situation. If LTV ratio does not improve to achieve a maximum level of 65% during the remediation period, the Issuer is obliged to redeem the Bonds within 90 (ninety) days.

LTV shall be calculated as dividing (i) the total amount of outstanding interest-bearing financial liabilities less cash and cash equivalents and deposits by (ii) the total market value of investments into: (1) property; (2) fixed assets; and (3) residential landbank (excl. cash) and (4) investment in associates and joint ventures.

Interest cover

As long as the Issuer has or may have a payment obligation under the Bonds, interest cover ratio (%) at consolidated level of the Guarantor is to be maintained at a minimum level of 150% during the term of the Bond. Should the interest cover ratio fall below such level, the Issuer and the Guarantor have a remediation period of 1 year to remedy the situation. If Interest cover ratio does not improve to achieve a minimum level of 150% during the remediation period, the Issuer is obliged to redeem the Bonds within 90 (ninety) days.

Interest cover shall be calculated as dividing (i) the gross margin from operations by (ii) interest paid in the given period.

The financial covenants (i.e. LTV and ICR) are to be indicated and published in the annual, semi-annual, and quarterly reports of the Guarantor, which will be available on the Guarantor's website (<http://ir.gtc.com.pl/en/results-and-presentations/results-center/2020>).

The redemption of the Bonds affects the entire series of the Bonds. Except in liquidation proceedings, the redemption date shall be specified by the Issuer in a separate notice, which shall not be earlier than the Issuer's publication date and shall not be later than the 5th working day following the publication date. On the redemption date, the Issuer will redeem the Bonds with unpaid interest accrued up to the redemption date (not including the redemption date) and the still

outstanding nominal value after amortization of the Bonds to be redeemed. This amount will be paid in cash, by bank transfer through the Paying Agent, the Bonds will be cancelled through the Central Securities Depository, in accordance with the instructions given by the Issuer and the relevant regulations of the Paying Agent and the Central Securities Depository.

The redemption will be made to the person who qualifies as Bondholder on the date specified in the Issuer's notice.

In the event of liquidation proceedings, the redemption of the Bonds to the Bondholders within the framework and time specified in Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings.

Use of incoming resources from the Issue:

The Issuer may use the incoming resources from the Issue in accordance with Section 11.1 of this Information Document (Purpose of the issue and use of incoming resources).

Financial coverage for the fulfilment of the Bond obligations:

The Issuer undertakes to fulfil its obligations under the Bonds. The Issuer's own income and assets, which are not restricted by law serve to cover the fulfilment of the payment obligations of the Issuer under the Bonds.

In addition, the Guarantor undertakes to guarantee the payment obligations of the Issuer under the Bonds in accordance with the terms and conditions set out in the Guarantee Undertaking under Annex 7 of this Information Document.

Securities

The Guarantee Undertaking of the Guarantor serve as security for the payment obligations under the Bonds.

Restrictions on secondary market sales:

The Issuer does not restrict the transfer of the Bonds.

Information for Bondholders:

The Issuer will provide information electronically to the e-mail addresses of the Bondholders provided by them.

The Issuer notifies the Bondholders in accordance with the current regulations regarding the operation of the XBond multilateral trading facility of the BSE, and also provides information at some or all of the relevant publication places (depending on the type of information and the statutory publication obligations pertaining to such information): kozzetetelek.mnb.hu, www.bet.hu, the current website of the Issuer (currently: http://ir.gtc.com.pl/en/corporate-governance/gtc_hungary and <http://ir.gtc.com.pl/en>) and the current websites of Joint Lead Manager 1

(www.otpbank.hu). and Joint Lead Manager 2 (www.equilor.hu).

In addition to the above information, the Bondholders whose contact details (including e-mail address) are known to the Issuer shall be notified directly by the Issuer in the manner and to the extent permitted by applicable laws of any event that jeopardizes the Issuer's obligations under the Bonds including the "Redemption obligation of the issuer prior to the Maturity Date". At the same time, the Issuer is obliged to notify the Bondholders immediately, but no later than 3 (three) Business Days directly in writing. In this disclosure, the Issuer shall describe the following, in the manner and to the extent permitted by applicable laws, at least (i) the event, (ii) the actions taken or to be taken by the Issuer, and (iii) the expected time required for such actions.

All other notices related to the Bonds shall be deemed valid, effective and communicated to the Bondholders if they are sent by the Issuer to the registered offices of the Bondholders by post in a form of a registered mail.

Notification on the principal amount and interest amount:

The Issuer shall pay the amounts payable to the Paying Agent based on the Bonds for the purpose of principal repayment and interest repayment without tax deduction. Any amount transferred by the Issuer to the Paying Agent for the purpose of repaying the principal and interest based on the Bonds, and not claimed by the Bondholders within one year of their due date, shall be retransferred by the Paying Agent on the banking day following the expiration date of the one-year deadline, thereafter, the payment of such amounts shall be made directly by the Issuer.

Rights related to the Bond:

The Bondholders are entitled to the principal and interest paid by the Issuer in connection with the Bonds and have the right to sell the Bonds in their possession, subject to any restrictions on the transfer of the Bonds.

The transfer of ownership of the Bonds will take place by debiting the seller's securities account and simultaneously crediting the Bonds to the buyer's securities account. Unless otherwise provided by law, any Bondholder who has acquired the ownership of a Bond in accordance with the foregoing shall be deemed to be the rightful holder of the Bond and shall be treated as such.

The Bonds do not give the right to acquire other securities or other financial instruments by conversion or by exercising the right embodied by it.

Guarantee Undertaking

The Bonds are secured by the Guarantee Undertaking, which is a Hungarian law governed guarantee (in accordance with Section 6:431 of the Civil Code) issued by the Guarantor (Globe Trade Centre S.A.). The Guarantee Undertaking is attached to this Information Document as Annex 7 (*Guarantee Undertaking*).

Issuer's Undertaking

The Issuer undertook:

- ▶ to register the Bonds on the XBond multilateral trading facility operated by the Budapest Stock Exchange within ninety (90) days following the completion of the Issuance and to ensure that the Bonds will be traded on such trading facility until their maturity (The Issuer does not wish to register the Bonds on any other markets apart from XBond multilateral trading facility);

- ▶ to ensure that at least one market maker will enter into a market making agreement with the Budapest Stock Exchange with the following terms to maintain binding price quotation on the trading facility for the Bonds and maintains it during the term of the Bonds:

- (i) the market maker posts two-way quotes on each trading day on its own account (bid quotes and offer quotes in the same time), and maintains the quotes for at least 15 minutes;

- (ii) the nominal value of the quotes is equal to or exceeds the HUF equivalent of EUR 100,000 on both buy-side and sell-side; and

- (iii) the difference between the bid yield and the ask yield calculated for a trading day falling two trading days after the quotation day shall not exceed 200 basis points.

- ▶ to refrain from any transaction, combination of transactions or other solutions which, in itself or in terms of its combined effects, is or may be capable to facilitate fund-raising from a member of the group of which the Issuer is member, from the owner(s) of such member of the group or the close

relative of such owners, through the issue of the Bonds within the framework of the Bond Growth Scheme;

- ▶ to provide, upon request of National Bank of Hungary, ad hoc information for the purpose of monitoring the compliance with the applicable legal framework of the Bonds;
- ▶ The Issuer agrees and approves that the National Bank of Hungary and the Credit Rating Agency may publish the rating of the Issuer and the Bonds on their websites together with the annual reviews and rating reports;
- ▶ to ensure that the Issuer and the Bonds will comply with the requirements of the Bond Growth Scheme set out in the handout (in Hungarian: "Tájékoztató a Növekedési Kötvényprogram feltételeiről").

Default interest:

No interest shall be payable on each Bond from the Maturity Date, unless the Bondholders duly prove that the Issuer unlawfully delays or refuses to pay the principal or interest in violation of the terms and conditions of the Bonds. In such case, the interest on the principal or interest amount in question is further accumulates in accordance with Article 6: 155 of the Civil Code at the rate of default interest until the amount due for the given Bonds is paid by the Issuer.

Taxation:

The Issuer and the Paying Agent are obliged to act in accordance with the applicable Hungarian tax legislation in force at the time of payment when issuing, secondary trading and redeeming the Bonds, as well as fulfilling the payment obligations based on the Bonds. Neither the Issuer nor the Paying Agent undertakes any responsibility for the fulfilment of the tax payment obligations of the Bondholders in respect of the Bonds. Investors are advised to seek tax advice in connection with the purchase and sale of the Bonds.

Expiry:

Pursuant to the applicable Hungarian laws in force at the time of the preparation of this Information Document, claims against the Issuer for payments under the Bonds will not expire.

Issuance documentation:

The terms and conditions of the Issuance, the complete presentation of the Issuer, as well as all information the disclosure or provision of which is mandatory under the applicable Hungarian laws and the XBond General Business Rules of BSE are included

Disclosure of information:

in this Information Document. The Issuer notified the NBH of the market placement of the Bonds within 15 calendar days after the closure of the market placement procedure.

The Issuer is obliged to fully inform the Bondholders about all such circumstances, in particular about the unfavourable development of its financial position or income, which may adversely affect the performance of its obligations under the Bonds or may result in a breach thereof.

If during the term of the Bonds, the Issuer encounters circumstances that prevent or impede the timely performance, the Issuer shall immediately but not later than within 3 (three) Business Days, notify the Bondholders in writing at the same time of the delay, the reason of it, the remedy, and the measures to be taken and intended to be taken to avoid a similar event, and its expected duration.

The Issuer undertakes to provide all information at the request of the NBH without delay, including information on the Issuer's ultimate beneficiary or beneficiaries, that is relevant for assessing whether it is ensured that the Issuer's certain Bonds purchased by NBH, are compliant with the criteria of prohibitions on monetary financing and the requirements of the NKP Product Prospectus. The Issuer also undertakes to disclose the same information to all investors with whom it communicates the public offer of the securities concerned.

The Issuer undertakes to publish annual and semi-annual report from the time the Bonds are admitted to trading on a trading venue operated by the BSE, in accordance with the Capital Market Act and the Ministerial Decree on the detailed rules for the disclosure obligation in relation to publicly traded securities; at the same time it sends the reports directly to those Bondholders whose contact details are known by the Issuer (in case of NBH: nkp@mnbb.hu).

Governing law and jurisdiction:

The provisions of the applicable Hungarian regulations in force at any time will govern the Bonds and their interpretation. In accordance with the general rules of jurisdiction, the competent Hungarian court will have jurisdiction to resolve any legal dispute between the Issuer, the Joint Lead Managers, the Guarantor and

the Bondholders arising in connection with or from the Bonds.

14. DOCUMENTS ON DISPLAY

The currently effective deed of foundation and financial statements of the Issuer are published on the relevant publication places (depending on the type of information and the statutory publication obligations pertaining to such information): kozzetetelek.mnb.hu, www.bet.hu, the current website of the Issuer (currently: http://ir.gtc.com.pl/en/corporate-governance/gtc_hungary and <http://ir.gtc.com.pl/en>).

1. Annex - HAS Financial Statement (HUF) of the Issuer regarding the financial year 2018,
Supplementary Annex and Auditor's Report

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

(Nyilvántartási szám: 01-10-043913, Adószám: 12398155-2-41)

2018. január 01. - 2018. december 31.

időszakra vonatkozó

Általános üzleti évet záró

Éves beszámoló

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadmány az IM CSz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:25:28) megegyeznek az elektronikus irattárban tárolt adatokkal.

Közzétevő cég adatai:

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvántartási szám: 01-10-043913

Adószám: 12398155-2-41

KSH szám: 12398155-4110-114-01

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Első létesítő okirat kelte: 1998. június 12.

A vonatkozó időszak: 2018. január 01. - 2018. december 31.

A beadvány a számvitelről szóló 2000. évi C. törvény alapján került összeállításra.

Benyújtás oka: Általános üzleti évet záró

Beszámoló típusa: Éves beszámoló

Könyvvezetés módja: kettős könyvvitelt vezető

A cég könyvvizsgálatra kötelezett-e: Igen

Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

Lezárt üzleti év(ek) módosítása: Nem

Beadvány részei

- mérleg (Sztv. szerinti, "A" változat; szövege: magyar)
- eredménykimutatás (Összköltség eljárással; szövege: magyar)
- kiegészítő melléklet (szövege: magyar)
- adózott eredmény felhasználására vonatkozó határozat (határozat száma: 1/2019.05.28; szövege: magyar)
- független könyvvizsgálói jelentés (Hitelesítő záradék (minősítés nélküli könyvvizsgálói vélemény).; szövege: magyar)

Könyvelő

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvánt. szám: 01-10-043913

Adószám: 12398155-2-41

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Ilkei Judit

Regisztrációs száma: 171089

Beküldő

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvánt. szám: 01-10-043913

Adószám: 12398155-2-41

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Carmi Yovav

Könyvvizsgáló

EUROCLIENS Tanácsadó, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság

Nyilvánt. szám: 01-09-181612

Adószám: 11364522-2-41

Székhely: Magyarország, 1133 Budapest Ipoly utca 8. 6. emelet 8. ajtó

BUzás Dóra

Regisztrációs száma: 005614

Nyilvánosságra hozatallal kapcsolatos egyéb információk

A vállalkozó, illetve az anyavállalat székhelyén minden érdekelt részére a beadvány megtekinthetősége biztosításra kerül, továbbá arról minden érdekelt teljes vagy részleges másolatot készíthet.

A számvitelről szóló 2000. évi C. törvényben meghatározott nagyságot jelző mutatóérték

	Tárgyévi üzleti évben	Tárgyévet megelőző üzleti évben	Tárgyévet két évvel megelőző üzleti évben
Üzleti évben átlagosan foglalkoztatottak száma	14	11	10

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadvány az IM Csz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:25:28) megegyeznek az elektronikus irattárban tárolt adatokkal.

Aláírásra 2 fő együttesen jogosult:

Elfogadás időpontja: 2019. május 28.

A beszámoló a vonatkozó jogszabályi rendelkezéseknek megfelelően került összeállításra, továbbá az a gazdálkodó vagyonáról, annak összetételéről (eszközeiről és forrásairól), valamint pénzügyi és jövedelmi helyzetéről, illetve tevékenysége eredményéről megbízható és valós összképet ad.

Carmi Yovav

Snow Robert John

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.

i

A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadmány az IM CSz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:25:28) megegyeznek az elektronikus irattárban tárolt adatokkal.

2018. január 01. - 2018. december 31. időszakra vonatkozó

Általános üzleti évet záró Éves beszámoló

MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
001.	Eszközök (aktívák)			
002.	A. Befektetett eszközök	56 670 628		63 660 140
003.	I. Immateriális javak	174		1 560
004.	1. Alapítás-átszervezés aktivált értéke			
005.	2. Kísérleti fejlesztés aktivált értéke			
006.	3. Vagyoni értékű jogok			
007.	4. Szellemi termékek	174		1 560
008.	5. Üzleti vagy cégérték			
009.	6. Immateriális javakra adott előlegek			
010.	7. Immateriális javak érték helyesbítése			
011.	II. Tárgyi eszközök	24 635		37 481
012.	1. Ingatlanok és a kapcsolódó vagyoni értékű jogok			
013.	2. Műszaki berendezések, gépek, járművek	15 783		29 182
014.	3. Egyéb berendezések, felszerelések, járművek	7 152		8 299
015.	4. Tenyészállatok			
016.	5. Beruházások, felújítások	1 700		0
017.	6. Beruházásokra adott előlegek			
018.	7. Tárgyi eszközök érték helyesbítése			
019.	III. Befektetett pénzügyi eszközök	56 645 819		63 621 099
020.	1. Tartós részesedés kapcsolt vállalkozásban	34 374 067		34 174 922
021.	2. Tartósan adott kölcsön kapcsolt vállalkozásban	22 271 752		29 446 177
022.	3. Tartós jelentős tulajdoni részesedés			
023.	4. Tartósan adott kölcsön jelentős tulajdoni részesedési viszonyban álló vállalkozásban			
024.	5. Egyéb tartós részesedés			
025.	6. Tartósan adott kölcsön egyéb részesedési viszonyban álló vállalkozásban			
026.	7. Egyéb tartósan adott kölcsön			
027.	8. Tartós hitelviszonyt megtestesítő értékpapír			
028.	9. Befektetett pénzügyi eszközök érték helyesbítése			
029.	10. Befektetett pénzügyi eszközök értékelési különbözete			
030.	B. Forgóeszközök	851 852		917 657
031.	I. Készletek	0		0
032.	1. Anyagok			
033.	2. Befejezetlen termelés és félkész termékek			

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadvány az IM Csz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:25:28) megegyeznek az elektronikus irattárban tárolt adatokkal.

2018. január 01. - 2018. december 31. időszakra vonatkozó
Általános üzleti évet záró Éves beszámoló
MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
034.	3. Növendék-, hízó- és egyéb állatok			
035.	4. Késztermékek			
036.	5. Áruk			
037.	6. Készletekre adott előlegek			
038.	II. Követelések	16 988		21 497
039.	1. Követelések áruszállításból és szolgáltatásból (vevők)	66		75
040.	2. Követelések kapcsolt vállalkozással szemben	10 471		7 537
041.	3. Követelések jelentős tulajdoni részesedési viszonyban lévő vállalkozással szemben			
042.	4. Követelések egyéb részesedési viszonyban lévő vállalkozással szemben	1 553		896
043.	5. Váltókövetelések			
044.	6. Egyéb követelések	4 898		12 989
045.	7. Követelések értékelési különbözete			
046.	8. Származékos ügyletek pozitív értékelési különbözete			
047.	III. Értékpapírok	0		0
048.	1. Részesedés kapcsolt vállalkozásban			
049.	2. Jelentős tulajdoni részesedés			
050.	3. Egyéb részesedés			
051.	4. Saját részvények, saját üzletrészek			
052.	5. Forgatási célú hitelviszonyt megtestesítő értékpapírok			
053.	6. Értékpapírok értékelési különbözete			
054.	IV. Pénzeszközök	834 864		896 160
055.	1. Pénztár, csekkek	102		201
056.	2. Bankbetétek	834 762		895 959
057.	C. Aktív időbeli elhatárolások	1 780 687		2 073 949
058.	1. Bevételek aktív időbeli elhatárolása	1 772 383		2 073 328
059.	2. Költségek, ráfordítások aktív időbeli elhatárolása	8 304		621
060.	3. Halasztott ráfordítások			
061.	Eszközök (aktívák) összesen	59 303 167		66 651 746
062.	Források (passzívák)			
063.	D. Saját tőke	11 697 358		15 037 598
064.	I. Jegyzett tőke	30 742		30 743
065.	Ebből: – Visszavásárolt tulajdoni részesedés névértéken			
066.	II. Jegyzett, de még be nem fizetett tőke	0		0

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.

i

A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

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2018. január 01. - 2018. december 31. időszakra vonatkozó
Általános üzleti évet záró Éves beszámoló
MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
067.	III. Tőketartalék	30 684 506		33 927 005
068.	IV. Eredménytartalék	-18 511 922		-19 017 890
069.	V. Lekötött tartalék	0		0
070.	VI. Értékelési tartalék	0		0
071.	1. Értékhelyesbítés értékelési tartaléka			
072.	2. Valós értékelés értékelési tartaléka			
073.	VII. Adózott eredmény	-505 968		97 740
074.	E. Céltartalékok	0		0
075.	1. Céltartalék a várható kötelezettségekre			
076.	2. Céltartalék a jövőbeni költségekre			
077.	3. Egyéb céltartalék			
078.	F. Kötelezettségek	38 402 969		41 451 200
079.	I. Hátrasorolt kötelezettségek	0		0
080.	1. Hátrasorolt kötelezettségek kapcsolt vállalkozással szemben			
081.	2. Hátrasorolt kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozással szemben			
082.	3. Hátrasorolt kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
083.	4. Hátrasorolt kötelezettségek egyéb gazdálkodóval szemben			
084.	II. Hosszú lejáratú kötelezettségek	38 364 300		41 407 390
085.	1. Hosszú lejáratra kapott kölcsönök			
086.	2. Átváltoztatható és átváltozó kötvények			
087.	3. Tartozások kötvénykibocsátásból			
088.	4. Beruházási és fejlesztési hitelek			
089.	5. Egyéb hosszú lejáratú hitelek			
090.	6. Tartós kötelezettségek kapcsolt vállalkozással szemben	38 364 300		41 407 390
091.	7. Tartós kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozásokkal szemben			
092.	8. Tartós kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
093.	9. Egyéb hosszú lejáratú kötelezettségek			
094.	III. Rövid lejáratú kötelezettségek	38 669		43 810
095.	1. Rövid lejáratú kölcsönök			
096.	Ebből: — Az átváltoztatható és átváltozó kötvények			

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

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MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
097.	2. Rövid lejáratú hitelek			
098.	3. Vevőktől kapott előlegek			
099.	4. Kötelezettségek áruszállításból és szolgáltatásból (szállítók)	3 142		12 577
100.	5. Váltótartozások			
101.	6. Rövid lejáratú kötelezettségek kapcsolt vállalkozással szemben	34 772		28 191
102.	7. Rövid lejáratú kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozásokkal szemben			
103.	8. Rövid lejáratú kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
104.	9. Egyéb rövid lejáratú kötelezettségek	755		3 042
105.	10. Kötelezettségek értékelési különbözete			
106.	11. Származékos ügyletek negatív értékelési különbözete			
107.	G. Passzív időbeli elhatárolások	9 202 840		10 162 948
108.	1. Bevételek passzív időbeli elhatárolása			
109.	2. Költségek, ráfordítások passzív időbeli elhatárolása	9 202 840		10 162 948
110.	3. Halasztott bevételek			
111.	Források (passzívák) összesen	59 303 167		66 651 746

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2029. május 28.



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2018. január 01. - 2018. december 31. időszakra vonatkozó

Általános üzleti évet záró Éves beszámoló

EREDMÉNYKIMUTATÁSA, Összköltség eljárással

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
001.	01. Belföldi értékesítés nettó árbevétele	264 777		273 390
002.	02. Exportértékesítés nettó árbevétele			
003.	I. Értékesítés nettó árbevétele	264 777		273 390
004.	03. Saját termelésű készletek állományváltozása			
005.	04. Saját előállítású eszközök aktivált értéke			
006.	II. Aktivált saját teljesítmények értéke	0		0
007.	III. Egyéb bevételek	3 262		1 682
008.	Ebből: – Visszaírt értékvesztés			
009.	05. Anyagköltség	10 747		10 301
010.	06. Igénybe vett szolgáltatások értéke	142 672		123 149
011.	07. Egyéb szolgáltatások értéke	9 187		8 623
012.	08. Eladott áruk beszerzési értéke			
013.	09. Eladott (közvetített) szolgáltatások értéke	12 926		16 096
014.	IV. Anyagjellegű ráfordítások	175 532		158 169
015.	10. Bérköltség	139 547		186 036
016.	11. Személyi jellegű egyéb kifizetések	12 096		17 569
017.	12. Bérjárulékok	35 266		42 832
018.	V. Személyi jellegű ráfordítások	186 909		246 437
019.	VI. Értékcsökkenési leírás	6 482		9 381
020.	VII. Egyéb ráfordítások	69 515		11 893
021.	Ebből: – Értékvesztés	58 605		0
022.	A. Üzemi (üzleti) tevékenység eredménye	-170 399		-150 808
023.	13. Kapott (járó) osztalék és részesedés			1 592 041
024.	Ebből: – Kapcsolt vállalkozástól kapott			1 592 041
025.	14. Részesedésekből származó bevételek, árfolyamnyereségek	626 497		89 446
026.	Ebből: – Kapcsolt vállalkozástól kapott	626 497		89 449
027.	15. Befektetett pénzügyi eszközökből (értékpapírokból, kölcsönökből) származó bevételek, árfolyamnyereségek			
028.	Ebből: – Kapcsolt vállalkozástól kapott			
029.	16. Egyéb kapott (járó) kamatok és kamatjellegű bevételek	502 200		1 174 635
030.	Ebből: – Kapcsolt vállalkozástól kapott			
031.	17. Pénzügyi műveletek egyéb bevételei	144 590		48 253
032.	Ebből: – Értékelési különbözet			
033.	VIII. Pénzügyi műveletek bevételei	1 273 287		2 904 375
034.	18. Részesedésekből származó ráfordítások,	267 229		0

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** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

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Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
	árfolyamveszteségek			
035.	Ebből: — Kapcsolt vállalkozásnak adott			
036.	19. Befektetett pénzügyi eszközökből (értékpapírokból, kölcsönökből) származó ráfordítások, árfolyamveszteségek			
037.	Ebből: — Kapcsolt vállalkozásnak adott			
038.	20. Fizetendő (fizetett) kamatok és kamatjellegű ráfordítások	1 252 223		1 637 251
039.	Ebből: — Kapcsolt vállalkozásnak adott	1 252 223		1 637 251
040.	21. Részesedések, értékpapírok, tartósan adott kölcsönök, bankbetétek értékvesztése			
041.	22. Pénzügyi műveletek egyéb ráfordításai	86 630		1 018 576
042.	Ebből: — Értékelési különbözet			
043.	IX. Pénzügyi műveletek ráfordításai	1 606 082		2 655 827
044.	B. Pénzügyi műveletek eredménye	-332 795		248 548
045.	C. Adózás előtti eredmény	-503 194		97 740
046.	X. Adófizetési kötelezettség	2 774		0
047.	D. Adózott eredmény	-505 968		97 740

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** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:25:28)

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GTC MAGYARORSZÁG ZRT.

Cégjegyzékszám : Cg. 01 – 10 - 043913

Statisztikai számjel : 12398155-4110-114-01

ÉVES BESZÁMOLÓ

A 2018. DECEMBER 31-ÉN VÉGZŐDŐ ÉVRE

A KÖNYVVIZSGÁLÓI JELENTÉSEL EGYÜTT

GTC Magyarország Ingatlanfejlesztő Zrt.
Kiegészítő melléklet a 2018. december 31-én végződő évre

(az összes egyenleg ezer Ft-ban, kivéve ha másképpen van jelölve)

1. A Társaság bemutatása

A GTC Magyarország Ingatlanfejlesztő Zrt. (a továbbiakban „Társaság”), melynek székhelye 1138 Budapest, Népfürdő utca 22. ingatlan beruházással, ingatlanfejlesztéssel foglalkozik.

A Társaság részvényeit a GTC International Poland 100 % arányban (a továbbiakban a „Tulajdonos”) birtokolja.

Beszámoló aláírására együttesen Robert John Snow (szül.: Sheffield, 1951. július 29., an.: Stonham Elizabeth, ügyvezető igazgató és Yovav Carmi (szül.: Haifa, 1968. március 29., an.: Liora Halevi Segal, pénzügyi igazgató jogosult.

A Társaság internetes honlap elérhetősége : <http://www.gtc.hu>

A számviteli törvény alapján a Társaság könyvvizsgálata kötelező.

A Társaság a magyar szabályok szerint nem készít konszolidált beszámolót kapcsolt vállalkozásaival, mert az anyavállalat mentesítette a vállalkozást, a Társaság beszámolója a GLOBE TRADE CENTRE SA (Lengyelország) konszolidált beszámolójának részét képezi.

A konszolidált éves beszámoló PL-2-146 Varsó, ul. 17 Stycznia 45A, lengyelországi címen tekinthető meg.

A mentesített anyavállalat és kapcsolt vállalkozásai befektetett eszközeinek, tárgyévi bevételeinek és adózott eredményének, saját tőkéjének, valamint a foglalkoztatottjai átlagos állományi létszámának adatait vállalkozásonként külön-külön a 3. sz. melléklet táblázata mutatja.

A leányvállalatok bemutatását a 4. sz. melléklet mutatja.

A könyvviteli szolgáltatás körébe tartozó feladatok irányításáért, vezetéséért felelős: Ilkei Judit (született: Budapest, 1979.02.16 anyja neve: Haudinger Julianna), a könyvviteli szolgáltatást végzőkről vezetett nyilvántartási száma : 171089

A beszámoló ellenőrzéséért és annak véglegesítéséért felelős: Zovát Csaba (született: Nyíregyháza, 1982.03.05 anyja neve: Baksa Gizella)

A Társaság beszámolójának könyvvizsgálatát Buzás Dóra (kamarai tagsági szám: 005614), az Eurocliens Kft (1132 Budapest Ipoly utca 8. cg. 01-09-181612, nyilvántartásba vételi száma: 004198) bejegyzett könyvvizsgálója végzi. A 2017. évre vonatkozó könyvvizsgálói díj: 1700 EURO + ÁFA. A könyvvizsgáló egyéb szolgáltatást nem nyújtott a Társaság számára az üzleti év során.

2. Számviteli politika

A Társaság könyveit és nyilvántartásait a 2000. évi C. számviteli törvényben (továbbiakban „ Törvény”) és a Magyarországon általánosan elfogadott számviteli elveknek megfelelően vezeti.

2.1. A számvitel alapjai

A Törvény 2001. január 1-jén lépett hatályba. Mind a csatolt mérleg, mely a 2017. és 2018. december 31-i állapotot tükrözi, mind az eredménykimutatás a fenti dátumokkal végződő évekre vonatkozóan a Törvény előírásainak megfelelően készült.

2.2. A mérlegkészítés időpontja

A mérlegkészítés napját a Társaság 2018. évre vonatkozóan a következő év május 28.-ával határozta meg.

2.3. Immateriális javak

A Társaság a szellemi termékek aktivált értékét 2 év alatt írja le.

2.4. Tárgyi eszközök

A tulajdonosok által apportált tárgyi eszközöket a Társaság az eszköz értékelés során megállapított és a felhalmozott értékcsökkenéssel csökkentett értéken tartja nyilván. A vásárolt eszközök beszerzési áron kerülnek a cég könyveibe.

Az egyedileg 100 eFt beszerzési érték alatti tárgyi eszközöket a Társaság a rendeltetésszerű használatba vételkor (aktiváláskor) egy összegben tervszerinti értékcsökkenésként elszámolja.

A Társaság lineáris értékcsökkenési módszert alkalmaz az eszköz hasznos élettartamának figyelembevételével. A várható hasznos élettartamok a következők:

Gépek, berendezések, járművek: 3-7 év.

2.5. Devizás tételek értékelése

A Társaság a devizás tételeket a bekerüléskori MNB középárfolyamon veszi nyilvántartásba, felhasználáskor pedig átlagárfolyamon vezeti ki. Év végén a devizás tételeket a december 31-én érvényes MNB középárfolyamra értékeli át a Társaság.

2.6. A mérleg és az eredménykimutatás formája

A Társaság a mérleget az „A” kétoldali változat, az eredménykimutatást pedig összköltség eljárással készítette.

3. A pénzügyi helyzet és likviditás

A Társaság pénzügyi helyzetét és likviditását 2017. december 31-én és 2018. december 31-én az 1. számú mellékletben található cash flow kimutatás és a 2.számú mellékletben található pénzügyi mutatók szemléltetik.

4. Immateriális javak és tárgyi eszközök

Az Immateriális javak és tárgyi eszközök egyenlegének a 2018-es évben történt mozgásait a következő táblázat részletezi:

adatok ezer Ft-ban					
Bruttó érték	Szellemi termékek	Műszaki gépek, berendezések, járművek	Egyéb berendezések, felszerelések, járművek	Beruházások, felújítások	Összesen
Egyenleg 2017.12.31	6 863	16 308	36 988	1 700	61 859
Növekedés	1 691	17 245	6 376	23 612	48 924
Csökkenés	0	0	2 087	25 312	27 399
Egyenleg 2018.12.31	8 554	33 553	41 277	0	83 384
Értékcsökkenés					
Egyenleg 2017.12.31	6 689	525	29 836	0	37 050
Növekedés	305	3 847	5 230	0	9 381
Csökkenés	0	0	2 087	0	2 087
Egyenleg 2018.12.31	6 994	4 372	32 979	0	44 345
Nettó érték					
Egyenleg 2017.12.31	174	15 783	7 152	1 700	24 809
Egyenleg 2018.12.31	1 560	29 182	8 299	0	39 041

A Társaság 2017-ben 873 eFt, 2018-ban 684 eFt értékben szerzett be kis értékű tárgyi eszközöket.

5. Tartós részesedés kapcsolt vállalkozásban

A Társaság Kapcsolt vállalkozásaiban lévő tartós részesedéseinek 2017. és 2018. december 31-én fennálló egyenlegét a következő táblázat részletezi:

ezer Ft-ban	Tulajdonosi hányad		Egyenleg	
	2017	2018	2017	2018
<u>Leányvállalatok:</u>				
Váci út 81-85. Kft.	100,00%	100,00%	16 623 506	16 623 506
Riverside Apartmanok Kft.,v.a"	99,99%	99,99%	224 331	224 331
Sasad Resort Kft	100,00%	100,00%	0	0
GTC Metro Kft	100,00%	100,00%	2 281 526	2 281 526
GTC Duna Kft	100,00%	100,00%	2 501 081	2 501 081
VRK Tower Kft	100,00%	100,00%	3 517 074	3 517 074
Amarantan Kft	100,00%	100,00%	234 288	35 143
GTC White House Kft	100,00%	100,00%	1 630 390	1 630 390
Spiral II Hungary Kft	100,00%	100,00%	0	0
Spiral I Kft	100,00%	100,00%	3 354 003	3 354 003
Albertfalva Kft	100,00%	100,00%	245 402	245 402
Kompakt Land Kft	100,00%	100,00%	3 762 464	3 762 464
Összesen			34 374 067	34 174 922

5.1 Részesedések mozgása:

Váci út 81-85 Kft.

2000. június 15-én alapították és 2000. augusztus 31-én jegyezték be a Cégbírószágon. Jelenleg ingatlanhasznosítás a tevékenysége. A társaság tulajdonában lévő telken valósult meg a Center Point irodaház fejlesztése, illetve 100%-os részesedéssel rendelkezik a Center Point 1 Kft-ben és a Center Point 2 Kft.-ben

Riverside Apartmanok Kft. v.a.

Ingtalanhasznosítással foglalkozik. A GTC Magyarország Zrt. 2001. február 7-én térítés nélkül adott a Riverside Apartmanok Kft-nek a Váci út 81-85 Kft-ben 100.000 Ft-nyi részesedést. Jelenleg végelszámolás alatt van a társaság.

Sasad Resort Kft

A GTC Magyarország Zrt és a RREEF Global Opportunities Fund II. LLC 2006. május 15-én megalapították a Kékmadár Apartmanok Kft-t, melyet a Cégbírószágon 2006. május 29-én jegyezt be. 2006. október 18-án a cég nevét Sasad Resort Kft-re módosították. A cég ingatlanfejlesztés és egy 1082 lakásos lakópark megvalósítására jött létre, 2017-ben értékesítésre került az összes ingatlan.

GTC Metro Kft

2006. november 15-én a GTC Magyarország Zrt és a Riverside Apartmanok Kft megvásárolta a Jasmin Ingatlan Kft, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre. A Kft GTC Metro Kft névre módosította nevét, a változást a cégbírószágon 2007. szeptember 19-én jegyezte be. 2017-ben a Társaság megvásárolta a Riverside Apartmanoktól a GTC Metroban lévő 1,11%-os üzletrészt, és ezután a GTC Metro 100%-os tulajdonosává vált.

GTC Duna Kft.

2015. november 9-én a GTC Magyarország Zrt megalapította a GTC Duna Kft-t, mely a Duna Tower irodaház kezelésére jött létre. 2015. november 24.-én 2 498 081 értékben tőkeemelését hajtott végre.

VRK Tower Kft

2016. március 3-án a GTC Magyarország Zrt megalapította a VRK Tower Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre.

Amarantan Kft

A Vasas projekt keretében megvalósítandó bevásárlóközpont megvalósítása érdekében a Társaság 100%-os tulajdonrészt szerzett az Amarantan Kft-ben 2007. január 5-én. 2009 decemberében a GTC Magyarország Zrt (kedvezményezett) apporttálással megalapította a Budapest Investments BV-t, mely keretében átadásra került az

Amarantan Kft-ben tulajdonolt részesedése. 2017-ben a részesedés visszavásárlásra került. 2018-ban tökeleszállítás történt, aminek következtében a részesedés értéke 199 145 eFt értékben csökkent.

GTC White House

A Társaság megvásárolta a Bér Terv Ingatlanforgalmazó Kft-ben lévő 53%-os tulajdonrészesedést. 2007.május 17-én a Kft GTC Renaissance Plaza Ingatlanforgalmazó Kft-re módosította cégnevét, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre. 2009. decemberében a GTC Magyarország Zrt (kedvezményezett) apportálással megalapította a Budapest Offices BV-t, mely keretében átadásra került a GTC Renaissance Plaza Kft-ben tulajdonolt részesedése. 2016-ban a társaság elnevezése GTC White House kft-re változott. A Társaság a Mastix Champion Kft-t a GTC Renaissance Plaza Kft-ban lévő 47%-os részesedés megszerzésének céljából alapította 2007. február 5-én. 2009 decemberében a GTC Magyarország Zrt (kedvezményezett) apportálással megalapította a Budapest Offices BV-t, mely keretében átadásra került a Mastix Champion Kft-ben tulajdonolt részesedése. 2017-ben a részesedés visszavásárlásra került és a társaság beolvadt a GTC White House Kft-be, ahol 2017-ben tőkeemelési hajtottak végre 619 100 e Ft értékben.

Spiral I. Kft. és Spirál II Kft.

A GTC Magyarország Zrt 2005.augusztus.18-án megvásárolta az INVentures Kft-t, amely anyavállalata az Office Auto Kft-nek és a Residential Auto Kft-nek.

A projektcégek profilja ingatlanhasznosítás; a 2005 decemberében megvásárolt „Spirál” épületegyüttes (XIII. kerület, Dózsa Gy. Út és a Lehel út sarkán) lebontására és új irodaház építésére jöttek létre.

2007. március 31-én a GTC Magyarország Zrt megvásárolta a Spiral Holding Vagyonkezelő Kft-től (korábban Inventures Kft) a Társaság részvényeit. A Spiral II Kft és a Spiral III Kft összeolvadásával a GTC Magyarország Zrt mellett 2007.november 30-án a Spiral III Kft kisebbségi tulajdonosa, a Riverside Apartmanok Ingatlanfejlesztő Kft is részesedést szerzett a Társaságban. A GTC Magyarország Zrt 98,3%-os, a Riverside Apartmanok Kft 1,7%-os tulajdonrészrel rendelkezett a Társaságban (továbbiakban a „Tulajdonos”). 2009 decemberében a GTC Magyarország Zrt (kedvezményezett) apportálással megalapította a Budapest Offices BV-t, mely keretében átadásra került a Spiral Holding Vagyonkezelő Kft-ben tulajdonolt részesedése. 2017-ben a részesedés visszavásárlásra került, majd a Spiral Holding Kft-be beolvadt a Spiral I Kft, a társaság neve Spiral I Kft maradt.

Albertfalva Üzletközpont Kft

2006 októberében a GTC Magyarország Zrt megvásárolta az Albertfalva Üzletközpont Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre. (Szerémi Gate) 2009 decemberében a GTC Magyarország Zrt (kedvezményezett) apportálással megalapította a Budapest Investments BV-t, mely keretében átadásra került az Albertfalva Üzletközpont Kft-ben tulajdonolt részesedése. 2008 januárjában a GTC Magyarország Zrt megvásárolta az Szemi Ingatlan Kft-t és Immo-Buda Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre. (Szerémi Gate II.ütem) 2009 decemberében a GTC Magyarország Zrt (kedvezményezett) apportálással megalapította a Budapest Investments BV-t, mely keretében átadásra került a Szemi-Ingatlan Kft-ben tulajdonolt részesedése. 2016-ban az Immo Buda Kft és a Szemi Ingatlan Kft beolvadt az Albertfalva Kft-be. 2017-ben az Albertfalva Kft-ben lévő részesedés visszavásárlásra került.

Kompakt Land Kft

2017 május 9-én a GTC Magyarország Zrt megvásárolta a Kompakt Land Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre.

A Társaság könyveiben egy számlán tartja nyilván a megvásárolt cégekért kifizetett pozitív/negatív üzleti értéket, és a részesedést, a hatályos számviteli törvénynek megfelelően a pozitív cégérték után nem számolható el értékcsökkenés.

6. Tartósan adott kölcsön kapcsolt vállalkozásban

GTC Magyarország Zrt az érvényben lévő hitelszerződése alapján az alábbi hosszú lejáratú kölcsönöket nyújtotta leányvállalatainak.

Adós	Egyenleg 2017.12.31	Hitelnyújtás		Törlesztés	ezer Ft-ban Egyenleg 2018.12.31
Váci út 81-85. Kft.	0	7 715	5	0	7 715
Spiral II Hungary Kft	969 730	32 804	1	74 936	927 598
Spiral I Kft / Spiral Holding	3 563 949	33 011		50 353	3 546 607
Sasad Resort Kft	993 067	36 407	2	0	1 029 474
GTC Metro Kft	1 174 258	43 049	3	0	1 217 307
Albertfalva Kft	1 193 524	59 462	4	39 609	1 213 377
Center Point II Kft	0	2 575 935	10	352 949	2 222 986
Amarantan Kft	656 584	14 040		670 624	0
Kompakt Land Kft	127 089	749 518	6	0	876 607
GTC White House Kft	6 434 542	4 098 180	7	0	10 532 722
GTC Duna Kft	6 459 808	236 822	8	0	6 696 630
VRK Tower Kft	699 203	475 953	9	0	1 175 156
Összesen	22 271 752	8 362 896		1 188 471	29 446 177

kamat: 4%

¹ A Spiral II Hungary Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 32 804 e Ft árfolyamnyereség.

² A Sasad Resort Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 36 407 e Ft árfolyamnyereség.

³ A GTC Metro Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 43 049 e Ft árfolyamnyereség.

⁴ Az Albertfalva Kft-nek nyújtott hitel év végi átértékeléséből származó változás 42 556 e Ft árfolyamnyereség.

⁵ A Váci út 81-85 Kft-nek nyújtott hitel év végi átértékeléséből származó változás 47 e Ft árfolyamnyereség.

⁶ A Kompakt Land Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 10 491 e Ft árfolyamnyereség.

⁷ A GTC White House Kft-nek nyújtott hitel év végi átértékeléséből származó változás 362 289 e Ft árfolyamnyereség.

⁸ A GTC Duna Kft-nek nyújtott hitel év végi átértékeléséből származó változás 236 822 e Ft árfolyamnyereség.

⁹ A VRK Tower Kft-nek nyújtott hitel év végi átértékeléséből származó változás 39 677 e Ft árfolyamnyereség.

¹⁰ A Center Point 2 Kft-nek nyújtott hitel év végi átértékeléséből származó változás 27 611 e Ft árfolyamvesztés.

7. Kapcsolt vállalkozásokkal és egyéb részesedési viszonyban lévő vállalkozással szembeni követelések

A Társaságnak a Kapcsolt vállalkozásokkal szembeni követeléseinek 2017. és 2018. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2017.december 31.	2018.december 31.
Sasad Resort Kft	1 759	102
Riverside Apartmanok Kft "v.á"	38	0
VRK Tower Kft	2 421	0
GTC Metro Kft	0	45
Center Point 1 Kft.	0	314
GTC Duna Kft	6 215	7 075
Összesen:	10 471	7 537

8. Egyéb követelések

Az Egyéb követelések 2017. és 2018. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2017.december 31.	adatok ezer Ft-ban 2018.december 31.
Szállítóknak adott előleg	165	3 948
NAV Társasági Adó	180	8 219
Helyi iparűzési adó	901	784
ÁFA pénzügyi elsz.	3 652	0
Munkavállalói hitel	0	0
egyéb követelések:	0	38
Összesen	4 898	12 989

9. Bankbetétek

A Bankbetétek 2017. és 2018. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2017.december 31.	adatok ezer Ft-ban 2018.december 31.
OTP HUF	62 978	348 269
OTP EUR	771 784	547 690
Pénztár	102	201
Összesen:	834 864	896 160

10. Aktív időbeli elhatárolások

Az Aktív időbeli elhatárolások 2017. és 2018. december 31.-én fennálló egyenlegét a következő táblázat részletezi:

	2017.december 31.	adatok ezer Ft-ban 2018.december 31.
Kölcsön kamata	1 685 541	2 011 299
Banki kamatbevétel	0	0
Menedzsment díjak elhatárolása	86 843	58 874
Egyéb árbevételek, egyéb bevételek	0	3 154
Előre fizetett bérleti- és szervíz díjak	7 611	621
Egyéb	693	0
Összesen	1 780 687	2 073 949

11. Saját tőke

A Jegyzett tőke 2017. és 2018. december 31-én fennálló egyenlegét a következő táblázat részletezi:

Tulajdonos	Részvények száma (db)		Névérték összesen		Tulajdoni hányad	
GTC-Poland	2017	2018	2017	2018	2017	2018
Törzsrészvény	23 811	23 811				
Elsőbbségi r.	6 911	6 912				
Törzsrészvény	20 000	20 000				
Összesen	50 722	50 723	30 742	30 743	100%	100%

A Saját tőke egyenlegében bekövetkezett 2017. évi mozgásokat a következő táblázat részletezi:

	Egyenleg 2017.12.31	Növekedés	Csökkenés	adatok ezer Ft-ban Egyenleg 201.12.31
Jegyzett tőke	30 742	1	0	30 743
Eredménytartalék	-18 511 922		-505 968	-19 017 890
Tőketartalék	30 684 506	3 242 499		33 927 005
Értékelési tartalék	0			0
Adózott eredmény	-505 968	603 708		97 740
Saját tőke	11 697 358	3 846 208	-505 968	15 037 598

12. Tartós kötelezettségek kapcsolt vállalkozással szemben

2018. december 31-én a kapcsolt vállalkozástól kapott hosszú lejáratú kölcsönök összefoglalása a következő:

	Egyenleg 2017.12.31	Hitelfelvétel	Törlesztés	adatok ezer Ft-ban Egyenleg 2018.12.31
GTC Poland (EUR) *	31 960 517	7 941 506	1 394 605	38 507 419
Center Point I. Kft **	2 732 296	85 233	407 387	2 410 142
Center Point II. Kft **	3 251 519	2 584 962	5 836 482	0
Riverside Apartmanok Kft **	197 759	222 288		420 047
River Loft Apartmanok Kft **	222 209		222 209	0
Amarantan Kft **	0	722 898	653 116	69 782
Összesen:	38 364 300	11 556 888	8 513 800	41 407 390

* kamat: EURIBOR + 4,25%

** kamat : EURIBOR + 3,25%

¹ A GTC Poland-tól kapott hitel év végi ártéríteléséből származó változás 1 228 151 e Ft árfolyamvesztesség

² A Center Point I Kft-től kapott hitel év végi ártéríteléséből származó változás 85 233 e Ft árfolyamvesztesség.

³ Az Amarantan Kft-től kapott hitel év végi ártéríteléséből származó változás 2 480 e Ft árfolyamvesztesség.

Szerződés szerint a hitelek teljes összege hosszú lejáratú, nincs az év közben törlesztő részlet.

13. Rövid lejáratú kötelezettségek

A kapcsolt vállalkozásokkal szemben fennálló rövid lejáratú kötelezettségek részletezése 2017. és 2018. december 31-én a következő:

	adatok ezer Ft-ban	
	2017.december 31.	2018.december 31.
Center Point I Kft-vel szembeni tartozás	8 992	0
Center Point II Kft-vel szembeni tartozás	780	16
Kompakt Land Kft-vel szembeni tartozás	0	3 175
Riverside Kft-vel szembeni tartozás	25 000	25 000
Anyavállalattal szembeni követelés	0	0
Összesen	34 772	28 191

14. Egyéb rövid lejáratú kötelezettség

2017. és 2018. december 31-én az egyéb rövid lejáratú kötelezettségek összetétele a következő:

	adatok ezer Ft-ban	
	2017.december 31.	2018.december 31.
Bérek és bérjellegű adók	707	1 284
Áfa	0	1 658
Egyéb	48	100
Összesen	755	3 042

15. Passzív időbeli elhatárolások

A passzív időbeli elhatárolása egyenlegének részletezése 2017. és 2018. december 31-én a következő:

	adatok ezer Ft-ban	
	2017.december 31.	2018.december 31.
Kamat elhatárolás	9 194 640	10 162 948
Egyéb költségek	1 510	0
Összesen	9 202 840	10 162 948

16. Belföldi értékesítés nettó árbevétele

A Belföldi értékesítés nettó árbevétele egyenlegének részletezése 2017. és 2018. december 31-a következő:

	adatok ezer Ft-ban	
	2017	2018
Management díj	239 871	253 601
Könyvelési díj leányvállalatok részére	3 725	2 610
Közvetített szolg. egyéb részesedési viszonyban lévő vállalkozásoknak	3 703	1 118
Egyéb közvetített szolgáltatás	12 927	16 060
Egyéb	4 551	0
Összesen	264 777	273 390

17. Egyéb bevételek és egyéb ráfordítások

Az Egyéb bevételek egyenlegének részletezése 2017. és 2018. december 31-én a következő:

	adatok ezer Ft-ban	
	2017	2018
Értékesített, selejtezett tárgyi eszközök:	3 200	1 305
Egyéb bevétel	62	378
Összesen	3 262	1 682

Az Egyéb ráfordítások egyenlegének részletezése 2017. és 2018. december 31-a következő:

	adatok ezer Ft-ban	
	2017	2018
Iparüzési adó	4 822	4 940
Egyéb adó	2 275	3 608
Tárgyi eszközök leírása, értékesítése	3 742	1 305
Késedelmi kamat	0	2
Bírságok, pótlékok	34	2 030
Értékvesztés	58 605	0
Egyéb	37	9
Összesen	69 515	11 893

18. Anyag és Személyi jellegű ráfordítások

Az anyag és személyi jellegű ráfordítások egyenlegének részletezése 2017. és 2018. december 31-a következő:

	adatok ezer Ft-ban	
	2017	2018
Anyagköltség	10 747	10 301
Management díj	21 270	0
Számviteli szolgáltatás, könyvvizsgálat, adótanácsadás,	10 011	10 572
Bérszámfejtés	428	502
Iroda és parkoló bérlet	30 577	31 146
Telekommunikációs költségek	5 864	6 707
Utazás költségei	7 753	8 684
Marketing, Reklám	922	228
Fejlesztés költségei	2 652	9 934
Oktatás, tréning	73	568
Ügyvédi szolgáltatás	37 785	24 528
Számítástechnikai szolgáltatások	3 901	4 477
Karbantartás (gépkocsi, irodai berendezés)	852	11 497
Posta, futár, szakkönyv	1 603	3 020
Egyéb	18 980	11 287
Bankköltség	2 617	2 608
Biztosítás	5 229	4 448
Hatósági díjak , illetékek	1 275	1 567
Egyéb	66	0
Közvetített szolgáltatások	12 926	16 096
	<u>175 532</u>	<u>158 169</u>
Bérek	139 547	186 036
Személyi jellegű egyéb kifizetések	12 096	17 569
Bérfelrakások	35 266	42 832
	<u>186 909</u>	<u>246 437</u>
Összesen	362 441	404 606

Az Iroda és parkoló bérlet a Center Point I Kft-től, mint leányvállalattól származó bérelt irodához kapcsolódó költség.

19. Pénzügyi műveletek bevételei és ráfordításai

A 2017. és 2018. december 31-ével végződő években a pénzügyi műveletek bevételei a következők:

	adatok ezer Ft-ban	
	2017	2018
Leányvállalattól kapott kamat	502 196	1 174 635
Kapott bankkamat	4	0
Egyéb kamat		
Realizált árfolyamnyereség	69 746	48 253
Nem realizált árfolyamnyereség	74 844	
Részesedés kivezésének árfolyamnyeresége	626 497	89 446
Kapott osztalék	0	1 592 041
Összesen	1 273 287	2 904 375

	adatok ezer Ft-ban	
	2017	2018
Tagi kölcsönök kamata	1 252 223	1 637 251
Befektetett pénzügyi eszközök árfolyamvesztesége	267 229	
Realizált árfolyamveszteség	86 609	202 158
Nem realizált árfolyamveszteség	0	816 418
Egyéb	21	0
Összesen	1 606 082	2 655 827

20. Társasági adó

A Társasági adó törvény szerinti adóalap és az adózás előtti eredmény közötti eltérések a 2017. és 2018. december 31-ével végződő évekre vonatkozóan a következők:

	2017	2018
Adózás előtti eredmény	-503 194	97 739
Adóalap csökkentő tételek:		
Kapott osztalék	0	1 592 041
Előző évek veszteségének felhasználása	24 981	0
Korábbi évek nem realizált árfolyamvesztésének feloldása	98 662	51 535
Értékcsökkenés miatti korrekció	7 124	11 958
Tőkeleszllítés nyeresége (Amarantan Kft)	0	89 446
Nem realizált árfolyamnyereség elhatárolása	130 068	845 166
összesen:	260 835	2 590 146
Adóalap növelő tételek:		
Részesedések értékvesztése (tőkeemelés)	0	0
Nem realizált árfolyamvesztés elhatárolása	49 079	1 655 073
Értékcsökkenés	6 482	9 381
Nem a vállalkozás érdekében felmerült költség, ráfordítás	58 670	0
Adóbírság	34	2 000
Bejelentett részesedés értékvesztése	267 174	0
Korábbi évek nem realizált árfolyam nyereségének feloldása	407 571	162 566
összesen:	789 010	1 829 020
Adóalap	24 981	-663 387
Társasági adó	0	0

Jövedelem minimum alapján kalkulált társasági adó

	2017	2018
Az adózás előtti eredmény	-503 194	97 739
Társasági adó alapja	24 981	-663 387
A vállalkozás összes bevétele	1 541 326	0
Korrigált összes bevétel:	1 541 326	0
Jövedelem (nyereség) minimum (2%)	30 827	0
A minimumadó összege	2 774	0

A Társaság a 2018-es évre vonatkozóan 0 e Ft társasági adót kalkulált és vallott be az adóbevallásában.

21. Munkavállalók

A Társaság igazgatósága, üzletvezetése, felügyelő bizottsága részére nem került sor kifizetésre a 2017-es, illetve 2018-as üzleti év során.
2017-ben a foglalkoztatott munkavállalók átlagos statisztikai létszáma 11 fő, 2018-ban 14 fő. A munkavállalók szellemi foglalkozásúak.

Budapest, 2019. május 28.

.....
Yovav Carmi Robert Snow
Ügyvezetők

GTC MAGYARORSZÁG ZRT.
CASH FLOW KIMUTATÁS A 2018. DECEMBER 31-ÉN VÉGZŐDŐ ÉVRE
 (az összes egyenleg ezer Ft-ban)

	2017	2018
I. Szokásos tevékenységből származó pénzeszköz-változás	-474 539	1 225 609
1. Adózás előtti eredmény (osztalékkal csökkentve)	-503 194	97 740
2. Elszámolt amortizáció	6 482	9 381
3. Elszámolt értékvesztés és visszairás	0	0
4. Befektetett eszközök értékesítésének eredménye	0	-88 325
5. Devizás tételek nem realizált árfolyamvesztesége (nyereség)	-62 502	539 335
6. Szállítói kötelezettség változása	292	9 435
7. Egyéb rövid lejáratú kötelezettség változása	16 803	-4 294
8. Passzív időbeli elhatárolások változása	-471 268	960 108
9. Vevőkövetelés változása	463	-9
10. Forgóeszközök (vevőkövetelés és pénzeszköz nélkül) változása	182 613	-4 500
11. Aktív időbeli elhatárolások változása	358 546	-293 262
12. Fizetett, fizetendő adó (nyereség után)	-2 774	0
13. Fizetett, fizetendő osztalék, részesedés	0	0
II. Befektetési tevékenységből származó pénzeszköz-változás	-4 401 676	-23 614
14. Befektetett eszközök beszerzése	-4 405 417	0
15. Befektetett eszközök eladása	3 741	-23 614
16. Kapott osztalék, részesedés	0	0
III. Pénzügyi műveletekből származó pénzeszköz-változás	2 503 692	-1 140 699
17. Részvénykibocsátás, tőkebevonás bevétele	3 079 800	1
18. Kötvény, hitelviszonyt megtestesítő értékpapír kibocsátásának bevétele	0	0
19. Hitel és kölcsön felvétele	5 070 045	10 241 026
20. Hosszú lejáratra nyújtott kölcsönök és elhelyezett bankbetétek törlesztése, megszüntetése, beváltása	205 154	1 160 861
21. Véglegesen kapott pénzeszköz	0	0
22. Részvénybevonás, tőke kivonás (tőkeleszállítás) tőkekorrekció	0	3 242 499
23. Kötvény és hitelviszonyt megtestesítő értékpapír visszafizetése	0	0
24. Hitel és kölcsön törlesztése, -visszafizetése	0	-8 226 330
25. Hosszú lejáratra nyújtott kölcsönök és elhelyezett bankbetétek	-5 851 307	-7 558 756
26. Véglegesen átadott pénzeszköz	0	0
27. Alapítókkal szembeni, illetve egyéb hosszú lejáratú kötelezettségek változása	0	0
28. Nem realizált árfolyam nyereség	0	0
IV. Pénzeszközök változása	-2 372 523	61 296
Pénzeszközök év elején	3 207 387	834 864
Pénzeszközök év végén	834 864	896 160

A GTC Magyarország Zrt. főbb mérleg mutatói

(eFt-ban) 2.sz. melléklet

Mutatók		2016. évi		2018. évi	
<i>A vállalkozás anyagi, vagyoni helyzetének átfogó jellemzői</i>					
Tartósan befektetett eszközök aránya %	Befektetett eszközök	56 670 628	95,56 %	63 660 140	95,51 %
	Eszközök összesen	59 303 167		66 651 746	
Befektetett eszközök fedezettsége %	Saját tőke	11 697 358	20,64 %	15 037 598	23,62 %
	Befektetett eszközök	56 670 628		63 660 140	
Eszközök fordulat száma	Nettó árbevétel	264 777	0,00	273 390	0,00
	Eszközök összesen	59 303 167		66 651 746	
Forgóeszközök aránya	Forgóeszközök	851 852	1,44 %	917 657	1,38 %
	Eszközök összesen	59 303 167		66 651 746	
A tőke szerkezete	Kötelezettségek	38 402 969	64,76 %	41 451 200	62,19 %
	Összes forrás	59 303 167		66 651 746	
Saját tőke aránya	Saját tőke	11 697 358	19,72 %	15 037 598	22,56 %
	Összes forrás	59 303 167		66 651 746	
Saját tőke növekedési mutató	Saját tőke	11 697 358	38 050,09 %	15 037 598	48 913,89 %
	Jegyzett tőke	30 742		30 743	
Saját tőke fordulatszáma	Nettó árbevétel	264 777	0,02	273 390	0,02
	Saját tőke	11 697 358		15 037 598	
<i>Pénzügyi-likviditási helyzet mutatói</i>					
Likviditási mutató	Forgóeszközök	851 852	0,02	917 657	0,02
	Kötelezettségek	38 402 969		41 451 200	
Rövid távú lik. I.	Forgóeszközök	851 852	22,03	917 657	20,95
	Rövid lej. kötelezettségek	38 669		43 810	
Rövid távú lik. II.	Forgóeszközök-Követelések	-37 551 117	-971,09	-40 533 543	-925,21
	Rövid lej. kötelezettségek	38 669		43 810	
Gyorsráta mutató	Likvid pénzeszközök	834 864	21,59	896 160	20,46
	Rövid lej. kötelezettségek	38 669		43 810	
Hosszú távú likv. mutató	Üzleti tevékenység ered.	-170 399	0,00	-150 808	0,00
	Kötelezettségek	38 402 969		41 451 200	

Vállalkozás jövedelmi helyzetének átfogó jellemzéséhez

2017. évi

2018. évi

Nettó árbevétel változása %	Árbevétel Tárgyév Árbevétel Bázisév	264 777 381 030	69,49 %	273 390 264 777	103,25 %
Üzleti tev. eredmény változása %	Üzleti tev. ered. Tárgyév Üzleti tev. ered. Bázisév	-170 399 -110 667	153,97 %	-150 808 -170 399	88,50 %
Pénzügyi műv. eredmény változása %	Pénzügyi műv. er. Tárgyév Pénzügyi műv. er. Bázisév	-332 795 -2 603 232	12,78 %	248 548 -332 795	-74,69 %
Adózás előtti eredmény változása %	Adózás előtti er. Tárgyév Adózás előtti er. Bázisév	-503 194 -2 713 899	18,54 %	97 740 -503 194	-19,42 %
Adózott eredmény változása	Adózott er. Tárgyév Adózott er. Bázisév	-505 968 -2 719 529	18,60 %	97 740 -505 968	-19,32 %
Tőkearányos eredmény %	Üzleti tev. eredm. Saját tőke	-170 399 11 697 358	-1,46 %	-150 808 15 037 598	-1,00 %
Eszközhatékonyosság %	Üzleti tev. eredm. Eszközök összesen	-170 399 59 303 167	-0,29 %	-150 808 66 651 746	-0,23 %

	GTC Magyarország Zrt	Váci út 81- 85. Kft.	Riverside Kft.	Sasad Resort Kft	GTC Metro Kft

Befektetett eszközök (e Ft)	63 621 099	16 619 603	203 416	0	0
Tárgyévi nettó árbevétel (e Ft)	273 390	9 271	0	0	993 148
Adózott eredmény (e Ft)	97 740	1 047 095	26 265	-28 700	-126 525
Saját tőke (e Ft)	15 037 598	17 719 600	254 517	-4 315 702	3 039 379
Foglalkoztatott (fő)	14	0	0	0	0

	GTC Duna Kft	VRK Tower Kft	Amarantan Kft	GTC White House Kft	Spiral II Hungary Kft

Befektetett eszközök (e Ft)	0	0	69 782	0	0
Tárgyévi nettó árbevétel (e Ft)	2 010 295	7 257	73	1 724 411	2 501
Adózott eredmény (e Ft)	-46 361	-141 889	21 640	-979 215	-78 914
Saját tőke (e Ft)	2 930 646	3 320 980	72 568	7 567 861	-109 852
Foglalkoztatott (fő)	2	2	0	2	0

	Spiral I Kft	Albertfalva Kft	Kompakt Land Kft

Befektetett eszközök (e Ft)	0	0	0
Tárgyévi nettó árbevétel (e Ft)	1 619 759	840	3 570
Adózott eredmény (e Ft)	-86 837	-38 664	-81 766
Saját tőke (e Ft)	5 103 352	206 738	4 532 184
Foglalkoztatott (fő)	0	0	1

ÖSSZESEN

80 513 900
6 644 517
-416 131
55 359 870
21

Leányvállalat neve :	Váci út 81-85. Kft.	Riverside Kft.	Sasad Resort Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100 % (közvetve) !	100 % (közvetve) !	100%
Saját tőke összege :	17 719 600	254 517	-4 315 702
Jegyzett tőke összege :	1 003 000	701 000	20 000
Adózott eredménye :	1 047 095	26 265	-28 700

	GTC Metro Kft	GTC Duna Kft	VRK Tower Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100 % (közvetve) !	100%	100%
Saját tőke összege :	3 039 379	2 930 646	3 320 980
Jegyzett tőke összege :	9 000	3 001	3 001
Adózott eredménye :	-126 525	-46 361	-141 889

	Amarantan Kft	GTC White House Kft	Spiral II Hungary Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100%	100%	100%
Saját tőke összege :	72 568	7 567 861	-109 852
Jegyzett tőke összege :	3 000	37 862	6 000
Adózott eredménye :	21 640	-979 215	-78 914

	Spiral I Kft	Albertfalva Kft	Kompakt Land Kft
Székhelye :	Budapest, 1139 Váci út 81.	Budapest, 1139 Váci út 81.	Budapest, 1139 Váci út 81.
Birtokolt részesedés :	100%	100%	100%
Saját tőke összege :	5 103 352	206 738	4 532 184
Jegyzett tőke összege :	3 000	3 000	180 000
Adózott eredménye :	-86 837	-38 664	-81 766

FÜGGETLEN KÖNYVVIZSGÁLÓI JELENTÉS

A GTC Magyarország Zrt. tulajdonosának

Vélemény

Elvégeztük a GTC Magyarország Zrt. („a Társaság”) 2018. évi éves beszámolójának könyvvizsgálatát, amely éves beszámoló a 2018. december 31-i fordulónapra készített mérlegből – melyben az eszközök és források egyező végösszege 66.651.746 E Ft, az adózott eredmény 97.740 E Ft nyereség -, és az ugyanezen időponttal végződő üzleti évre vonatkozó eredménykimutatásból, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó kiegészítő mellékletből áll.

Véleményünk szerint a mellékelt éves beszámoló megbízható és valós képet ad a Társaság 2018. december 31-én fennálló vagyoni és pénzügyi helyzetéről, valamint az ezen időponttal végződő üzleti évre vonatkozó jövedelmi helyzetéről a Magyarországon hatályos, a számvitelről szóló 2000. évi C. törvénnyel összhangban (a továbbiakban: „számviteli törvény”).

A vélemény alapja

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvények és egyéb jogszabályok alapján hajtottuk végre. Ezen standardok értelmében fennálló felelősségünk bővebb leírását jelentésünk „A könyvvizsgáló éves beszámoló könyvvizsgálataért való felelőssége” szakasza tartalmazza.

Függetlenek vagyunk a társaságtól a vonatkozó, Magyarországon hatályos jogszabályokban és a Magyar Könyvvizsgálói Kamara „A könyvvizsgálói hivatás magatartási (etikai) szabályairól és a fegyelmi eljárásról szóló szabályzata”-ban, valamint az ezekben nem rendezett kérdések tekintetében a Nemzetközi Etikai Standardok Testülete által kiadott „Könyvvizsgálók Etikai Kódexe”-ben (az IESBA Kódex-ben) foglaltak szerint, és megfelelünk az ugyanezen normákban szereplő további etikai előírásoknak is.

Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálati bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

Egyéb információk: Az üzleti jelentés

Az egyéb információk a GTC Magyarország Zrt. 2018. évi üzleti jelentéséből állnak. A vezetés felelős az üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A független könyvvizsgálói jelentésünk „Vélemény” szakaszában az éves beszámolóra adott véleményünk nem vonatkozik az üzleti jelentésre.

Az éves beszámoló általunk végzett könyvvizsgálatával kapcsolatban a mi felelősségünk az üzleti jelentés átolvasása és ennek során annak mérlegelése, hogy az üzleti jelentés lényegesen ellentmond-e az éves beszámolónak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényeges hibás állítást tartalmaz. Ha az elvégzett munkánk alapján arra a következtetésre juttunk, hogy az egyéb információk lényeges hibás állítást tartalmaznak, kötelességünk erről és a hibás állítás jellegéről jelentést tenni.

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A számviteli törvény alapján a mi felelősségünk továbbá annak megítélése, hogy az üzleti jelentés a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban van-e, és erről, valamint az üzleti jelentés és az éves beszámoló összhangjáról vélemény nyilvánítása.

Véleményünk szerint a GTC Magyarország Zrt. 2018. évi üzleti jelentése minden lényeges vonatkozásban összhangban van a GTC Magyarország Zrt. 2018. évi éves beszámolójával és a számviteli törvény vonatkozó előírásaival. Mivel egyéb más jogszabály a Társaság számára nem ír elő további követelményeket az üzleti jelentésre, ezért e tekintetben nem mondunk véleményt.

Az üzleti jelentésben más jellegű lényeges ellentmondás vagy lényeges hibás állítás sem jutott a tudomásunkra, így e tekintetben nincs jelentenivalónk.

A vezetés és az irányítással megbízott személyek felelőssége az éves beszámolóért

A vezetés felelős az éves beszámolónak a számviteli törvénnyel összhangban történő és a valós bemutatás követelményének megfelelő elkészítéséért, valamint az olyan belső kontrollért, amelyet a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő lényeges hibás állítástól mentes éves beszámoló elkészítése.

Az éves beszámoló elkészítése során a vezetés felelős azért, hogy felmérje a Társaságnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közvéetegy a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló éves beszámoló összeállításáért. A vezetésnek a vállalkozás folytatásának elvéből kell kiindulnia, ha ennek az elvnek az érvényesülését eltérő rendelkezés nem akadályozza, illetve a vállalkozási tevékenység folytatásának ellentmondó tényező, körülmény nem áll fenn.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

A könyvvizsgáló éves beszámoló könyvvizsgálataért való felelőssége

A könyvvizsgálat során célunk kellő bizonyosságot szerezni arról, hogy az éves beszámoló egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha ésszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott éves beszámoló alapján meghozott gazdasági döntéseit.

A Magyar Nemzeti Könyvvizsgálati Standardok szerinti könyvvizsgálat egésze során szakmai megítélést alkalmazunk és szakmai szkepticizmust tartunk fenn. Továbbá:

- Azonosítjuk és felmérjük az éves beszámoló akár csalásból, akár hibából eredő lényeges hibás állításainak a kockázatait, kialakítjuk és végrehajtjuk az ezen kockázatok kezelésére alkalmas könyvvizsgálati eljárásokat, valamint elegendő és megfelelő könyvvizsgálati bizonyítékot szerzünk a véleményünk megalapozásához. A csalásból eredő lényeges hibás állítás fel nem tárásának a kockázata nagyobb, mint a hibából eredőé, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását.

- Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálati eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Társaság belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek ésszerűségét.
- Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló éves beszámoló összeállítása, valamint a megszerzett könyvvizsgálati bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Társaság vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívunk a figyelmet az éves beszámolóban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősítenünk kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálati bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Társaság nem tudja a vállalkozást folytatni.
- Értékeljük az éves beszámoló átfogó bemutatását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy az éves beszámolóban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.
- Az irányítással megbízott személyek tudomására hozzuk - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Társaság által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is, ha voltak ilyenek.

Budapest, 2019. május 28.

Buzás Dóra
Eurocliens Kft.
1133 Budapest, Ipoly u. 8., 6. emelet 8.
Nyilvántartási szám: 004198

Buzás Dóra
Nyilvántartási szám: 005614

Jelen könyvvizsgálói jelentést megfelelően aláírva, papír alapon is kibocsátottuk.

Eurocliens Kft.
gazdasági tanácsadás

Cím: 1133 Budapest, Ipoly u. 8. • 7624 Pécs, Báthori u. 22.
Telefon: +36/30 919 3799 • E-mail: dora.buzas@eurocliens.hu • www.eurocliens.hu

2. Annex - HAS Financial Statement (HUF) of the Issuer regarding the financial year 2019,
Supplementary Annex and Auditor's Report

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

(Nyilvántartási szám: 01-10-043913, Adószám: 12398155-2-41)

2019. január 01. - 2019. december 31.

időszakra vonatkozó

Általános üzleti évet záró

Éves beszámoló

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.

i

A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadmány az IM Csz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:27:27) megegyeznek az elektronikus irattárban tárolt adatokkal.

Közzétevő cég adatai:

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvántartási szám: 01-10-043913

Adószám: 12398155-2-41

KSH szám: 12398155-4110-114-01

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Első létesítő okirat kelte: 1998. június 12.

A vonatkozó időszak: 2019. január 01. - 2019. december 31.

A beadvány a számvitelről szóló 2000. évi C. törvény alapján került összeállításra.

Benyújtás oka: Általános üzleti évet záró

Beszámoló típusa: Éves beszámoló

Könyvvizetés módja: kettős könyvvitelt vezető

A cég könyvvizsgálatra kötelezett-e: Igen

Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

Lezárt üzleti év(ek) módosítása: Nem

Beadvány részei

- mérleg (Sztv. szerinti, "A" változat; szövege: magyar)
- eredménykimutatás (Összköltség eljárással; szövege: magyar)
- kiegészítő melléklet (szövege: magyar)
- adózott eredmény felhasználására vonatkozó határozat (határozat száma: 2/2020.05.28 ; szövege: magyar)
- független könyvvizsgálói jelentés (Hitelesítő záradék (minősítés nélküli könyvvizsgálói vélemény).; szövege: magyar)

Könyvelő

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvánt. szám: 01-10-043913

Adószám: 12398155-2-41

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Ilkei Judit

Regisztrációs száma: 171089

Beküldő

GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Nyilvánt. szám: 01-10-043913

Adószám: 12398155-2-41

Székhely: Magyarország, 1138 Budapest Népfürdő utca 22. A. épület 15. emelet

Carmi Yovav

Könyvvizsgáló

EUROCLIENS Tanácsadó, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság

Nyilvánt. szám: 01-09-181612

Adószám: 11364522-2-41

Székhely: Magyarország, 1133 Budapest Ipoly utca 8. 6. emelet 8. ajtó

Buzás Dóra

Regisztrációs száma: 005614

Nyilvánosságra hozatallal kapcsolatos egyéb információk

A vállalkozó, illetve az anyavállalat székhelyén minden érdekelt részére a beadvány megtekinthetősége biztosításra kerül, továbbá arról minden érdekelt teljes vagy részleges másolatot készíthet.

A számvitelről szóló 2000. évi C. törvényben meghatározott nagyságot jelző mutatóérték

	Tárgyévi üzleti évben	Tárgyévet megelőző üzleti évben	Tárgyévet két évvel megelőző üzleti évben
Üzleti évben átlagosan foglalkoztatottak száma	18	14	11

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.

i

A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadvány az IM Csz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:27:27) megegyeznek az elektronikus irattárban tárolt adatokkal.

Aláírásra 2 fő együttesen jogosult:

Elfogadás időpontja: 2020. május 28.

A beszámoló a vonatkozó jogszabályi rendelkezéseknek megfelelően került összeállításra, továbbá az a gazdálkodó vagyonáról, annak összetételéről (eszközeiről és forrásairól), valamint pénzügyi és jövedelmi helyzetéről, illetve tevékenysége eredményéről megbízható és valós összképet ad.

Carmi Yovav

Snow Robert John

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.

i

A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

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2019. január 01. - 2019. december 31. időszakra vonatkozó

Általános üzleti évet záró Éves beszámoló

MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
001.	Eszközök (aktívák)			
002.	A. Befektetett eszközök	63 660 140		67 847 510
003.	I. Immateriális javak	1 560		2 174
004.	1. Alapítás-átszervezés aktivált értéke			
005.	2. Kísérleti fejlesztés aktivált értéke			
006.	3. Vagyoni értékű jogok			
007.	4. Szellemi termékek	1 560		2 174
008.	5. Üzleti vagy cégérték			
009.	6. Immateriális javakra adott előlegek			
010.	7. Immateriális javak érték helyesbítése			
011.	II. Tárgyi eszközök	37 481		58 630
012.	1. Ingatlanok és a kapcsolódó vagyoni értékű jogok			
013.	2. Műszaki berendezések, gépek, járművek	29 182		50 338
014.	3. Egyéb berendezések, felszerelések, járművek	8 299		8 292
015.	4. Tenyészállatok			
016.	5. Beruházások, felújítások	0		
017.	6. Beruházásokra adott előlegek			
018.	7. Tárgyi eszközök érték helyesbítése			
019.	III. Befektetett pénzügyi eszközök	63 621 099		67 786 706
020.	1. Tartós részesedés kapcsolt vállalkozásban	34 174 922		34 470 461
021.	2. Tartósan adott kölcsön kapcsolt vállalkozásban	29 446 177		33 316 245
022.	3. Tartós jelentős tulajdoni részesedés			
023.	4. Tartósan adott kölcsön jelentős tulajdoni részesedési viszonyban álló vállalkozásban			
024.	5. Egyéb tartós részesedés			
025.	6. Tartósan adott kölcsön egyéb részesedési viszonyban álló vállalkozásban			
026.	7. Egyéb tartósan adott kölcsön			
027.	8. Tartós hitelviszonyt megtestesítő értékpapír			
028.	9. Befektetett pénzügyi eszközök érték helyesbítése			
029.	10. Befektetett pénzügyi eszközök értékelési különbözete			
030.	B. Forgóeszközök	917 657		2 206 682
031.	I. Készletek	0		0
032.	1. Anyagok			
033.	2. Befejezetlen termelés és félkész termékek			

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

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2019. január 01. - 2019. december 31. időszakra vonatkozó
Általános üzleti évet záró Éves beszámoló
MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
034.	3. Növendék-, hízó- és egyéb állatok			
035.	4. Késztermékek			
036.	5. Áruk			
037.	6. Készletekre adott előlegek			
038.	II. Követelések	21 497		14 362
039.	1. Követelések áruszállításból és szolgáltatásból (vevők)	75		0
040.	2. Követelések kapcsolt vállalkozással szemben	7 537		1 585
041.	3. Követelések jelentős tulajdoni részesedési viszonyban lévő vállalkozással szemben			
042.	4. Követelések egyéb részesedési viszonyban lévő vállalkozással szemben	896		999
043.	5. Váltókövetelések			
044.	6. Egyéb követelések	12 989		11 778
045.	7. Követelések értékelési különbözete			
046.	8. Származékos ügyletek pozitív értékelési különbözete			
047.	III. Értékpapírok	0		0
048.	1. Részesedés kapcsolt vállalkozásban			
049.	2. Jelentős tulajdoni részesedés			
050.	3. Egyéb részesedés			
051.	4. Saját részvények, saját üzletrészek			
052.	5. Forgatási célú hitelviszonyt megtestesítő értékpapírok			
053.	6. Értékpapírok értékelési különbözete			
054.	IV. Pénzeszközök	896 160		2 192 320
055.	1. Pénztár, csekkek	201		539
056.	2. Bankbetétek	895 959		2 191 781
057.	C. Aktív időbeli elhatárolások	2 073 949		1 850 458
058.	1. Bevételek aktív időbeli elhatárolása	2 073 328		1 849 583
059.	2. Költségek, ráfordítások aktív időbeli elhatárolása	621		875
060.	3. Halasztott ráfordítások			
061.	Eszközök (aktívák) összesen	66 651 746		71 904 650
062.	Források (passzívák)			
063.	D. Saját tőke	15 037 598		14 781 796
064.	I. Jegyzett tőke	30 743		5 000
065.	Ebből: – Visszavásárolt tulajdoni részesedés névértéken			
066.	II. Jegyzett, de még be nem fizetett tőke	0		0

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



A beszámoló az Igazságügyi Minisztérium Céginformációs és az Elektronikus Cégeljárásban Közreműködő Szolgálat (IM Csz) online beszámoló készítő programjával, a beküldő által megadott adatok alapján került előállításra. Az IM Csz a közzétett adatok megbízhatóságáért, valóságtartalmáért, jogszerűségéért felelősséget nem vállal.

A kiadvány az IM Csz online rendszeréből letöltött dokumentum. A szolgáltatott adatok a kibocsátás időpontjában (2020. 11. 19. 11:27:27) megegyeznek az elektronikus irattárban tárolt adatokkal.

2019. január 01. - 2019. december 31. időszakra vonatkozó
Általános üzleti évet záró Éves beszámoló
MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
067.	III. Tőketartalék	33 927 005		0
068.	IV. Eredménytartalék	-19 017 890		15 032 598
069.	V. Lekötött tartalék	0		0
070.	VI. Értékelési tartalék	0		0
071.	1. Értékhelyesbítés értékelési tartaléka			
072.	2. Valós értékelés értékelési tartaléka			
073.	VII. Adózott eredmény	97 740		-255 802
074.	E. Céltartalékok	0		0
075.	1. Céltartalék a várható kötelezettségekre			
076.	2. Céltartalék a jövőbeni költségekre			
077.	3. Egyéb céltartalék			
078.	F. Kötelezettségek	41 451 200		46 263 795
079.	I. Hátrasorolt kötelezettségek	0		0
080.	1. Hátrasorolt kötelezettségek kapcsolt vállalkozással szemben			
081.	2. Hátrasorolt kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozással szemben			
082.	3. Hátrasorolt kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
083.	4. Hátrasorolt kötelezettségek egyéb gazdálkodóval szemben			
084.	II. Hosszú lejáratú kötelezettségek	41 407 390		46 229 406
085.	1. Hosszú lejáratra kapott kölcsönök			
086.	2. Átváltoztatható és átváltozó kötvények			
087.	3. Tartozások kötvénykibocsátásból			
088.	4. Beruházási és fejlesztési hitelek			
089.	5. Egyéb hosszú lejáratú hitelek			
090.	6. Tartós kötelezettségek kapcsolt vállalkozással szemben	41 407 390		46 229 406
091.	7. Tartós kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozásokkal szemben			
092.	8. Tartós kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
093.	9. Egyéb hosszú lejáratú kötelezettségek			
094.	III. Rövid lejáratú kötelezettségek	43 810		34 389
095.	1. Rövid lejáratú kölcsönök			
096.	Ebből: – Az átváltoztatható és átváltozó kötvények			

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



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2019. január 01. - 2019. december 31. időszakra vonatkozó
Általános üzleti évet záró Éves beszámoló
MÉRLEGE, Sztv. szerinti "A" változattal

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
097.	2. Rövid lejáratú hitelek			
098.	3. Vevőktől kapott előlegek			
099.	4. Kötelezettségek áruszállításból és szolgáltatásból (szállítók)	12 577		33 265
100.	5. Váltótartozások			
101.	6. Rövid lejáratú kötelezettségek kapcsolt vállalkozással szemben	28 191		86
102.	7. Rövid lejáratú kötelezettségek jelentős tulajdoni részesedési viszonyban lévő vállalkozásokkal szemben			
103.	8. Rövid lejáratú kötelezettségek egyéb részesedési viszonyban lévő vállalkozással szemben			
104.	9. Egyéb rövid lejáratú kötelezettségek	3 042		1 038
105.	10. Kötelezettségek értékelési különbözete			
106.	11. Származékos ügyletek negatív értékelési különbözete			
107.	G. Passzív időbeli elhatárolások	10 162 948		10 859 059
108.	1. Bevételek passzív időbeli elhatárolása			
109.	2. Költségek, ráfordítások passzív időbeli elhatárolása	10 162 948		10 859 059
110.	3. Halasztott bevételek			
111.	Források (passzívák) összesen	66 651 746		71 904 650

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



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2019. január 01. - 2019. december 31. időszakra vonatkozó

Általános üzleti évet záró Éves beszámoló

EREDMÉNYKIMUTATÁSA, Összköltség eljárással

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
001.	01. Belföldi értékesítés nettó árbevétele	273 390		340 638
002.	02. Exportértékesítés nettó árbevétele			
003.	I. Értékesítés nettó árbevétele	273 390		340 638
004.	03. Saját termelésű készletek állományváltozása			
005.	04. Saját előállítású eszközök aktivált értéke			
006.	II. Aktivált saját teljesítmények értéke	0		0
007.	III. Egyéb bevételek	1 682		2 067
008.	Ebből: – Visszaírt értékvesztés			
009.	05. Anyagköltség	10 301		13 183
010.	06. Igénybe vett szolgáltatások értéke	123 149		147 324
011.	07. Egyéb szolgáltatások értéke	8 623		8 779
012.	08. Eladott áruk beszerzési értéke			
013.	09. Eladott (közvetített) szolgáltatások értéke	16 096		38 161
014.	IV. Anyagjellegű ráfordítások	158 169		207 447
015.	10. Bérköltség	186 036		439 254
016.	11. Személyi jellegű egyéb kifizetések	17 569		11 013
017.	12. Bérjárulékok	42 832		87 521
018.	V. Személyi jellegű ráfordítások	246 437		537 788
019.	VI. Értékcsökkenési leírás	9 381		16 091
020.	VII. Egyéb ráfordítások	11 893		22 974
021.	Ebből: – Értékvesztés	0		0
022.	A. Üzemi (üzleti) tevékenység eredménye	-150 808		-441 595
023.	13. Kapott (járó) osztalék és részesedés	1 592 041		855 018
024.	Ebből: – Kapcsolt vállalkozástól kapott	1 592 041		855 018
025.	14. Részesedésekből származó bevételek, árfolyamnyereségek	89 446		0
026.	Ebből: – Kapcsolt vállalkozástól kapott	89 449		0
027.	15. Befektetett pénzügyi eszközökből (értékpapírokból, kölcsönökből) származó bevételek, árfolyamnyereségek			
028.	Ebből: – Kapcsolt vállalkozástól kapott			
029.	16. Egyéb kapott (járó) kamatok és kamatjellegű bevételek	1 174 635		1 345 676
030.	Ebből: – Kapcsolt vállalkozástól kapott			
031.	17. Pénzügyi műveletek egyéb bevételei	48 253		417 024
032.	Ebből: – Értékelési különbözet			
033.	VIII. Pénzügyi műveletek bevételei	2 904 375		2 617 718
034.	18. Részesedésekből származó ráfordítások,	0		0

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



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2019. január 01. - 2019. december 31. időszakra vonatkozó

Általános üzleti évet záró Éves beszámoló

EREDMÉNYKIMUTATÁSA, Összköltség eljárással

Sorszám	Tételsor elnevezése	Előző üzleti év adatai *	Lezárt üzleti év(ek)re vonatkozó módosítások **	Tárgyévi adatok
	árfolyamveszteségek			
035.	Ebből: — Kapcsolt vállalkozásnak adott			
036.	19. Befektetett pénzügyi eszközökből (értékpapírokból, kölcsönökből) származó ráfordítások, árfolyamveszteségek			
037.	Ebből: — Kapcsolt vállalkozásnak adott			
038.	20. Fizetendő (fizetett) kamatok és kamatjellegű ráfordítások	1 637 251		1 700 489
039.	Ebből: — Kapcsolt vállalkozásnak adott	1 637 251		1 700 489
040.	21. Részesedések, értékpapírok, tartósan adott kölcsönök, bankbetétek értékvesztése			-295 539
041.	22. Pénzügyi műveletek egyéb ráfordításai	1 018 576		1 026 975
042.	Ebből: — Értékelési különbözet			
043.	IX. Pénzügyi műveletek ráfordításai	2 655 827		2 431 925
044.	B. Pénzügyi műveletek eredménye	248 548		185 793
045.	C. Adózás előtti eredmény	97 740		-255 802
046.	X. Adófizetési kötelezettség	0		0
047.	D. Adózott eredmény	97 740		-255 802

* Előző üzleti év adatai: Az Sztv. szerinti összehasonlíthatóság biztosított. (közzétett beszámolóiból átemelt, nem módosított adatok)

** Lezárt üzleti év(ek) módosítása: Nem

Készült: 2020. november 19. (11:27:27)

A cégnyilvánosságról, a bírósági cégeljárásról és a végelszámolásról szóló 2006. évi V. törvény 18. § (6) bekezdése értelmében az eredeti példány megőrzési ideje: 2030. május 28.



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GTC MAGYARORSZÁG ZRT.

Cégjegyzékszám : Cg. 01 – 10 - 043913

Statisztikai számjel : 12398155-4110-114-01

ÉVES BESZÁMOLÓ

A 2019. DECEMBER 31-ÉN VÉGZŐDŐ ÉVRE

A KÖNYVVIZSGÁLÓI JELENTÉSEL EGYÜTT

GTC Magyarország Ingatlanfejlesztő Zrt.
Kiegészítő melléklet a 2019. december 31-én végződő évre

(az összes egyenleg ezer Ft-ban, kivéve ha másképpen van jelölve)

1. A Társaság bemutatása

A GTC Magyarország Ingatlanfejlesztő Zrt. (a továbbiakban „Társaság”), melynek székhelye 1138 Budapest, Népfürdő utca 22. ingatlan beruházással, ingatlanfejlesztéssel foglalkozik.

A Társaság részvényeit a GTC International Poland 100 % arányban (a továbbiakban a „Tulajdonos”) birtokolja.

Beszámoló aláírására együttesen Robert John Snow (szül.: Sheffield, 1951. július 29., an.: Stonham Elizabeth, ügyvezető igazgató és Yovav Carmi (szül.: Haifa, 1968. március 29., an.: Liora Halevi Segal, pénzügyi igazgató jogosult.

A Társaság internetes honlap elérhetősége : <http://www.gtc.hu>

A számviteli törvény alapján a Társaság könyvvizsgálata kötelező.

A Társaság a magyar szabályok szerint nem készít konszolidált beszámolót kapcsolt vállalkozásaival, mert az anyavállalat mentesítette a vállalkozást, a Társaság beszámolója a GLOBE TRADE CENTRE SA (Lengyelország) konszolidált beszámolójának részét képezi.

A konszolidált éves beszámoló Komitétu Obrony Robotników 45A Nothus building 02-146 Warsaw, engyelországi címen tekinthető meg.

A mentesített anyavállalat és kapcsolt vállalkozásai befektetett eszközeinek, tárgyévi bevételeinek és adózott eredményének, saját tőkéjének, valamint a foglalkoztatottjai átlagos állományi létszámának adatait vállalkozásonként külön-külön a 3. sz. melléklet táblázata mutatja.

A leányvállalatok bemutatását a 4. sz. melléklet mutatja.

A könyvviteli szolgáltatás körébe tartozó feladatok irányításáért, vezetéséért felelős: Ilkei Judit (született: Budapest, 1979.02.16 anyja neve: Haudinger Julianna), a könyvviteli szolgáltatást végzőkről vezetett nyilvántartási száma : 171089 171089 A beszámoló ellenőrzéséért és annak véglegesítéséért felelős: Zovát Csaba (született: Nyíregyháza, 1982.03.05 anyja neve: Baksa Gizella)

A Társaság beszámolójának könyvvizsgálatát Buzás Dóra (kamarai tagsági szám: 005614), az Eurocliens Kft (1132 Budapest Ipoly utca 8. cg. 01-09-181612, nyilvántartásba vételi száma: 004198) bejegyzett könyvvizsgálója végzi. A 2019. évre vonatkozó könyvvizsgálói díj: 1800 EURO + ÁFA. A könyvvizsgáló egyéb szolgáltatást nem nyújtott a Társaság számára az üzleti év során.

2. Számviteli politika

A Társaság könyveit és nyilvántartásait a 2000. évi C. számviteli törvényben (továbbiakban „Törvény”) és a Magyarországon általánosan elfogadott számviteli elveknek megfelelően vezeti.

2.1. A számvitel alapjai

A Törvény 2001. január 1-jén lépett hatályba. Mind a csatolt mérleg, mely a 2018. és 2019. december 31-i állapotot tükrözi, mind az eredménykimutatás a fenti dátumokkal végződő évekre vonatkozóan a Törvény előírásainak megfelelően készült.

2.2. A mérlegkészítés időpontja

A mérlegkészítés napját a Társaság 2019. évre vonatkozóan a következő év május 29.-ével határozta meg.

2.3. Immateriális javak

A Társaság a szellemi termékek aktivált értékét 2 év alatt írja le.

2.4. Tárgyi eszközök

A tulajdonosok által apportált tárgyi eszközöket a Társaság az eszköz értékelés során megállapított és a felhalmozott értékcsökkenéssel csökkentett értéken tartja nyilván. A vásárolt eszközök beszerzési áron kerülnek a cég könyveibe.

Az egyedileg 100 eFt beszerzési érték alatti tárgyi eszközöket a Társaság a rendeltetésszerű használatba vételkor (aktiváláskor) egy összegben tervszerinti értékcsökkenésként elszámolja.

A Társaság lineáris értékcsökkenési módszert alkalmaz az eszköz hasznos élettartamának figyelembevételével. A várható hasznos élettartamok a következők:

Gépek, berendezések, járművek: 3-7 év.

2.5. Devizás tételek értékelése

A Társaság a devizás tételeket a bekerüléskori MNB középfolyamon veszi nyilvántartásba, felhasználáskor pedig átlagárfolyamon vezeti ki. Év végén a devizás tételeket a december 31-én érvényes MNB középfolyamra értékeli át a Társaság.

2.6. A mérleg és az eredménykimutatás formája

A Társaság a mérleget az „A” kétoldali változat, az eredménykimutatást pedig összköltség eljárással készítette.

3. A pénzügyi helyzet és likviditás

A Társaság pénzügyi helyzetét és likviditását 2018. december 31-én és 2019. december 31-én az 1. számú mellékletben található cash flow kimutatás és a 2.számú mellékletben található pénzügyi mutatók szemléltetik.

4. Immateriális javak és tárgyi eszközök

Az Immateriális javak és tárgyi eszközök egyenlegének a 2019-es évben történt mozgásait a következő táblázat részletezi:

<i>adatok ezer Ft-ban</i>					
Bruttó érték	Szellemi termékek	Műszaki gépek, berendezések, járművek	Egyéb berendezések, felszerelések, járművek	Beruházások, felújítások	Összesen
Egyenleg 2018.12.31	8 554	33 553	41 277	0	61 859
Növekedés	1 635	30 313	5 980	37 928	75 856
Csökkenés	95	0	17 865	37 928	55 888
Egyenleg 2019.12.31	10 094	63 866	29 392	0	103 352
Értékcsökkenés					
Egyenleg 2018.12.31	6 994	4 372	32 979	0	37 050
Növekedés	1 021	9 156	5 914	0	16 090
Csökkenés	95	0	17 793	0	17 888
Egyenleg 2019.12.31	7 920	13 528	21 100	0	42 548
Nettó érték					
Egyenleg 2018.12.31	1 560	29 182	8 299	0	39 041
Egyenleg 2019.12.31	2 174	50 338	8 292	0	60 804

A Társaság 2018-ben 684 eFt, 2019-ban 306 eFt értékben szerzett be kis értékű tárgyi eszközöket.

5. Tartós részesedés kapcsolt vállalkozásban

A Társaság Kapcsolt vállalkozásaiban lévő tartós részesedéseinek 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

ezer Ft-ban	Tulajdonosi hányad		Egyenleg	
	2018	2019	2018	2019
<u>Leányvállalatok:</u>				
Váci út 81-85. Kft.	100,00%	100,00%	16 623 506	16 623 506
Riverside Apartmanok Kft	99,99%	99,99%	224 331	507 320
Sasad Resort Kft	100,00%	100,00%	0	0
GTC Metro Kft	100,00%	100,00%	2 281 526	2 883 748
GTC Duna Kft	100,00%	100,00%	2 501 081	2 501 081
VRK Tower Kft	100,00%	100,00%	3 517 074	3 172 804
Amarantan Kft	100,00%	100,00%	35 143	35 143
GTC White House Kft	100,00%	100,00%	1 630 390	1 630 390
Spiral II Hungary Kft	100,00%	100,00%	0	0
Spiral I Kft	100,00%	100,00%	3 354 003	3 354 003
Albertfalva Kft	100,00%	100,00%	245 402	0
Kompakt Land Kft	100,00%	100,00%	3 762 464	3 762 464
Összesen			34 174 922	34 470 461

5.1 Részesedések mozgása:

Váci út 81-85 Kft.

2000. június 15-én alapították, jelenleg ingatlanhasznosítás a tevékenysége. A társaság tulajdonában lévő telken valósult meg a Center Point irodaház fejlesztése, illetve 100%-os részesedéssel rendelkezik a Center Point 1 Kft-ben és a Center Point 2 Kft.-ben

Riverside Apartmanok Kft.

1997. október 17-én alapították és lakásépítéssel és annak értékesítésével foglalkozik. A megvalósult társasházhoz kapcsolódó ingatlanok korábban már értékesítésre kerültek, a társaság jelenleg csupán adminisztratív tevékenységet végez

Sasad Resort Kft

2006. május 15-én alapították. A cég ingatlanfejlesztés és egy 1082 lakásos lakópark megvalósítására jött létre, 2017-ben értékesítésre került az összes ingatlan.

GTC Metro Kft

2006. november 15-én alapították és a GTC Metro irodaház ingatlanhasznosításával foglalkozik.

GTC Duna Kft.

2015. november 9-én a GTC Magyarország Zrt megalapította a GTC Duna Kft-t, mely a Duna Tower irodaház kezelésére jött létre.

VRK Tower Kft

2016. március 3-án a GTC Magyarország Zrt megalapította a VRK Tower Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre.

Amarantan Kft

A Vasas projekt keretében megvalósítandó bevásárlóközpont megvalósítása érdekében a Társaság 100%-os tulajdonrész szerzett az Amarantan Kft-ben 2007. január 5-én. A projekthez kapcsolódó ingatlanhasználati jog 2018-ban értékesítésre került.

GTC White House

2006. november 24-én alapították, a GTC White House irodaház ingatlanhasznosításával foglalkozik. Az irodaház 2019-ben értékesítésre került.

Spiral I. Kft.

2005. április 19-én alapították és a Spirál irodaház ingatlanhasznosításával foglalkozik

Spiral II. Kft.

2005. augusztus 4-én alapították és a tulajdonában volt a 1134 Budapest, Szabolcs utca 32-34. alatti telek egy jövőben irodaépület projekt megvalósítására. A telek 2019-ben értékesítésre került

Albertfalva Üzletközpont Kft

2006 októberében a GTC Magyarország Zrt megvásárolta az Albertfalva Üzletközpont Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre.

Kompakt Land Kft

2017 május 9-én a GTC Magyarország Zrt megvásárolta a Kompakt Land Kft-t, mely egy később megvalósítandó irodaház projekt kivitelezésére jött létre.

A Társaság könyveiben egy számlán tartja nyilván a megvásárolt cégekért kifizetett pozitív/negatív üzleti értéket, és a részesedést, a hatályos számviteli törvénynek megfelelően a pozitív cégtérk után nem számolható el értékcsökkenés.

6. Tartósan adott kölcsön kapcsolt vállalkozásban

GTC Magyarország Zrt az érvényben lévő hitelszerződése alapján az alábbi hosszú lejáratú kölcsönöket nyújtotta leányvállalatainak.

Adós	Egyenleg	Hitelnyújtás	Törlesztés	ezer Ft-ban
	2018.12.31			Egyenleg 2019.12.31
Váci út 81-85. Kft.	7 715	3 206 460	1	3 214 175
Spiral II Hungary Kft	927 598	288 803	2	1 075 318
Spiral I Kft / Spiral Holding	3 546 607	165 138	240 000	3 471 745
Sasad Resort Kft	1 029 474	34 667	3	1 064 141
GTC Metro Kft	1 217 307	34 114	4	1 251 421
Albertfalva Kft	1 213 377	52 530	5	1 265 907
Center Point II Kft	2 222 986	1 343 159	3 566 145	0
Kompakt Land Kft	876 607	4 123 327	6	4 999 934
GTC White House Kft	10 532 722	3 133 291	13 666 013	0
GTC Duna Kft	6 696 630	305 801	4 935 901	2 066 530
VRK Tower Kft	1 175 156	123 274	8	1 298 430
Globe Trade Center SA	0	14 542 880	9	14 542 880
Összesen	29 446 177	27 353 445	23 483 377	33 316 245

kamat: 4%

¹ A Váci 81-85 Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 94 597 e Ft árfolyamnyereség.

² A Spiral II Hungary Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 2 431 e Ft árfolyamnyereség.

³ A Sasad Resort Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 28 934 e Ft árfolyamnyereség.

⁴ A GTC Metro Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 34 114 e Ft árfolyamnyereség.

⁵ Az Albertfalva Kft-nek nyújtott hitel év végi átértékeléséből származó változás 34 308 e Ft árfolyamnyereség.

⁶ A Kompakt Land Kft.-nek nyújtott hitel év végi átértékeléséből származó változás 51 121 e Ft árfolyamnyereség.

⁷ A GTC Duna Kft-nek nyújtott hitel év végi átértékeléséből származó változás 56 332 e Ft árfolyamnyereség.

⁸ A VRK Tower Kft-nek nyújtott hitel év végi átértékeléséből származó változás 35 710 e Ft árfolyamnyereség.

⁹ A GTC SA-nak nyújtott hitel év végi átértékeléséből származó változás 34 320 e Ft árfolyamnyereség.

7. Kapcsolt vállalkozásokkal és egyéb részesedési viszonyban lévő vállalkozással szembeni követelések

A Társaságnak a Kapcsolt vállalkozásokkal szembeni követeléseinek 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2018.december 31.	adatok ezer Ft-ban 2019.december 31.
Sasad Resort Kft	102	305
Albertfalva Üzletközpont Kft	0	305
Váci 81-85 Kft.	0	305
Spiral II Hungary Kft	0	305
Amarantan Kft	0	305
Riverside Apartmanok Kft.	0	61
GTC Metro Kft	45	0
Center Point 1 Kft.	314	0
GTC Duna Kft	7 075	0
Összesen:	7 537	1 585
GTC Real Estate Investments Ukraine B	75	80
Galleria Burgas AD	821	919
Összesen:	896	999

8. Egyéb követelések

Az Egyéb követelések 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2018.december 31.	adatok ezer Ft-ban 2019.december 31.
Szállítónak adott előleg	3 948	14
NAV Társasági Adó	8 219	8 219
Helyi iparűzési adó	784	154
ÁFA pénzügyi elsz.	0	3 391
egyéb követelések:	38	0
Összesen	12 989	11 778

9. Bankbetétek

A Bankbetétek 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2018.december 31.	adatok ezer Ft-ban 2019.december 31.
OTP HUF	348 269	81 439
OTP EUR	547 690	2 110 342
Pénztár	201	539
Összesen:	896 160	2 192 320

10. Aktív időbeli elhatárolások

Az Aktív időbeli elhatárolások 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

	2018.december 31.	adatok ezer Ft-ban 2019.december 31.
Kölcsön kamata	2 011 299	1 776 464
Menedzsment díjak elhatárolása	58 874	73 011
Egyéb árbevételek, egyéb bevételek	3 154	108
Előre fizetett bérleti- és szervíz díjak	621	0
Egyéb	0	875
Összesen	2 073 949	1 850 458

11. Saját tőke

A Jegyzett tőke 2018. és 2019. december 31-én fennálló egyenlegét a következő táblázat részletezi:

Tulajdonos	Részvények száma (db)		Névérték összesen		Tulajdoni hányad	
GTC-Poland	2018	2019	2018	2019	2018	2019
Törzsrészvény	23 811	2 499	23 811	2 499		
Elsőbbségi r.	6 912	2 501	6 912	2 501		
Törzsrészvény	20 000	-	20	-		
Összesen	50 723	5 000	30 743	5 000	100%	100%

A Saját tőke egyenlegében bekövetkezett 2019. évi mozgásokat a következő táblázat részletezi:

	Egyenleg 2018.12.31	Növekedés	Csökkenés	adatok ezer Ft-ban Egyenleg 2019.12.31
Jegyzett tőke	30 743	15 006 856	-15 032 599	5 000
Eredménytartalék	-19 017 890	34 050 488		15 032 598
Tőketartalék	33 927 005		-33 927 005	0
Értékelési tartalék	0			0
Adózott eredmény	97 740		-353 542	-255 802
Saját tőke	15 037 598	49 057 344	-49 313 146	14 781 796

12. Tartós kötelezettségek kapcsolt vállalkozással szemben

2019. december 31-én a kapcsolt vállalkozástól kapott hosszú lejáratú kölcsönök összefoglalása a következő:

	Egyenleg 2018.12.31	Hitelfelvétel/ Átsorolás		Törlesztés	adatok ezer Ft-ban Egyenleg 2019.12.31
GTC Poland (EUR) *	38 507 419	11 104 999	1	15 417 805	34 194 613
Center Point I. Kft **	2 410 142	2 077 241	2	300 024	4 187 359
Center Point II. Kft **	0	3 009 624	3	680 892	2 328 732
Riverside Apartmanok Kft **	420 047	25 000		0	445 047
Amarantan Kft **	69 782	1 956	4	0	71 738
GTC Whitehouse Kft **	0	5 001 916	5	0	5 001 916
Spiral II Hungary Kft **	0	144 526	5	144 526	0
Összesen:	41 407 390	21 365 263		16 543 247	46 229 406

* kamat: 4%

** kamat : EURIBOR + 3,25%

¹ A GTC Poland-tól kapott hitel év végi ártértékeléséből származó változás 905 922 e Ft árfolyamvesztés

² A Center Point I Kft-től kapott hitel év végi ártértékeléséből származó változás 97 031 e Ft árfolyamvesztés.

³ Az center Point II Kft-től kapott hitel év végi ártértékeléséből származó változás 41 517 e Ft árfolyamvesztés.

⁴ Az Amarantan Kft-től kapott hitel év végi ártértékeléséből származó változás 1 956 e Ft árfolyamvesztés.

⁵ Az GTC Whitehouse Kft-től kapott hitel év végi ártértékeléséből származó változás 9 080 e Ft árfolyamvesztés.

Szerződés szerint a hitelek teljes összege hosszú lejáratú, nincs az év közben törlesztő részlet.

13. Rövid lejáratú kötelezettségek

A kapcsolt vállalkozásokkal szemben fennálló rövid lejáratú kötelezettségek részletezése 2018. és 2019. december 31-én a következő:

	adatok ezer Ft-ban	
	2018.december 31.	2019.december 31.
GTC Duna Kft-vel szembeni tartozás	0	86
Center Point II Kft-vel szembeni tartozás	16	0
Kompakt Land Kft-vel szembeni tartozás	3 175	0
Riverside Kft-vel szembeni tartozás	25 000	0
Összesen	28 191	86

14. Egyéb rövid lejáratú kötelezettség

2018. és 2019. december 31-én az egyéb rövid lejáratú kötelezettségek összetétele a következő:

	adatok ezer Ft-ban	
	2018.december 31.	2019.december 31.
Bérek és bérjellegű adók	1 284	487
Innovációs járulék	0	131
Áfa	1 658	0
Autó lízing (nyílt végű)	0	273
Egyéb	100	146
Összesen	3 042	1 038

15. Passzív időbeli elhatárolások

A passzív időbeli elhatárolása egyenlegének részletezése 2018. és 2019. december 31-én a következő:

	adatok ezer Ft-ban	
	2018.december 31.	2019.december 31.
Kamat elhatárolás	10 162 948	10 859 059
Egyéb költségek	0	0
Összesen	10 162 948	10 859 059

16. Belföldi értékesítés nettó árbevétele

A Belföldi értékesítés nettó árbevétele egyenlegének részletezése 2018. és 2019. december 31-a következő:

	adatok ezer Ft-ban	
	2018	2019
Management díj	253 601	299 310
Könyvelési díj leányvállalatok részére	2 610	2 818
Közvetített szolg. egyéb részesedési viszonyban lévő vállalkozásoknak	1 118	1 946
Egyéb közvetített szolgáltatás	16 060	36 564
Összesen	273 390	340 638

17. Egyéb bevételek és egyéb ráfordítások

Az Egyéb bevételek egyenlegének részletezése 2018. és 2019. december 31-én a következő:

	adatok ezer Ft-ban	
	2018	2019
Értékesített, selejtezett tárgyi eszközök	1 305	4
Biztosítás bevétele	0	2 052
Egyéb bevétel	378	12
Összesen	1 682	2 067

Az Egyéb ráfordítások egyenlegének részletezése 2018. és 2019. december 31-a következő:

	adatok ezer Ft-ban	
	2018	2019
Iparüzési adó	4 940	5 786
Innovációs járulék	0	1 656
Egyéb adó	3 608	4 013
Tárgyi eszközök selejtezése, értékesítés	1 305	72
Késedelmi kamat	2	0
Bírságok, pótlékok	2 030	38
Kártérítés	0	11 376
Egyéb	9	33
Összesen	11 893	22 974

18. Anyag és Személyi jellegű ráfordítások

Az anyag és személyi jellegű ráfordítások egyenlegének részletezése 2018. és 2019. december 31-a következő:

	adatok ezer Ft-ban	
	2018	2019
Anyagköltség	10 301	13 183
Management díj	0	0
Számviteli szolgáltatás, könyvvizsgálat, adótanácsadás,	10 572	17 693
Bérszámfejtés	502	607
Iroda és parkoló bérlet	31 146	63 687
Telekommunikációs költségek	6 707	5 408
Utazás költségei	8 684	7 989
Marketing, Reklám	228	1 915
Fejvadász költségek	9 934	3 556
Oktatás, tréning	568	176
Ügyvédi szolgáltatás	24 528	20 025
Számítástechnikai szolgáltatások	4 477	3 862
Karbantartás (gépkocsi, irodai berendezés)	11 497	9 743
Posta, futár, szakkönyv	3 020	2 757
Egyéb	11 287	9 904
Bankköltség	2 608	3 332
Biztosítás	4 448	4 780
Hatósági díjak , illetékek	1 567	652
Egyéb	0	15
Közvetített szolgáltatások	16 096	38 161
	158 169	207 447
Béreköltség	186 036	439 254
Személyi jellegű egyéb kifizetések	17 569	11 013
Bérfelrakások	42 832	87 521
	246 437	537 788
Összesen	404 606	745 235

Az Iroda és parkoló bérlet 2019 februárig a Center Point I Kft-től, 2019 februártól pedig a GTC Duna Kft-től mint leányvállalattól származó bérelt irodához kapcsolódó költség.

19. Pénzügyi műveletek bevételei és ráfordításai

A 2018. és 2019. december 31-ével végződő években a pénzügyi műveletek bevételei a következők:

	adatok ezer Ft-ban	
	2018	2019
Leányvállalattól kapott kamat	1 174 635	1 345 675
Kapott bankkamat	0	0
Realizált árfolyamnyereség	48 253	417 024
Nem realizált árfolyamnyereség	0	0
Részesedés kivezésének árfolyamnyeresége	89 446	0
Kapott osztalék	1 592 041	855 018
Összesen	2 904 375	2 617 718

A 2018. és 2019. december 31-ével végződő években a pénzügyi műveletek ráfordításai a következők:

	adatok ezer Ft-ban	
	2018	2019
Tagi kölcsönök kamata	1 637 251	1 699 899
Pénzügyi lízing kamata	0	590
Realizált árfolyamvesztés	202 158	110 945
Nem realizált árfolyamvesztés	816 418	916 029
Részesedések értékvesztése	0	-295 539
Összesen	2 655 827	2 431 925

20. Társasági adó

A Társasági adó törvény szerinti adóalap és az adózás előtti eredmény közötti eltérések a 2018. és 2019. december 31-ével végződő évekre vonatkozóan a következők:

	2018	2019
Adózás előtti eredmény	97 740	-255 802
Adóalap csökkentő tételek:		
Kapott osztalék	1 592 041	855 018
Részesedés értékvesztésének visszaírása	0	602 222
Korábbi évek nem realizált árfolyamvesztésének feloldása	51 535	403 603
Értékcsökkenés miatti korrekció	11 958	17 855
Tőkeleszllítás nyeresége (Amarantan Kft)	89 446	0
Nem realizált árfolyamnyereség elhatárolása	845 166	0
összesen:	2 590 146	1 878 698
Adóalap növelő tételek:		
Részesedések értékvesztése (tőkeemelés)	0	0
Nem realizált árfolyamvesztés elhatárolása	1 655 073	974 830
Értékcsökkenés	9 381	16 163
Nem a vállalkozás érdekében felmerült költség, ráfordítás	0	0
Adóbírság	2 000	0
Bejelentett részesedés értékvesztése	0	589 672
Korábbi évek nem realizált árfolyam nyereségének feloldása	162 566	0
összesen:	1 829 020	1 580 665
Adóalap	-663 387	-553 835
Társasági adó	0	0

Jövedelem minimum alapján kalkulált társasági adó

	2018	2019
Az adózás előtti eredmény	97 740	-255 802
Társasági adó alapja	-663 387	-553 835
A vállalkozás összes bevétele	3 179 447	2 960 423
Korrigált összes bevétel:	3 179 447	2 960 423
Jövedelem (nyereség) minimum (2%)	63 589	59 208
A minimumadó összege	0	5 329

A társaság a számított minimumadó megfizetése helyett nyilatkozattétellel a tényleges adóalapja szerinti számított adó szerinti adózást választja.

21. Munkavállalók

A Társaság igazgatósága, üzletvezetése, felügyelő bizottsága részére nem került sor kifizetésre a 2018-es, illetve 2019-as üzleti év során.
2018-ben a foglalkoztatott munkavállalók átlagos statisztikai létszáma 14 fő, 2019-ban 18 fő. A munkavállalók szellemi foglalkozásúak.

Budapest, 2020. május 29.

.....
Yovav Carmi Robert Snow
Ügyvezetők

GTC MAGYARORSZÁG ZRT.
CASH FLOW KIMUTATÁS A 2019. DECEMBER 31-ÉN VÉGZŐDŐ ÉVRE

	2018	2019
I. Szokásos tevékenységből származó pénzeszköz-változás	1 225 609	1 062 058
1a. Adózás előtti eredmény	97 740	-255 802
ebből: működésre kapott, pénzügyileg rendezett támogatás	0	0
1b. Korrekciók az adózás előtti eredményben	539 335	916 030
1. Korrigált adózás előtti eredmény	0	660 228
2. Elszámolt amortizáció	9 381	16 091
3. Elszámolt értékvesztés és visszaírás	0	-295 539
4. Céltartalékképzés és felhasználás különbözete	0	0
5. Befektetett eszközök értékesítésének eredménye	-88 325	0
6. Szállítói kötelezettség változása	9 435	-7 439
7. Egyéb rövid lejáratú kötelezettség változása	-4 294	-2 004
8. Passzív időbeli elhatárolások változása	960 108	428 338
9. Vevőkövetelés változása	-9	5 951
10. Forgóeszközök (vevőkövetelés és pénzeszköz nélkül) változása	-4 500	1 211
11. Aktív időbeli elhatárolások változása	-293 262	255 221
12. Fizetett, fizetendő adó (nyereség után)	0	0
13. Fizetett, fizetendő osztalék, részesedés	0	0
II. Befektetési tevékenységből származó pénzeszköz-változás	-23 614	-3 536 054
14. Befektetett eszközök beszerzése	0	-37 926
15. Befektetett eszközök eladása	-23 614	72
16. Hosszú lejáratra nyújtott kölcsönök és elhelyezett bankbetétek törlesztése, megszüntetése, beváltása	0	23 483 377
17. Hosszú lejáratra nyújtott kölcsönök és elhelyezett bankbetétek	0	-26 981 577
18. Kapott osztalék, részesedés	0	0
III. Pénzügyi műveletekből származó pénzeszköz-változás	-1 140 699	3 766 510
19. Részvénykibocsátás, tőkebevonás bevétele	1	0
20. Kötvény, hitelviszonyt megtestesítő értékpapír kibocsátásának bev.	0	0
21. Hitel és kölcsön felvétele	11 401 887	20 309 758
22. Véglegesen kapott pénzeszköz	0	0
23. Részvénybevonás, tőke kivonás (tőkeleszállítás)	3 242 499	-1
24. Kötvény és hitelviszonyt megtestesítő értékpapír visszafizetése	0	0
25. Hitel és kölcsön törlesztése, -visszafizetése	-15 785 086	-16 543 247
26. Véglegesen átadott pénzeszköz	0	0
IV. Pénzeszközök változása	61 296	1 292 514
27. Devizás pénzeszközök ártértékelése	0	3 646
V. Pénzeszközök mérleg szerinti változása	61 296	1 296 160
Pénzeszközök év elején	834 864	896 160
Pénzeszközök év végén	896 160	2 192 320

A GTC Magyarország Zrt. főbb mérleg mutatói

(eFt-ban) 2.sz. melléklet

Mutatók		2018. évi		2019. évi	
<i>A vállalkozás anyagi, vagyoni helyzetének átfogó jellemzői</i>					
Tartósan befektetett eszközök aránya %	Befektetett eszközök	63 660 140	95,51 %	67 847 510	94,36 %
	Eszközök összesen	66 651 746		71 904 650	
Befektetett eszközök fedezettsége %	Saját tőke	15 037 598	23,62 %	14 781 796	21,79 %
	Befektetett eszközök	63 660 140		67 847 510	
Eszközök fordulat száma	Nettó árbevétel	273 390	0,00	340 638	0,00
	Eszközök összesen	66 651 746		71 904 650	
Forgóeszközök aránya	Forgóeszközök	917 657	1,38 %	2 206 682	3,07 %
	Eszközök összesen	66 651 746		71 904 650	
A tőke szerkezete	Kötelezettségek	41 451 200	62,19 %	46 263 795	64,34 %
	Összes forrás	66 651 746		71 904 650	
Saját tőke aránya	Saját tőke	15 037 598	22,56 %	14 781 796	20,56 %
	Összes forrás	66 651 746		71 904 650	
Saját tőke növekedési mutató	Saját tőke	15 037 598	48 913,89 %	14 781 796	295 635,92 %
	Jegyzett tőke	30 743		5 000	
Saját tőke fordulatszáma	Nettó árbevétel	273 390	0,02	340 638	0,02
	Saját tőke	15 037 598		14 781 796	
<i>Pénzügyi-likviditási helyzet mutatói</i>					
Likviditási mutató	Forgóeszközök	917 657	0,02	2 206 682	0,05
	Kötelezettségek	41 451 200		46 263 795	
Rövid távú lik. I.	Forgóeszközök	917 657	20,95	2 206 682	64,17
	Rövid lej. kötelezettségek	43 810		34 389	
Rövid távú lik. II.	Forgóeszközök-Követelések	-40 533 543	-925,21	-44 057 113	-1 281,14
	Rövid lej. kötelezettségek	43 810		34 389	
Gyorsráta mutató	Likvid pénzeszközök	896 160	20,46	2 192 320	63,75
	Rövid lej. kötelezettségek	43 810		34 389	
Hosszú távú likv. mutató	Üzleti tevékenység ered.	-150 808	0,00	-441 595	-0,01
	Kötelezettségek	41 451 200		46 263 795	
<i>Vállalkozás jövedelmi helyzetének átfogó jellemzéséhez</i>		2018. évi		2019. évi	
Nettó árbevétel változása %	Árbevétel Tárgyév	273 390	103,25 %	340 638	124,60 %
	Árbevétel Bázisév	264 777		273 390	
Üzleti tev. eredmény változása %	Üzleti tev. ered. Tárgyév	-150 808	88,50 %	-441 595	292,82 %
	Üzleti tev. ered. Bázisév	-170 399		-150 808	
Pénzügyi műv. eredmény változása %	Pénzügyi műv. er. Tárgyév	248 548	-74,69 %	185 793	74,75 %
	Pénzügyi műv. er. Bázisév	-332 795		248 548	
Adózás előtti eredmény változása %	Adózás előtti er. Tárgyév	97 740	-19,42 %	-255 802	-261,72 %
	Adózás előtti er. Bázisév	-503 194		97 740	
Adózott eredmény változása	Adózott er. Tárgyév	97 740	-19,32 %	-255 802	-261,72 %
	Adózott er. Bázisév	-505 968		97 740	
Tőkearányos eredmény %	Üzleti tev. eredm.	-150 808	-1,00 %	-441 595	-2,99 %
	Saját tőke	15 037 598		14 781 796	
Eszközhatékonyság %	Üzleti tev. eredm.	-150 808	-0,23 %	-441 595	-0,61 %
	Eszközök összesen	66 651 746		71 904 650	

	GTC Magyarország Zrt	Váci út 81-85. Kft.	Riverside Kft.	Sasad Resort Kft	GTC Metro Kft
Befektetett eszközök (e Ft)	67 786 706	20 925 736	420 047	0	10 708 848
Tárgyévi nettó árbevétel (e Ft)	340 638	0	0	0	1 036 495
Adózott eredmény (e Ft)	-255 802	756 024	7 376	-257 127	-263 457
Saját tőke (e Ft)	14 781 796	17 620 605	507 828	-4 572 829	4 767 918
Foglalkoztatott (fő)	18	0	0	0	0

	GTC Duna Kft	VRK Tower Kft	Amarantan Kft	GTC White House Kft	Spiral II Hungary Kft
Befektetett eszközök (e Ft)	25 053 478	4 577 912	71 738	0	0
Tárgyévi nettó árbevétel (e Ft)	2 111 424	0	0	1 434 948	1 148
Adózott eredmény (e Ft)	142 279	-148 176	3 083	7 031 144	-26 353
Saját tőke (e Ft)	10 416 488	3 172 804	75 651	6 757 583	-136 205
Foglalkoztatott (fő)	3	0	0	0	0

	Spiral I Kft	Albertfalva Kft	Kompakt Land Kft	ÖSSZESEN
Befektetett eszközök (e Ft)	18 912 297	1 123 768	14 203 105	163 783 635
Tárgyévi nettó árbevétel (e Ft)	1 708 262	0	2 504	6 635 420
Adózott eredmény (e Ft)	-320 656	-422 406	-61 869	6 184 059
Saját tőke (e Ft)	9 002 191	-215 668	9 135 676	71 313 837
Foglalkoztatott (fő)	1	0	4	26

Leányvállalat neve :	Váci út 81-85. Kft.	Riverside Kft.	Sasad Resort Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100%	100 % (közvetve) !	100%
Saját tőke összege :	17 620 605	507 828	-4 572 829
Jegyzett tőke összege :	1 003 000	701 000	20 000
Adózott eredménye :	756 024	7 376	-257 127

	GTC Metro Kft	GTC Duna Kft	VRK Tower Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100%	100%	100%
Saját tőke összege :	4 767 918	10 416 488	3 172 804
Jegyzett tőke összege :	9 000	3 001	3 001
Adózott eredménye :	-263 457	142 279	-148 176

	Amarantan Kft	GTC White House Kft	Spiral II Hungary Kft
Székhelye :	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22	Budapest, 1138 Népfürdő utca 22
Birtokolt részesedés :	100%	100%	100%
Saját tőke összege :	75 651	6 757 583	-136 205
Jegyzett tőke összege :	3 000	37 862	6 000
Adózott eredménye :	3 083	7 031 144	-26 353

	Spiral I Kft	Albertfalva Kft	Kompakt Land Kft
Székhelye :	Budapest, 1139 Váci út 81.	Budapest, 1139 Váci út 81.	Budapest, 1139 Váci út 81.
Birtokolt részesedés :	100%	100%	100%
Saját tőke összege :	9 002 191	-215 668	9 135 676
Jegyzett tőke összege :	3 000	3 000	180 000
Adózott eredménye :	-320 656	-422 406	-61 869

FÜGGETLEN KÖNYVVIZSGÁLÓI JELENTÉS

A GTC Magyarország Zrt. tulajdonosának

Vélemény

Elvégeztük a GTC Magyarország Zrt. („a Társaság”) 2019. évi éves beszámolójának könyvvizsgálatát, amely éves beszámoló a 2019. december 31-i fordulónapra készített mérlegből – melyben az eszközök és források egyező végösszege 71.904.650 E Ft, az adózott eredmény 255.802 E Ft veszteség -, és az ugyanezen időponttal végződő üzleti évre vonatkozó eredménykimutatásból, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó kiegészítő mellékletből áll.

Véleményünk szerint a mellékelt éves beszámoló megbízható és valós képet ad a Társaság 2019. december 31-én fennálló vagyoni és pénzügyi helyzetéről, valamint az ezen időponttal végződő üzleti évre vonatkozó jövedelmi helyzetéről a Magyarországon hatályos, a számvitelről szóló 2000. évi C. törvénnyel összhangban (a továbbiakban: „számviteli törvény”).

A vélemény alapja

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvények és egyéb jogszabályok alapján hajtottuk végre. Ezen standardok értelmében fennálló felelősségünk bővebb leírását jelentésünk „A könyvvizsgáló éves beszámoló könyvvizsgálataért való felelőssége” szakasza tartalmazza.

Függetlenek vagyunk a társaságtól a vonatkozó, Magyarországon hatályos jogszabályokban és a Magyar Könyvvizsgálói Kamara „A könyvvizsgálói hivatás magatartási (etikai) szabályairól és a fegyelmi eljárásról szóló szabályzata”-ban, valamint az ezekben nem rendezett kérdések tekintetében a Nemzetközi Etikai Standardok Testülete által kiadott „Könyvvizsgálók Etikai Kódexe”-ben (az IESBA Kódex-ben) foglaltak szerint, és megfelelünk az ugyanezen normákban szereplő további etikai előírásoknak is.

Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálati bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

Egyéb információk: Az üzleti jelentés

Az egyéb információk a GTC Magyarország Zrt. 2019. évi üzleti jelentéséből állnak. A vezetés felelős az üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A független könyvvizsgálói jelentésünk „Vélemény” szakaszában az éves beszámolóra adott véleményünk nem vonatkozik az üzleti jelentésre.

Az éves beszámoló általunk végzett könyvvizsgálatával kapcsolatban a mi felelősségünk az üzleti jelentés átolvasása és ennek során annak mérlegelése, hogy az üzleti jelentés lényegesen ellentmond-e az éves beszámolónak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényeges hibás állítást tartalmaz. Ha az elvégzett munkánk alapján arra a következtetésre juttunk, hogy az egyéb információk lényeges hibás állítást tartalmaznak, kötelességünk erről és a hibás állítás jellegéről jelentést tenni.

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A számviteli törvény alapján a mi felelősségünk továbbá annak megítélése, hogy az üzleti jelentés a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban van-e, és erről, valamint az üzleti jelentés és az éves beszámoló összhangjáról vélemény nyilvánítása.

Véleményünk szerint a GTC Magyarország Zrt. 2019. évi üzleti jelentése minden lényeges vonatkozásban összhangban van a GTC Magyarország Zrt. 2019. évi éves beszámolójával és a számviteli törvény vonatkozó előírásaival. Mivel egyéb más jogszabály a Társaság számára nem ír elő további követelményeket az üzleti jelentésre, ezért e tekintetben nem mondunk véleményt.

Az üzleti jelentésben más jellegű lényeges ellentmondás vagy lényeges hibás állítás sem jutott a tudomásunkra, így e tekintetben nincs jelentenivalónk.

A vezetés és az irányítással megbízott személyek felelőssége az éves beszámolóért

A vezetés felelős az éves beszámolónak a számviteli törvénnyel összhangban történő és a valós bemutatás követelményének megfelelő elkészítéséért, valamint az olyan belső kontrollért, amelyet a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő lényeges hibás állítástól mentes éves beszámoló elkészítése.

Az éves beszámoló elkészítése során a vezetés felelős azért, hogy felmérje a Társaságnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közvéetegy a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló éves beszámoló összeállításáért. A vezetésnek a vállalkozás folytatásának elvéből kell kiindulnia, ha ennek az elvnek az érvényesülését eltérő rendelkezés nem akadályozza, illetve a vállalkozási tevékenység folytatásának ellentmondó tényező, körülmény nem áll fenn.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

A könyvvizsgáló éves beszámoló könyvvizsgálataért való felelőssége

A könyvvizsgálat során célunk kellő bizonyosságot szerezni arról, hogy az éves beszámoló egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha ésszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott éves beszámoló alapján meghozott gazdasági döntéseit.

A Magyar Nemzeti Könyvvizsgálati Standardok szerinti könyvvizsgálat egésze során szakmai megítélést alkalmazunk és szakmai szkepticizmust tartunk fenn. Továbbá:

- Azonosítjuk és felmérjük az éves beszámoló akár csalásból, akár hibából eredő lényeges hibás állításainak a kockázatait, kialakítjuk és végrehajtjuk az ezen kockázatok kezelésére alkalmas könyvvizsgálati eljárásokat, valamint elegendő és megfelelő könyvvizsgálati bizonyítékot szerzünk a véleményünk megalapozásához. A csalásból eredő lényeges hibás állítás fel nem tárásának a kockázata nagyobb, mint a hibából eredőé, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását.

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- Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálati eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Társaság belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek ésszerűségét.
- Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló éves beszámoló összeállítása, valamint a megszerzett könyvvizsgálati bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Társaság vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívunk a figyelmet az éves beszámolóban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősítenünk kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálati bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Társaság nem tudja a vállalkozást folytatni.
- Értékeljük az éves beszámoló átfogó bemutatását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy az éves beszámolóban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.
- Az irányítással megbízott személyek tudomására hozzuk - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Társaság által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is, ha voltak ilyenek.

Budapest, 2020. május 28.

Buzás Dóra
Eurocliens Kft.
1133 Budapest, Ipoly u. 8., 6. emelet 8.
Nyilvántartási szám: 004198

Buzás Dóra
Nyilvántartási szám: 005614

Jelen könyvvizsgálói jelentést megfelelően aláírva, papír alapon is kibocsátottuk.

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3. Annex - IFRS Financial Statement (EUR) of the Issuer regarding the financial year 2019,
Supplementary Annex and Auditor's Report

GTC HUNGARY REAL ESTATE DEVELOPMENT PLTD.

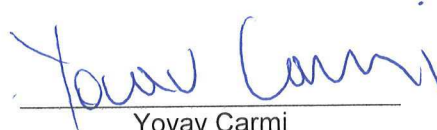
**IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

WITH THE INDEPENDENT AUDITOR'S REPORT

Budapest, 16 March 2020



Robert Snow
Chairman



Yovav Carmi
Director

GTC Hungary Real Estate Development PLtd.

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Independent Auditors' Report

To the Shareholder of GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság

Opinion

We have audited the consolidated annual financial statements of GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated annual financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated annual financial statements in Hungary, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 4 to the consolidated annual financial statements, which describes the basis of accounting. The consolidated annual financial statements are prepared for the Shareholder of GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság for the purpose of inclusion of GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság in Globe Trade Centre S.A group consolidation and for lending financial institutions. As a result, the consolidated annual financial statements may not be suitable for another purpose. Our report is intended solely for GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság and lending financial institutes and should not be distributed to or used by parties other than GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság or lending financial institutes. Our opinion is not modified in respect of this matter.

Responsibilities of management for the consolidated annual financial statements

Management is responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 16 March 2020



Zsuzsanna Bertalan
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

GTC Hungary Real Estate Development PLtd.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2019
(in thousands of Euro)

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Properties, plant and equipment	(16)	2,256	1,151
Investment property	(17)	259,419	237 741
Investment property landbank	(17)	65,398	43 421
Blocked deposits	(21)	1,354	1,376
Derivatives		134	-
		328,561	283,689
Assets held for sale	(18)	-	72,630
Current assets			
Trade receivables		3,125	240
Accrued income		286	147
Prepayments and deferred expenses		156	34
VAT receivable		595	537
Income tax receivable	(15)	133	128
Other current financial assets	(19)	44,611	-
Derivatives		36	-
Short-term deposits	(21)	2,978	3,998
Cash and cash equivalents	(20)	16,032	8,722
		67,952	13,806
TOTAL ASSETS		396,513	370,125
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	(2)	16	85
Share premium	(2)	-	109,118
Non-controlling interest holders transaction reserve		2,758	2,758
Foreign currency translation reserve		(2,818)	(2,027)
Cash-flow hedge reserve	(23)	(151)	(373)
Retained profit/(losses)		114,555	(26,820)
		114,360	82,741
Non-current liabilities			
Non-current portion of long-term borrowing, net of deferred debt expenses	(24)	106,430	106,175
Non-current portion of long-term loans from shareholders	(25)	135,782	151,095
Lease liability		37	-
Derivatives	(23)	266	225
Deferred tax liabilities	(15)	14,090	11,303
Deposits from tenants		1,354	1,376
		257,959	270,174
Current liabilities			
Trade payables and other payables	(22)	3,315	9,717
Deposits from tenants		261	254
Current portion of long-term borrowing	(24)	19,092	6,250
Lease liability current portion		25	-
VAT payable		356	440
Income tax payables		940	48
Advances received		136	316
Derivatives	(23)	69	185
		24,194	17,210
TOTAL EQUITY AND LIABILITIES		396,513	370,125

The accompanying notes are an integral part of this consolidated statement of financial position.

GTC Hungary Real Estate Development PLtd.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 31 December 2019
(in thousands of Euro)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Rental income	(8)	18,370	16,560
Service charge revenue	(9)	5,825	5,267
Residential revenue		-	-
Service charge costs	(9)	(5,792)	(5,166)
Residential costs		-	-
Gross margin from operations		18,403	16,661
Profit from revaluation / impairment of assets	(17)	27,771	17,679
Selling expenses	(10)	(502)	(852)
Administrative expenses	(11)	(2,020)	(1,424)
Other income, net	(13)	(67)	698
Profit from continuing operations before tax and finance income / cost		43,585	32,762
Finance income	(12)	751	1
Finance cost	(12)	(7,772)	(7,819)
Profit before tax		36,564	24,944
Taxation	(15)	(4,376)	(2,603)
Profit for the period		32,188	22,341
Gain / (loss) on cash flow hedge	(23)	244	(13)
Deferred tax (loss) / income on cash-flow hedge	(15)	(22)	1
Net gain / (loss) on cash-flow hedge		222	(12)
Foreign currency translation loss		(791)	(803)
Total comprehensive income for the period, net of tax		31,619	21,526

The accompanying notes are an integral part of this consolidated statement of profit or loss and other comprehensive income

GTC Hungary Real Estate Development PLtd.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019
(in thousands of Euro)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,564	24,944
Adjustments for			
Depreciation	(16)	114	53
Gain from revaluation/impairment of assets	(17)	(27,771)	(17,679)
Other income	(13)	-	(875)
Other finance expense (F/X)	(12)	64	411
Net interest expense	(12)	6,957	7,365
Operating cash flow before working capital changes		15,928	14,219
Changes in trade receivables		(378)	(53)
Changes in other current assets		22	(92)
Changes in trade and other payables		(394)	551
Cash generated in operations		15,178	14,625
Tax paid in the period	(15)	(723)	(577)
Net cash from operating activities		14,455	14,048
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on investments properties	(17)	(20,258)	(37,265)
Expenditure on asset held for sale		(6,691)	-
Decrease in short term investments		997	260
Purchase of PPE	(16)	(261)	(107)
Provided short term loan	(19)	(44,000)	-
Proceeds from disposal of investment properties	(17)	72,746	5,432
Net cash used in investing activities		2,533	(31,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings	(24)	(13,630)	(5,622)
Proceeds of long-term borrowings	(24)	27,525	3,024
Borrowing cost		(237)	-
Proceeds of shareholders loans		7,800	20,350
Repayment of shareholders loans	(25)	(24,113)	(3,631)
Proceeds of capital increase		-	10,000
Interest paid	(12)	(7,094)	(6,151)
Net cash generated in financing activities		(9,749)	17,970
Effect of foreign currency translation		71	(255)
Net (decrease)/increase in cash and cash equivalents		7,310	83
Cash and cash equivalents, at beginning of year		8,722	8,639
Cash and cash equivalents at the end of the period		16,032	8,722
Significant non-cash transaction:			
Non-paid expenditures on investment properties:		968	7,555
Capital restructuring		109,118	-
Reclassification from Investment Properties to Properties, plant and equipment:		899	-

The accompanying notes are an integral part of this consolidated statement of cash flows

GTC Hungary Real Estate Development PLtd.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019
(in thousands of Euro)

	Notes	Share Capital	Share Premium	Cash-flow hedge reserve	Foreign currency translation reserve	Non-controlling interest holders transaction reserve	Retained Earnings/ (Losses)	Total
Balances as of 1 January 2018		85	99,118	(361)	(1,224)	2,758	(49,161)	51,215
Issuance of shares capital and share premium	(*)	-	10,000	-	-	-	-	10,000
Other comprehensive loss		-	-	(12)	(803)	-	-	(815)
Profit for the period ended		-	-	-	-	-	22,341	22,341
Balances as of 1 January 2019		85	109,118	(373)	(2,027)	2,758	(26,820)	82,741
Issuance of shares capital and share premium	(7)	-	-	-	-	-	-	-
Other comprehensive loss		-	-	222	(791)	-	-	(569)
Profit for the period ended		-	-	-	-	-	32,188	32,188
Capital restructuring		(69)	(109,118)	-	-	-	109,187	-
Balances as of 31 December 2019		16	-	(151)	(2,818)	2,758	114,555	114,360

* The Company raised capital in the amount of EUR 10 million from its sole-shareholder of the Company. The capital raise was performed through private placement of one Class "A" share as of 27 August 2018 and subsequently registered as of 1 October 2018. The proceeds were utilized to the acquisition of a land plot with an existing office building in Vaci Corridor adjacent to Center Point I and II office buildings in Budapest.

The accompanying notes are an integral part of this consolidated statement of changes in equity

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2019
(in thousands of Euro)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities

GTC Hungary Real Estate Development Pltd. (the "Company", "GTC") was registered in Budapest in September 1998. The Company's registered office is 1138 Budapest, 22 Népfürdő Road. The Company owns commercial office and residential companies in Budapest, Hungary. The Company is developing, and leasing or selling space to commercial and individual tenants, through its directly and indirectly owned subsidiaries (together "the Group").

The Group's business activity is development and rental of office. There is no seasonality in the business of the Group companies.

As of 31 December 2019, and 2018 the number of full time equivalent personnel working in the Group companies was 27 and 28, respectively.

2. Shareholders structure

The Company is a fully-owned subsidiary of Globe Trade Center S.A. ("GTC Poland", "GTC SA"), a company is primary listed on the Warsaw Stock Exchange (WSE) and is inward listed on Johannesburg stock exchange (JSE). The major shareholder of the GTC SA is GTC Dutch Holdings B.V, controlled by Lone Star, a global private equity firm. See the description of new share issues in Note 7.

Share capital comprises the following as of 31 December 2019:

Shares	Authorized in HUF	Issued and fully paid in EURO	Issued and fully paid in HUF	Nr of shares issued	Nominal value in HUF
Class "B" Common shares	2 501 000	8 042	2 501 000	2 501	1 000
Class "A" Preference shares	2 499 000	8 035	2 499 000	2 499	1 000
TOTAL	5 000 000	16 077	5 000 000	5 000	

Share capital comprises the following as of 31 December 2018:

Shares	Authorized in HUF	Issued and fully paid in EURO	Issued and fully paid in HUF	Nr of shares issued	Nominal value in HUF
Class "B" Common shares	23 811 000	66 223	23 811 000	23 811	1 000
Class "A" Preference shares	6 912 000	19 186	6 912 000	6 912	1 000
Class "D" Preference shares	20 000	56	20 000	20 000	1
TOTAL	30 743 000	85 465	30 743 000	50 723	

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

3. Functional and presentation currencies

The functional currency of GTC is Euro. The functional currency of some of GTC's subsidiaries is other than Euro (see Note 6).

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 reserve" without effecting earnings for the period.

4. Basis of presentation

The Company maintains its books of account in accordance with the accounting principles and practices employed by enterprises in Hungary as required by Hungarian accounting regulations. The accompanying consolidated financial statements reflect certain adjustments not reflected in the Company's books to present these statements in accordance with standards issued by the International Accounting Standards Board. There is no a statutory obligation to prepare consolidated financial statement. The purpose of the consolidated financial statement to support consolidation of the Company into GTC SA audited consolidated financial statements and present consolidated performance for lending banks.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("EU IFRS"). At the date of authorization of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

(a) Going concern

The Group's policies and processes are aimed at managing the Group's capital, financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through generation of operating cash-flows from rental income. Further details of liquidity risks and capital management processes are described in Note 26.

As of 31 December 2019, the Group's net working capital (defined as current assets less current liabilities) was amounted to Euro 45 million.

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

(b) Changes in accounting policies

The accounting policies adopted in the preparation of the attached consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

4. Basis of presentation (continued)

Standards issued and effective for financial years beginning on or after 1 January 2019:

- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) – effective for financial years beginning on or after 1 January 2019;

The Company's assessment is that above changes (new standards/ amendments) has no material impact.

Standards issued but not yet effective:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- *Amendments to References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IFRS 3 *Business Combinations* (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: *Definition of Material* (issued on 31 October 2018) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform* (issued on 26 September 2019) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

4. Basis of presentation (continued)

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

The Group plans to adopt all new standards on the required effective date and will not restate comparative information. The Group does not expect significant impact on its statement of financial position and equity.

5. Accounting Policies

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for completed investment properties, investment properties under construction ('IPUC') if certain condition described in note 5(c) ii are met, and derivative financial instruments that have been measured at fair value.

(b) Properties, Plant and Equipment

Properties, Plant and equipment consist of vehicles, owner-occupied property and equipment. Plant and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Reassessment of the useful life and indications for impairment is done each quarter. The following depreciation rates have been applied:

	Depreciation rates
Equipment	10 -33 %
Properties	2%
Vehicles	20 %

Assets under construction other than investment property are shown at cost. The direct costs paid to subcontractors for the improvement of the property are capitalized into construction in progress. Capitalized costs also include borrowing costs, planning and design costs, construction overheads and other related costs. Assets under construction are not depreciated.

(c) Investment properties

Investment property comprises of a land plot or a building or a part of a building held to earn rental income and/or for capital appreciation and property that is being constructed or developed for future use as investment property (investment property under construction).

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognized in the profit or loss for the year in which it arose, after accounting for the related impact on deferred tax.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

5. Accounting Policies (continued)

(i) Completed Investment properties

Investment properties are stated at fair value according to the fair value model, which reflects market conditions at the reporting date.

Completed investment properties were externally valued by independent appraisers as of 31 December 2019 based on open market values. Completed properties are either valued on the basis of discounted cash flow or - as deemed appropriate – on basis of the Income capitalization or yield method.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(ii) Investment property under construction ('IPUC')

The Group revalues IPUC, for which a substantial part of the development risks has been eliminated. Assets, for which this is not the case, are presented at the lower of cost or recoverable amount.

Land is reclassified to IPUC at the moment, at which active development of this land begins.

The Group has adopted the following criteria to assess whether the substantial risks are eliminated with regard to particular IPUC:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letter of intents).

The fair values of IPUC were determined, as at their stage at the end of the reporting period. Valuations were performed in accordance with RICS and IVSC Valuation Standards using either the residual method approach, DCF or sales comparison approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The future assets' value is estimated based on the expected future income from the project, using yields that are higher than the current yields of similar completed property. The remaining expected costs to completion are deducted from the estimated future assets value.

For projects where the completion is expected in the future, also a developer profit margin of unexecuted works, was deducted from the value.

(iii) Hierarchy of investment property

Fair value hierarchy is based on the sourced of input used to estimate the fair value:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.
All investment properties are categorized in Level 2 or Level 3 of the fair value hierarchy.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

5. Accounting Policies (continued)

The Group considered all investment value under construction carried at fair value as properties categorized in Level 3.

The Group considered completed investment properties as properties categorize in Level 2 or Level 3, based on the liquidity in the market it operates.

(d) Investment in associates

Investment in associates is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the associate.

(e) Investment in Joint Ventures

Investment in Joint Ventures is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the Joint Ventures.

(f) Lease origination costs

The costs incurred to originate a lease (mainly brokers' fees) for available rental space are added to the carrying value of investment property until the date of revaluation of the related investment property to its fair value. If as of the date of revaluation carrying value is higher than fair value the costs recognized in the profit or loss.

(g) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This requirement can be fulfilled only if the occurrence of a sale transaction is highly probable, and the item of assets is available for immediate sale in its present condition. The classification of an asset as held for sale assumes the intent of entity's management to realize the transaction of sale within one year from the moment of asset classification to the held for sale category. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

(h) Advances received

Advances received (related to pre-sales of residential units) are deferred to the extent that they are not reflected as revenue as described below in Note 5(j).

(i) Rental revenue

Rental revenues result from operating leases and are recognized as income over the lease term on a straight-line basis.

(j) Interest and dividend income

Interest income is recognized on an accrual basis using the effective interest method that is the rate that exactly discounts estimated future cash flows through the expected life of financial instruments to the net carrying amount of the underlying financial asset or liability.

Dividend income is recognized when the shareholders' right to receive payments is established.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

5. Accounting Policies (continued)

(k) Contract revenue and costs recognition

Group has the following revenue stream:

- **Rental income.** The main source of income of the Group, which is charged to tenants on monthly basis, based on rent fee rate, agreed in contract.
- **Service charge** represents income from charging of maintenance costs (cleaning, security costs, management fee etc.) to tenants. Service charge is billed on monthly basis, based on service fee rate, agreed in Contract, which represents the best estimate for particular project. Allocation of service charge to tenants is done based on leased area.

Heating, water and sewage are billed separately on monthly basis, based on leased area and rates, agreed in Contact.

Service charge revenue under IFRS 15.

Service charge revenue is recognised under IFRS 15 when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Group recognizes two kind of performance obligations in the Group:

- **Acting as an agent.** Some tenants install counters for electricity. In this case the invoices for electricity are billed through GTC entities and addressed to the tenants directly. The Group recognizes cost and corresponding income at the same amount. For financial statement purpose such income and expenses are disclosed on net basis, as GTC acts as an agent.
- **Acting as a principal.** In the other cases, all service charges are billed to GTC entities on monthly basis. The Group bills the tenants based on the rates in the contract on monthly basis. By the end of the year, the Group does reconciliation of actual service charges costs vs. billed one, and then bill for deficit or return the overpayment to the tenant if it is required. For financial statement purpose such expenses are disclosed on gross basis, as GTC acts as a principal.

The costs related to the real estate development incurred during the construction period are capitalized in inventory. Once revenue is recognised, the costs in respect of sold units are expensed.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

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5. Accounting Policies (continued)

(m) Share issuance expenses

Share issuance costs are deducted from equity (share premium), net of any related income tax benefits.

(n) Income taxes & other taxes

The current provision for corporate income tax for the Group companies is calculated in accordance with tax regulations ruling in particular country of operations and is based on the profit or loss reported under relevant tax regulations.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured using the tax rates enacted to taxable income in the years in which these temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which each company of the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

At each reporting date, the Group companies re-assess unrecognized deferred tax assets and the carrying amount of deferred tax assets. The companies recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The companies conversely reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset that might be utilized.

Deferred tax relating to items recognized outside profit or loss is also recognized outside profit or loss: under other comprehensive income if relates to items recognized under other comprehensive income, or under equity – if relates to items recognized in equity.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes that are levied by the same taxation authority.

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5. Accounting Policies (continued)

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables, which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

If according to the Group's assessment it is probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group determines taxable income (tax loss), tax base, unused tax losses and unused tax credits and tax rates, after considering in its tax return the applied or planned approach to taxation.

If the Group ascertains that it is not probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group reflects the impact of this uncertainty in determining taxable income (tax loss), unused tax losses, unused tax credits or tax rates. The Group accounts for this effect using the following methods:

- determining the most probable amount – it is a single amount from among possible results; or
- providing the expected amount – it is the sum total of the amounts weighted by probability from among possible results.

(o) Foreign exchange differences

For companies with Euro as functional currency, transactions denominated in a foreign currency (including Hungarian Forint) are recorded in Euro at the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at period-end using period-end exchange rates. Foreign currency translation differences are charged to the income statement.

(p) Interest bearing loans and borrowings and debt securities

All loans and borrowings and debt securities are initially recognized at fair value, net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings and debt securities are measured at amortized cost using the effective interest rate method, except for liabilities designated as hedged items, which are measured in accordance with hedge accounting policies, as described in Note 5 (v).

Debt issuance expenses are deducted from the amount of debt originally recognized. These costs are amortized through the income statement over the estimated duration of the loan, except to the extent that they are directly attributable to construction. Debt issuance expenses represent an adjustment to effective interest rates.

Amortized cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognized in profit or loss when the liabilities are derecognized.

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5. Accounting Policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (k) Contract revenue and costs recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

(i) *Financial assets at amortized cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables, loans to associate and short-term deposits under current financial assets.

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5. Accounting Policies (continued)

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have such debt instruments.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 39 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have such equity instruments.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Group does not have such instruments.

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5. Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(v) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

(vi) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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5. Accounting Policies (continued)

The table below presents the categorization of financial assets and liabilities:

Item	Category	Measurement
	<u>Financial assets/liabilities</u>	
Cash and cash equivalents	Held for trading	Fair value – adjusted to income statements
Short-term investments – restricted cash	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Trade payables; accruals and other payables	Other financial liabilities	Amortized cost
Non-current Loans and its current portion		Amortized cost
Non-current tenants' deposits		Amortized cost
Long term payables		Amortized cost
Interest Rate Swaps	Hedging (cash flow hedges)	Fair value – adjusted to other comprehensive income (effective portion) / adjusted to income statements (ineffective portion)
Interest rate Cap	Hedging (cash flow hedges)	Fair value – adjusted to profit or loss

(r) Cash and cash equivalents

Cash comprises cash on hand and on-call deposits. Cash equivalents are short-term highly liquid investments that readily convert to a known amount of cash and which are subject to insignificant risk of changes in value.

(s) Accounts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section r) Financial instruments – initial recognition and subsequent measurement. The carrying amount of accounts receivables is equal to its fair value.

(t) Impairment of non-current assets.

The carrying value of assets is periodically reviewed by the Management Board to determine whether impairment may exist. In particular, the Management Board assessed whether the impairment indicators exist. Based upon its most recent analysis management believes that any material impairment of assets that existed at the reporting date, was reflected in these financial statements.

(u) Purchase of shares of non-controlling interest

If the Group increases its share in the net assets of its controlled subsidiaries the difference between the consideration paid/payable and the carrying amount of non-controlling interest is recognized in equity attributable to equity holders of the parent.

(v) Derivatives and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and cap, to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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5. Accounting Policies (continued)

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss recognized in equity is transferred to net profit or loss for the year.

For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly to net profit and loss of the year.

The fair value of FX forwards interest rate swaps and caps contracts is determined by reference to market values for similar instruments.

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5. Accounting Policies (continued)

(w) Estimations

The preparation of financial statements in accordance with International Financial Reporting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at balance date. The actual results may differ from these estimates.

Investment property represents property held for long-term rental yields. Investment property is carried at fair value which is established at least annually by an independent registered valuer based on discounted projected cash flows from the investment property using the discounts rates applicable for the local real estate market and updated by Management judgment. The changes in the fair value of investment property are included in the profit or loss for the period in which it arises.

The group uses estimates in determining the amortization rates used.

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. In selecting the appropriate methods and assumptions, the Group applies professional judgment.

The Group recognizes deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable.

(x) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Significant accounting judgements related to investment property under construction are presented in Note 5 c) (ii).

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

On the basis of the assessment made, the Group has reclassified part of inventory from current assets to residential landbank in non-current assets.

The Group determines whether a transaction or other event is a business combination by applying the definition of business in IFRS 3.

Deferred tax with respect to outside temporary differences relating to subsidiaries, branches associates, and joint agreements was calculated based on estimated probability that these temporary differences will be realized in the foreseeable future.

The Group also makes assessment of probability of realization of deferred tax asset. If necessary, the Group decreases deferred tax asset to the realizable value.

The group uses judgements in determining the settlement of share-based payment in cash.

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5. Accounting Policies (continued)

(y) Basis of Consolidation

The consolidated financial statements comprise the financial statements of GTC and the financial statements of its subsidiaries for the year ended 31 December 2019.

The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company, using consistent accounting policies, and based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intercompany balances and transactions, including unrealized gains arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless they indicate impairment.

(z) Provisions

Provisions are recognized when the Group has present obligation, (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

(aa) Short term deposits

Short-term 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. Deposits related to loan agreements can be used anytime (for the defined purposes upon approval of the lender), as so, they are presented within current assets.

(ab) Deposits from tenants

Deposits from tenants include deposits received from tenants to secure the obligation of the tenants towards the landlord. The deposits are refundable in the end of the lease.

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6. Projects' description and basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries (hereinafter: Group) listed below as at the end of each year. In brackets, we mention the name of the project the subsidiary is part of as of 31 December 2019.

	Consolidated subsidiaries	Functional currency	31 December 2019	31 December 2018
1	Váci Út 81-85 Ltd. (Center Point I + II)	EUR	100%	100%
2	Center Point I. Ltd. (Center Point I)	EUR	100%	100%
3	Center Point II. Ltd. (Center Point II + III)	EUR	100%	100%
4	Riverside Apartments Ltd. (Riverside) ⁽¹⁾	HUF	100%	100%
5	River Loft Ltd. (River Loft) ⁽²⁾	HUF	-	100%
6	SASAD Resort Ltd. (Sasad)	HUF	100%	100%
7	GTC Metro Ltd. (Metro)	EUR	100%	100%
8	Albertfalva Ltd. (Szeremi Gate)	EUR	100%	100%
9	Amarantan Ltd. (Vasas)	EUR	100%	100%
10	Spiral I. Ltd. (Spiral I)	HUF	100%	100%
11	Spiral II. Ltd. (Spiral II)	EUR	-	100%
12	GTC White House Ltd. (White House)	EUR	100%	100%
13	GTC Duna Ltd. (Duna Tower)	EUR	100%	100%
14	VRK Tower Ltd. (Twist)	EUR	100%	100%
15	Kompakt Land Ltd. (Pillar)	EUR	100%	100%

⁽¹⁾ The company is under liquidation

⁽²⁾ The company has been liquidated

1. GTC Hungary Pltd. holds 100% of Váci Út 81-85 Ltd. Váci Út 81-85 Ltd. owns the land for the Center Point I and Center Point II projects.
2. Váci út 81-85 Kft holds 100% of Center Point I Ltd. Center Point I. Ltd. owns an office building in Budapest, Hungary.
3. Váci út 81-85 Kft holds 100% of Center Point II Ltd. Center Point II. Ltd owns an office building and a land plot with existing office building designated for future office projects in Budapest, Hungary.
4. GTC Hungary Pltd. holds 100% of Riverside Apartments Ltd. As of 1 April 2016, the Company started the voluntary liquidation of the subsidiary.
5. Riverside Apartments Ltd. held 100% of River Loft Ltd. As of 1 April 2016, River Loft Ltd. started the voluntary liquidation of the subsidiary, which was concluded on 10 September 2018 and the deletion was registered as of 12 June 2019 by Company Court.
6. GTC Hungary Pltd. holds 100% of SASAD Resort Ltd. Sasas Resort Ltd. developed residential units for sale in Budapest, Hungary and held residential land banks which were sold in 2016.
7. GTC Hungary Pltd. holds 100% of GTC Metro Ltd. GTC Metro Ltd. owns an office building in Budapest, Hungary.
8. GTC Hungary Pltd. holds 100% of Albertfalva Ltd. Albertfalva Ltd. owns land plots.

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6. Projects' description and basis of consolidation (continued)

9. GTC Hungary Pltd. holds 100% of Amarantan Ltd. Amarantan Ltd. owned land plots which were sold in 2018.
10. GTC Hungary Pltd. holds 100% of Spiral I Ltd (formerly Spiral Holding Ltd). Spiral I. Ltd. owns an office building in Budapest, Hungary.
11. GTC Hungary Pltd. holds 100% of Spiral II Ltd. Spiral II. Ltd. owned land plots which were sold in 2019 and it merged into Center Point I Kft as of 31 December 2019 (See Note 7).
12. GTC Hungary Pltd. holds 100% of GTC White House Ltd. GTC White House Ltd owned an office building which was sold in 2019 (Note 7).
13. GTC Hungary Pltd. holds 100 % of GTC Duna Ltd. GTC Duna Ltd. owns an office building in Budapest, Hungary
14. GTC Hungary Pltd. holds 100 % of VRK Tower Ltd. VRK Tower Ltd. owns land plots designated for future office projects.
15. GTC Hungary Pltd. holds 100 % of Kompakt Land Ltd. Kompakt Land Ltd. owns a future office project under construction.

All inter-company balances and transactions are eliminated on consolidation.

7. Events in the period

On 12 June 2019 River Loft Ltd. was liquidated.

On 13 June 2019 the full purchase price in the amount of EUR 3.4 million was paid for the land plot owned by Spiral II Ltd. and the land ownership was transferred.

On 20 June 2019 a sale and purchase agreement was signed between GTC White House Ltd and a German real estate investment group for the purpose of selling the GTC White House office building for a consideration in the amount of gross EUR 72 million. The closing date of the transaction was 26 August 2019. As of 31st December 2019 the full purchase price less the purchase price adjustments was paid.

On 2 July 2019, Center Point I Kft, Center Point II Kft, GTC Duna Kft. and Vaci Ut 81-85 Kft wholly owned subsidiaries of the Company ("Subsidiaries") signed a refinancing loan agreement with OTP Bank increasing the existing loan amount to EUR 93 million with a bearing interest of 3M EURIBOR +2.35% p.a.. The amortization profile for the first five years shall be 3.45% p.a. and the maturity is 30 June 2031.

On 4 July 2019 renewal of lease agreement with Budapest Bank has been signed for an additional five years period by GTC Metro Kft. The renewed lease will expiry by 31 May 2025 for total office area of 16,192 sqm.

On 30 August 2019 renewal of lease agreement with National Tax Authority has been signed by Spiral I Kft. The renewed lease will expiry by the 1 May 2026 for total office area of 28,646 sqm.

On 30 August 2019 the shareholders of the Company have passed a resolution authorizing a capital restructuring of the company with an aim to increase the retained earnings. First HUF 18.9 billion were transferred into retained earnings to compensate the accumulated losses from previous years. Afterwards, HUF 15 billion were capitalized into share capital and subsequently reduced to be converted into retained earnings available for a future dividend distribution.

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7. Events in the period (continued)

On 14 October 2019 lease agreement with Exxon has been signed for seven years period for total office area of 27,333 sqm in Pillar project. The occupancy of the future office building project reached 94%.

On 24 October 2019 renewal of lease agreement with IBM has been signed for an additional five years period by GTC Duna Kft. The renewed lease will expiry by the 15 November 2024 for total office area of 7,229 sqm.

On 12 December 2019 a loan agreement was signed with Unicredit Bank for financing the Pillar project. The total facility amount is EUR 57 million (development facility: EUR 47 million, top up completion EUR 10 million). The Company will start the disbursement of loan from Q2 2020.

On 31 December 2019 Spiral II Ltd. was merged into Center Point I Kft.

8. Rental income

Rental income comprises of the following:

	2019	2018
Rental income (excluding straight-lining of lease incentives)	18,561	16,479
Straight-lining of lease incentives (Note 17)	(191)	81
Rental income	18,370	16,560

Future minimum rentals receivable under operating leases from completed projects are, as follows:

	31 December 2019	31 December 2018
Within 1 year	18,507	16,865
After 1 year, but not more than 5 years	63,301	21,590
More than 5 years	31,909	648
	113,717	39,103

9. Service recharge income and costs

	31 December 2019	31 December 2018
Service revenue	5,825	5,267
Service costs	5,792	5,166
Gross margin on services	33	101

Service recharge cost relate to investment properties, which generate rental income. Income arising from cost recharged to tenants is recognized in the period in which the cost can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the Group acts as principal in this respect.

10. Selling expenses

Selling expenses comprise the following:

	31 December 2019	31 December 2018
Payroll and related expenses	434	305
Advertising and marketing	68	547
	502	852

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11. Administration expenses

Administration expenses comprise the following:

	31 December 2019	31 December 2018
Remuneration and fees	1,400	846
Audit and valuations	145	145
Legal and tax advisers	109	81
Office and insurance expenses	124	135
Travel expenses	86	91
Depreciation	115	54
Investors relations and other expenses	41	72
Total	2,020	1,424

12. Finance income and finance cost

Finance income comprise the following:

	31 December 2019	31 December 2018
Foreign exchange gain	140	-
Interest income	611	1
Total	751	1

Finance costs comprise the following:

	31 December 2019	31 December 2018
Foreign exchange loss	-	303
Interest expenses	7,569	7,367
Bank costs and depreciation of borrowing costs	203	149
Total	7,772	7,819

The average interest rate (including hedges) on the Group's loans as of 31 December 2019 was 4% p.a. (3.5% p.a. as of 31 December 2018).

13. Other income, net

Other income, net comprises the following:

	31 December 2019	31 December 2018
Derecognition of legally expired liabilities	-	875
Land cost and other (expenses)/income	(67)	(177)
Other income, net	(67)	698

14. Segmental analysis

All the Company's activities and assets are located in Budapest, Hungary.

The Company hasn't identified different operating segments based on its business activity. At the end of 2016 the Company sold the majority of residential projects and the Company has operation only in office segment.

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15. Taxation

The major components of tax expenses are as follows:

	31 December 2019	31 December 2018
Current year tax expense	(1,596)	(529)
Previous year tax expense	(15)	(26)
Deferred tax expense	(2,765)	(2,048)
Total income tax expense	(4,376)	(2,603)

The Company pay taxes in jurisdiction of Hungary. The Company does not constitute a tax group under Hungarian legislation. Therefore, every subsidiary in the Company is a separate taxpayer.

Components and movements of the deferred tax liabilities are as follows:

	As of 1 January 2018	credit/ (charge) to income statement	charge to equity	As of 31 December 2018	credit/ (charge) to income statement	charge to equity	As of 31 December 2019
Fair value adjustment of assets	(9,983)	(2,586)		(12,569)	(2,562)		(15,131)
Tax loss carry forward	1,368	448	-	1,816	(296)	-	1,520
Revaluation of an interest rate swap (cash flow hedge) to fair value	36	-	1	37	-	(22)	15
Financial instruments (*)	(677)	90	-	(587)	93	-	(494)
Total	(9,256)	(2,048)	1	(11,303)	(2,765)	(22)	(14,090)

(*) Mostly deferred foreign exchange gain and deferred loan cost

The reconciliation between the deferred tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	31 December 2019	31 December 2018
Accounting profit before tax	36,564	24,944
Accounting profit at the applicable corporate income tax rate of 9%	(3,290)	(2,245)
Tax effect of expenses that are not deductible in determining taxable profit	-	(136)
Unrecognized deferred tax asset, net	(671)	(141)
Carry forwards tax losses for which no deferred tax assets were recognized	69	233
Local tax on income, net	(317)	(359)
Tax benefit on heritage building	609	-
Deferred tax recognized on investment properties reclassified to IPUC on fair value	(1,057)	-
Exchange differences in Euro companies	266	55
Previous years income tax	15	(10)
Tax expense	(4,376)	(2,603)

The components of the deferred tax balance were calculated at a Corporate Income Tax rate of 9%.

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15. Taxation (continued)

Deferred tax losses

Losses carried forward may be utilized to decrease the corporate income tax base up to 50% of income tax base in any one year. The limitation of the utilization of losses carried forward is five years for the tax losses generated after 1 January 2015. The Company can use the losses incurred by the end of the 2014 tax year until 2030 based on FIFO method. The Company recognizes deferred tax assets only on those Company's subsidiaries' carry forward losses where there is plan that, future taxable profits will be available against loss-carry forward. The Company's subsidiaries have utilizable losses carried forward as of 31 December 2019 and 2018 in the amount of approximately Euro 112.3 million and Euro 114.2 million, respectively. The Company hasn't recognized deferred tax assets for losses carried forward as of 31 December 2019 and 2018 in the amount of approximately Euro 99,3 million and Euro 94,2 million, respectively.

16. Properties, Plant and Equipment

The movements in properties, plant and equipment for the years ended 31 December 2019 and 2018 were as follows:

	Owner-occupied property	Vehicles	Other	Total
Cost				
As at 1 January 2019	1,008	106	234	1,348
Additions	183	94	45	322
Transfers from investment properties	1,863	-	-	1,863
Disposals	-	-	(51)	(51)
Transfers to investment properties	(1,008)	-	-	(1,008)
Translation adjustment	-	-	(1)	(1)
Gross book value as at 31 December 2019	2,046	200	227	2,473
Accumulated Depreciation				
As at 1 January 2019	40	13	144	197
Depreciation for the period	36	28	51	115
Transfers to investment properties	(45)	-	-	(45)
Translation adjustment	-	-	(1)	(1)
Disposals	-	-	(49)	(49)
Accumulated depreciation as at 31 December 2019	31	41	145	217
Net book value as at 31 December 2019	2,015	159	82	2,256
	Owner-occupied property	Vehicles	Other	Total
Cost				
As at 1 January 2018	1,002	50	202	1,254
Additions	6	56	45	107
Disposals	-	-	(14)	(14)
Translation adjustment	-	-	1	1
Gross book value as at 31 December 2018	1,008	106	234	1,348

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16. Properties Plant and Equipment (continued)

	Owner-occupied property	Vehicles	Other	Total
Accumulated Depreciation				
As at 1 January 2018	20	1	131	152
Depreciation for the period	20	12	21	53
Translation adjustment			6	6
Disposals	-	-	(14)	(14)
Accumulated depreciation as at 31 December 2018	40	13	144	197
Net book value as at 31 December 2018	968	93	90	1,151

17. Investment Property

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

Investment property can be split up as follows:

	31 December 2019	31 December 2018
Completed investment property	259,419	237,742
Investment property under construction	36,600	-
Investment property landbank at cost	28,798	43,421
Total	324,817	281,162

The movements in investment properties for the year ended 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019	31 December 2018
Fair value as of 1 January	281,162	294,237
Additions to investments properties ***	18,055	44,308
Translation adjustment**	(1,339)	(1,762)
Reduction of lease income (SIC 15)*	(191)	81
Adjustment to fair value, net	27,771	17,679
Borrowing cost capitalized****	259	586
Transfers to property, plant and equipment	(900)	-
Reclassification to assets held for sale (Note 18)	-	(73,400)
Investment properties plots sold	-	(567)
Fair value as of 31 December	324,817	281,162

(*) Fair value of investment property reflect the impact of rent incentive provided for tenants which is presented separately in this disclosure in line with paragraph 4 of SIC 15.

(**) The functional currency in Spiral I is HUF.

(***) The additions are related to Pillar – IPUC, completion of fit-out works in GTC White House and a general CAPEX and fit-out works on the completed office buildings.

(****) Capitalized borrowing costs on development projects in an amount of EUR 259 thousand (2018: EUR 586 thousand), that represents borrowing costs capitalized during the year using a capitalization rate of 4%.

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17. Investment Property (continued)

The fair value gain from investment properties comprise of:

	31 December 2019	31 December 2018
Fair value gain of properties completed in prior years, net	19,928	1,025
Fair value gain of properties under construction, net	8,827	16,587
Fair value (loss) / gain of properties plots, net	(1,100)	67
Fair value gain of asset held for sale	116	-
Total fair value gain from investment properties	27,771	17,679

The valuations had been determined on a market value basis in accordance with the RICS valuation Standards. The valuation was performed by Savills Sp and Cushman & Wakefield, accredited independent valuers with a recognized and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

Management is constantly monitoring its assets and believes that the value of assets as at the end of December 2019 reflects the current macroeconomic climate and expectations.

As of 31 December 2019 investment properties includes the following projects:

(a) Completed investment property

- Center Point 1 (office)
- Center Point 2 (office)
- Spiral 1 (office)
- Metro (office)
- Duna Tower (office)
- Center Point 3 (office)

The assumptions used in the valuations of the completed investment property are as follows (the content of assumptions changed from prior year):

	31 December 2019	31 December 2018
Book value	259,419	237,741
Valuation technique	DCF	DCF
GLA Thousand sqm (office)	125	125
Average ERV per building (range)	6.9 -15.5	7.5 -14.3
Actual rent (including parking)	6.9-15.3	6.9-13.8
Yield (range)	7.05%-8%	7.3%-8%
Average occupancy	96.5%	97.8%
Average duration (years)	3.5	1.9
Category	Level 2	Level 2

(b) Investment property landbank:

- Szeremi Gate (office)
- VRK Tower (office)
- Center Point III (office)

	31 December 2019	31 December 2018
Book value	28,798	43,421
Valuation technique	Comparison/Residual	Comparison/Residual
Estimated building rights	208	237
Euro per sqm	171	183
Category	Level 3	Level 3

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17. Investment Property (continued)

(c) Investment property under construction (at fair value):

- Pillar (office)

	31 December 2019	31 December 2018
Book value	36,600	-
Valuation technique	Residual	-
Estimated GLA	29,000	-
Euro per sqm	1,262	-
Category	Level 3	-
ERV	15,39	
Yield	5,75%	

The table below presents the sensitivity of profit (loss) before tax as of 31 December 2019 and 2018 due to change in underlying assumptions (the values are presented in absolute numbers as a change can either be positive or negative):

Completed investment property	31 December 2019	31 December 2018
Change of 25 bp in yield	7,718	9,203
Change of 5% in estimated rental income	12,274	14,700

In order to estimate the impact of the yield change on the profit, the Company has considered the ratio between the yield change and average yield in the portfolio. This ratio was then multiplied by the total value of investment property.

In order to estimate the impact of the estimated rental income change on the profit, the Company has considered the ratio between the yield estimated rental income and average estimated rental income in the portfolio. This ratio was then multiplied by the total value of investment property.

Completed assets were revalued based on discounted cash flow.

Properties under construction are at fair value and they were revalued based on residual method. The valuations had been determined on a market value basis in accordance with the RICS valuation Standards. The valuation was performed by Cushman & Wakefield, accredited independent valuers with a recognized and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

18. Assets held for sale

Assets held for sale comprise the following:

	31 December 2019	31 December 2018
Investment property held for sale	-	70,000
Landbank held for sale	-	2,630
	-	72,630

On 1 September 2017 a sale and purchase agreement was signed with a local private investor for the purpose of selling a land plot owned by Spiral II Ltd. for a consideration of EUR 3,400 thousand. On 13 June 2019 the full purchase price in the amount of EUR 3.4 million was paid and the land ownership was transferred.

On 20 June 2019 a sale and purchase agreement was signed between GTC White House Ltd and a German real estate investment group for the purpose of selling the GTC White House office building for a consideration in the amount of gross EUR 72 million and it is subject to several adjustments. The closing date of the transaction was 26 August 2019. Full purchase price less purchase price adjustments was paid.

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19. Other current financial assets

Other current financial assets comprise the following:

	31 December 2019	31 December 2018
GTC S.A. (*)	44,611	-
	44,611	-

(*) Company provided EUR 44 million intercompany loan from the cash generated from the sale of GTC White House to GTC SA. EUR linked loan – Interest rate of 4%, the maturity is 30 June 2020. The loan will be offset with proposed dividend payable after the 2019 profit.

20. Cash and Cash Equivalents

Cash balance consists of cash in banks. Cash at banks earns interest at floating rates based on periodical bank deposit rates.

All cash and cash equivalents are available for use by the Group.

21. Short-term deposits and blocked deposits

Short-term 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.

Short-term deposits and 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.

22. Trade and other payables

The movement in trade and other payables for the year ended 31 December 2019 and 31 December 2018 respectively was as follows:

	31 December 2019	31 December 2018
Balance as of 1 January	9,717	3,994
Charges related to investing activity	(6,134)	6,769
Charges related to foreign exchange movement	(92)	(141)
Charges related to operating activity	(176)	(842)
Charges related to finance activity	-	(63)
Balance as of 31 December	3,315	9,717

As of 31 December 2019 an amount of Euro 2.5 million of trade and other payables relate to investing activity payables. This is planned to be financed mostly by long term loans (As of 31 December 2018 amounted to Euro 8.3 million).

23. Derivatives

The Company holds instruments that hedge the risk involved in fluctuations of interest rates.

(a) Interest rate swap

On 18 March 2016 Spiral I Kft. entered into a derivative agreement for which it applied effective hedge accounting according to IAS 39. According to IAS 39, the portion of gain or loss on the interest rate swap that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in net profit or loss.

In order to achieve a very high efficiency of the hedging instrument, it was structured to match the exact cash flow of the loan throughout the duration of the hedging instrument.

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23. Derivatives (continued)

During the period 22 March 2016 – 31 March 2019 the Company swapped a floating 3-M BUBOR interest rate into a fixed interest rate 1.42% p.a. The IRS was constructed to repay the Company the exact interest payments on the exact dates the Company has to repay to the lender. No “in-arrear” arrangement was done, or similar mismatching has been introduced.

The derivative impact as of 31 December 2019 and as of 31 December 2018 is positive Equity reserve of EUR 73 thousand and EUR 324 thousand respectively.

On 15 November 2018 Center Point I and Center Point II Kft. entered into a derivative agreement for which it applied effective hedge accounting according to IAS 39. According to IAS 39, the portion of gain or loss on the interest rate swap that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in net profit or loss. In order to achieve a very high efficiency of the hedging instrument, it was structured to match the exact cash flow of the loan throughout the duration of the hedging instrument. On 16 September an amendment of derivative agreement was signed after the refinance of loan to match the new cash flow with the hedging instrument

During the period 30 September 2019 – 30 September 2024 the Company swapped a floating 3-M Euribor interest rate into a fixed interest rate -0.08% p.a. The IRS was constructed to repay the Company the exact interest payments on the exact dates the Company has to repay to the lender. No “in-arrear” arrangement was done, or similar mismatching has been introduced.

The derivative impact as of 31 December 2019 and 31 December 2018 is an equity reserve of EUR 2 thousand and EUR (337) thousand respectively.

On 20 September 2019 GTC Duna Kft. entered into a derivative agreement for which it applied effective hedge accounting according to IAS 39. According to IAS 39, the portion of gain or loss on the interest rate swap that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in net profit or loss. In order to achieve a very high efficiency of the hedging instrument, it was structured to match the exact cash flow of the loan throughout the duration of the hedging instrument.

During the period 30 September 2019 – 30 September 2024 the Company swapped a floating 3-M Euribor interest rate into a fixed interest rate -0.32% p.a. The IRS was constructed to repay the Company the exact interest payments on the exact dates the Company has to repay to the lender. No “in-arrear” arrangement was done, or similar mismatching has been introduced.

The derivative impact as of 31 December 2019 is positive equity reserve of EUR 169 thousand.

(b) Interest rate cap

The following derivative instruments are not qualified for hedging accounting, therefore any gain or a loss arising from changes in the fair value of interest rate cap is recorded directly to net profit or loss of the period as finance expenses.

In December 2018 Center Point I has entered into a derivative transaction with OTP. According to the purchased option agreement Center Point I swapped a floating interest rate of 3 months Euribor on the CIB GTC Metro loan with cap interest rate of 1% for a period of December 2018 till December 2020.

The fair value of the derivatives is close to nil as of 31 December 2019 and as of 31 December 2018.

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24. Non-current and current portion of borrowing

Non-current borrowing is linked to the following currencies and have been separated into the current portion and the non-current portion as disclosed below:

	Effective Interest rate %	Currency linkage	31 December 2019	31 December 2018
Loan from OTP (Center Point I) (*)	3M Euribor + 2.35	Euro	22,351	18,004
Loan from OTP (Center Point II) (*)	3M Euribor + 2.35	Euro	27,318	22,005
Loan from OTP (GTC Duna) (*)	3M Euribor + 2.35	Euro	38,518	23,835
Loan from Erste (Spiral I)	3M Bubor+ 2.45	HUF	19,147	21,171
Loan from CIB (GTC Metro)	3M Euribor + 3.0	Euro	-	14,439
Loan from Raiffeisen (White House) (*)	3M Euribor + 2.6	Euro	-	7,429
Deferred debt expenses		Euro	(904)	(708)
			106,430	106,175

	Effective Interest rate %	Currency linkage	31 December 2019	31 December 2018
Loan from OTP (Center Point I) (*)	3M Euribor + 2.35	Euro	813	915
Loan from OTP (Center Point II) (*)	3M Euribor + 2.35	Euro	994	1,118
Loan from OTP (GTC Duna) (*)	3M Euribor + 2.35	Euro	1,402	1,211
Loan from Erste (Spiral I)	3M Bubor+ 2.45	HUF	1,446	1,416
Loan from CIB (GTC Metro)	3M Euribor + 3.0	Euro	14,437	1,115
Loan from Raiffeisen (White House) (**)	3M Euribor + 2.6	Euro	-	475
			19,092	6,250

(*) On 2 July 2019, Center Point I Kft, Center Point II Kft, GTC Duna Kft. and Vaci Ut 81-85 Kft signed a refinancing loan agreement with OTP Bank increasing the existing loan amount to EUR 93 million with a bearing interest of 3M EURIBOR +2.35% p.a.. The amortization profile for the first five years shall be 3.45% p.a. and the maturity is 30 June 2031.

(**) On 26 August 2019, GTC White House Kft fully paid back the loan to Raiffeisen Bank from the proceeds of sale of the owned office building.

Repayments of long-term loans are scheduled as follows:

	31 December 2019	31 December 2018
First year	19,092	6,250
Second year	4,728	19,537
Third year	4,804	6,102
Fourth year	4,885	7,164
Fifth year	5,704	7,400
Thereafter	87,213	66,680
	126,426	113,133

Significant terms

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 Company undertakes to comply with certain financial covenants that are listed in those agreements; the main covenants are: maintaining a Loan-to-Value and Debt Service Coverage ratios in the company that holds the project.

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

All bank loans except of loan granted to Spiral are nominated in Euro.

As of 31 December 2019, there was no breach of loan covenants.

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25. Non-current loans from Shareholders

Non-current loans from shareholders comprise the following:

	31 December 2019	31 December 2018
GTC S.A. (*)	135,782	151,095
	135,782	151,095

(*) EUR linked loans – Interest rate of 4%, the maturity is 31 December 2022.

26. Financial risk management objectives and policies

The Company's principal financial liabilities comprise bank and shareholders' loans, trade payables and other long-term payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has various financial assets such as trade receivables, long-term loan receivables, cash and short-term deposits.

The main risks arising from the Company's financial instruments are market risk, interest risk, liquidity risk, foreign currency risk and credit risk. The management board reviews and agreed policies for managing each of these risks.

(a) Market Risk

The Company operates in real estate in emerging markets. Such markets are vulnerable to the risks existing in developing countries, mostly political risks and exposure to local economies. The Company is exposed to fluctuations of supply and demand in the real estate markets in which it operates. These in turn can have a detrimental effect on occupancy rates in the investment properties, on levels of rent, and on the sale potential of the properties in question; and on levels of demand, and consequently on prices, in the private apartments sector. In addition, the demand for office and commercial space may go down, as a result of an increase in supply, and in the face of increasing competition from "high-end" suppliers (international companies and networks with powerful financial backing).

The management of the Company believes that the following factors contribute significantly to its operating success and dealing with risk mentioned above:

1. Skilled management team with real estate experience and its constant presence in the country.
2. Close working relations with international financing institutions.
3. Focus on selection of major projects which are constructed in stages, according to demand.
4. Strict due diligence before embarking on a project, and adherence to project completion dates committed to.

Based on the factors mentioned above the management believes it will be able to sufficiently control the impact of the market risks in the future.

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26. Financial risk management objectives and policies (continued)

(b) Capital management

The primary objective of the Company's capital management is to ensure capital preservation and maintaining healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company decides on leverage policy, repayment of loans, investment and divestment of assets.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, (as defined in IFRS) divided by its real estate investment value. The Group's policy is to maintain the gearing ratio at the level not higher than 50%.

	31 December 2019	31 December 2018
(1) Loans, net of cash and deposits (*)	105,158	100,568
(2) Investment properties, residential landbank, assets held for sale and building for own use	326,832	354,760
Gearing ratio [(1)/(2)]	32.2%	28.3%

(*) Excluding loans from non-controlling interest and deferred issuance debt expenses.

Financial leverage takes the form of a loan or other borrowings (debt), the proceeds of which are reinvested with the intent to earn a greater rate of return than the cost of interest.

The current macroeconomic conditions create uncertainty about market conditions and in particular over the level of demand for the Company's commercial space that may influence the operating costs and availability of bank finance in the foreseeable future.

As of 31 December 2019, and for the year than ended the Company reports equity of EUR 114,360 thousand and net profit of EUR 32,188 thousand.

The Company meets its day to day working capital requirements through generation of cash inflow from rental income, and additional support of its shareholders.

(c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding its investments and timely servicing its debt and maintaining sufficient working capital resources.

(d) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. To manage the interest rate risk the Company enters, from time to time, into interest rate swaps and interest rate options.

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26. Financial risk management objectives and policies (continued)

(i) Sensitivity analysis to changes in interest rate

The table below presents the sensitivity of profit (loss) before tax due to change in Euribor*/Bubor:

	For the year ended	
	31 December	31 December
	2019	2018
50bp increase in Euribor/Bubor rate		
<i>Bank loans</i>	(175)	(141)
50bp decrease in Euribor/Bubor rate		
<i>Bank loans</i>	175	78

*Company swapped a floating 3-M EURIBOR interest rate for Center Point and GTC Duna loan, the change of euribor has no effect for interest expense of these loans

(ii) Foreign currency risk

As a result of the Company's investments, the Company's balance sheet and profit or loss can be affected by movements in the HUF/Euro exchange rates. The Company seeks to mitigate the effect of its currency exposure by attempting to match the currency of the income with that of the construction costs and financing currency. As of 31 December 2019, and 2018 the Company did not enter into any hedging transactions.

The table below presents the sensitivity of profit (loss) before tax due to change in foreign exchange:

2019				2018			
EUR/HUF				EUR/HUF			
+10%	+5%	-5%	-10%	+10%	+5%	-5%	-10%
1,760	880	(880)	(1,760)	1,962	981	(981)	(1,962)

(iii) Credit risks

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation. To manage this risk the Company periodically assesses the financial viability of its customers.

The Company trades only with recognized, creditworthy third parties. The Company controls its credit risk by the application of credit approvals, limits and monitoring procedures. To manage this risk the Company periodically assesses the financial viability of customers. Counter parties to financial instruments consist of a large number of prime financial institutions. The Company does not expect any counter parties to fail to meet their obligations, given their high credit ratings the Company has no significant concentration of credit risk with any single counterparty or group counterparties.

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that those will not meet their payment obligations.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and blocked deposits the Company's exposure to credit risk equals to the carrying amount of these instruments.

The maximum exposure to credit risk as of the reporting date is the full amount presented. The Company cooperates with reputable banks.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

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26. Financial risk management objectives and policies (continued)

Repayments of long-term bank loans and interest are scheduled as follows (contractual cash-flow) (Euro million):

	31 December 2019	31 December 2018
First year	21,986	9,286
Second year	7,137	22,420
Third year	7,104	8,460
Fourth year	7,074	9,357
Fifth year	7,815	9,400
Thereafter	97,465	68,480
	148,581	127,403

Fair Value

As of 31 December 2019, and 2018, all loans bear floating interest rate (however, as of 31 December 2019 and 2018, 84% and 92% of loans are hedged). Therefore, the fair value of the loans which is related to the floating component of the interest equals to the market rate.

Fair value of all other financial assets/liabilities equals to carrying value.
For fair value of investment property please refer to Note 17.

Fair value hierarchy

As at 31 December 2019, the Group held several hedge instruments carried at fair value on the statement of financial position.

Valuations of hedges are considered as level 2 fair value measurements. During the year ended 31 December 2019 and 31 December 2018, there were no transfers between Level 2 and Level 3 fair value measurements.

Corona virus

Just before signing the financial statements it became apparent that the economic disruptions caused by the Covid-19 virus and the increased uncertainty might be reflected in the future in lower asset valuations and increased volatility in the financial markets, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is unknown and unknowable, it is clear that it poses substantial risks. The Company assesses the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

27. Changes in liabilities arising from financing activities

	1 January 2019	Cash- flows	Changes in fair values	Foreign exchange movement	Other	31 December 2019
Current portion of long-term borrowing	6,250	(6,226)	-	(24)	19,092	19,092
Non-current portion of long-term borrowing	106,175	19,924	-	(577)	(19,092)	106,430
Non-current portion of long-term loans from shareholders	151,095	(19,900)	-	-	4,587	135,782
Derivatives	410	-	(244)	-	-	166
Total liabilities from financing activities	263,930	(6,202)	(244)	(601)	4,587	261,470

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

27. Changes in liabilities arising from financing activities
(continued)

	1 January 2018	Cash- flows	Changes in fair values	Foreign exchange movement	Other	31 December 2018
Current portion of long-term borrowing	5,790	(5,622)	-	(48)	6,130	6,250
Non-current portion of long-term borrowing	109,987	3,024	-	(809)	(6,027)	106,175
Non-current portion of long-term loans from shareholders	132,489	14,010	-	-	4,596	151,095
Derivatives	396	-	14	-	-	410
Total liabilities from financing activities	248,662	11,412	14	(857)	4,699	263,930

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, compensation with loan receivables and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings.

28. Related party disclosures

The Company has entered into a variety of transactions with its related parties. It enters into transactions in the normal course of business on an arm's-length basis.

The transactions with related parties are made at normal market prices. Outstanding loans from related parties are unsecured and presented with accrued interest.

Remuneration of Company's senior managers for the year ended 31 December 2019 and 2018, amounted to Euro 1,217 thousand and Euro 422 thousand, respectively.

The most significant transactions and balances with related parties are presented below:

	Year ended 31 December 2019	Year ended 31 December 2018
Income Statement Transactions		
Interest income relating to Globe Trade Centre S.A. loan	611	-
Interest expenses relating to Globe Trade Centre S.A. loan	4,587	4,597
Balance Sheet Items		
Loans to Globe Trade Centre S.A.	44,611	-
Loans from Globe Trade Centre S.A.	135,782	151,095

29. Commitments

As of 31 December 2019 (31 December 2018), the Group had commitments contracted for in relation to future building construction without specified date, amounting to Euro 51.8 million (Euro 2.3 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future installments under already contracted sale agreements and yet to be contracted sale agreements.

GTC Hungary Real Estate Development Pltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019
(in thousands of Euro)

30. Restatement

The Company changed the classification of blocked deposits and deposits from tenants in its statement of financial position as of 31 December 2018 as following:

	31 December 2018	31 December 2018
	(restated)	(reported)
Non-current assets		
Blocked deposits	1,376	-
Current assets		
Short-term deposits	3,998	5,374
Current liabilities		
Deposits from tenants	254	-
Non-current liabilities		
Deposits from tenants	1,376	1,630

31. Subsequent events

The Group presented Center Point 3 existing office building as Completed investment property in an amount of EUR 6.8 million as of 31 December 2019. The Group plans to demolish the building and start the construction of new office building. The Group has a demolition permit on the existing building. The building was fully evacuated at the end of February 2020 and then the building was reclassified from completed investment property to investment property under construction in accordance with accounting policy described in note 5(c) i.

GTC White House Kft. settled EUR 2.5 million trade receivable until end of February 2020. The receivable was related to recharged fit-out works to tenants in White House office building.

4. Annex - IFRS Consolidated Financial Statement (EUR) of the Guarantor regarding the financial year 2018, Supplementary Annex and Auditor's Report

GLOBE TRADE CENTRE S.A.

**IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018
WITH THE INDEPENDENT AUDITOR'S REPORT**

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2018
(in thousands of Euro)

	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Investment property	17	1,981,961	1,797,583
Investment property landbank	17	131,107	139,258
Residential landbank	18	12,698	12,698
Investment in associates and joint ventures	19	-	1,303
Property, plant and equipment	16	6,712	6,847
Deferred tax asset	15	52	-
Other non-current assets		129	86
		2,132,659	1,957,775
Loan granted to non-controlling interest partner	30	10,282	-
Total non-current assets		2,142,941	1,957,775
Assets held for sale	32	76,196	4,336
Current assets			
Residential inventory		-	3,755
Accounts receivables		4,449	4,367
Receivables related to expropriation of land	29	4,917	-
Accrued income		1,066	1,093
VAT receivable	28	5,156	6,618
Income tax receivable		1,233	619
Prepayments and deferred expenses		1,401	1,767
Escrow account		-	777
Short-term deposits	23	39,109	52,756
Cash and cash equivalents	24	80,456	148,746
		137,787	220,498
TOTAL ASSETS		2,356,924	2,182,609

The accompanying notes are an integral part of this Consolidated Statement of Financial Position

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2018
(in thousands of Euro)

	Note	31 December 2018	31 December 2017
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	33,9	10,960	10,651
Share premium	9	546,711	520,504
Capital reserve	33	(36,054)	(36,054)
Hedge reserve		(4,542)	(2,365)
Foreign currency translation		1,680	2,323
Accumulated profit		496,996	441,977
		1,015,751	937,036
Non-controlling interest	30	5,044	4,226
Total Equity		1,020,795	941,262
Non-current liabilities			
Long-term portion of long-term borrowing	31	993,453	907,704
Deposits from tenants	26	10,375	8,960
Long term payable	27	3,045	2,621
Provision for share based payment	34	4,533	5,744
Derivatives	21	3,736	1,360
Provision for deferred tax liability	15	139,120	125,827
		1,154,262	1,052,216
Current liabilities			
Investment and trade payables and provisions	22	50,499	50,505
Current portion of long-term borrowing	31	121,894	126,381
VAT and other taxes payable		1,636	1,516
Income tax payable		1,114	1,843
Derivatives	21	1,887	2,035
Advances received	20	4,837	6,851
		181,867	189,131
TOTAL EQUITY AND LIABILITIES		2,356,924	2,182,609

The accompanying notes are an integral part of this Consolidated Statement of Financial Position

Globe Trade Centre S.A.
Consolidated Income Statement
for the year ended 31 December 2018
(in thousands of Euro)

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Rental revenue	10,14	110,530	91,084
Service charge revenue	10	38,853	31,525
Residential revenue	10,14	4,578	6,128
Service charge costs	14	(38,510)	(32,081)
Residential costs	14	(3,868)	(4,515)
Gross margin from operations		111,583	92,141
Selling expenses	11	(2,148)	(2,111)
Administration expenses	12	(10,236)	(15,242)
Profit from revaluation/ impairment of assets	17	40,125	148,562
Other income		1,567	1,484
Other expenses	25	(4,885)	(2,806)
Profit/(Loss) from continuing operations before tax and finance income / expense		136,006	222,028
Foreign exchange differences gain/(loss), net		(240)	(4,906)
Finance income	13	376	234
Finance cost	13	(30,184)	(28,848)
Share of profit/(loss) of associates and joint ventures	19	-	184
Profit/(loss) before tax		105,958	188,692
Taxation	15	(13,938)	(32,094)
Profit/(Loss) for the year		92,020	156,598
Attributable to:			
Equity holders of the Company		91,202	156,300
Non-controlling interest	30	818	298
Basic earnings per share (in Euro)	35	0.19	0.34

The accompanying notes are an integral part of this Consolidated Income Statement

Globe Trade Centre S.A.
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018
(In thousands of Euro)

	Year ended 31 December 2018	Year ended 31 December 2017
Profit for the period	92,020	156,598
<i>Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods</i>	-	-
Gain (loss) on hedge transactions	(2,625)	1,633
Income tax	448	(367)
Net gain on hedge transactions	(2,177)	1,266
Foreign currency translation	(643)	451
<i>Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</i>	(2,820)	1,717
Total comprehensive income for the period, net of tax	89,200	158,315
Attributable to:		
Equity holders of the Company	88,382	158,017
Non-controlling interest	818	298

The accompanying notes are an integral part of this Consolidated Statement of Comprehensive Income

Globe Trade Centre S.A.
Consolidated Statement of Changes in Equity
for the year ended 31 December 2018
(In thousands of Euro)

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2018	10,651	520,504	(36,054)	(2,365)	2,323	441,977	937,036	4,226	941,262
Other comprehensive income	-	-	-	(2,177)	(643)	-	(2,820)	0	(2,820)
Profit / (loss) for the year ended 31 December 2018	-	-	-	-	-	91,202	91,202	818	92,020
Total comprehensive income / (loss) for the period	-	-	-	(2,177)	(643)	91,202	88,382	818	89,200
Distribution of dividend	309	26,207	-	-	-	(36,183)	(9,667)	-	(9,667)
Balance as of 31 December 2018	10,960	546,711	(36,054)	(4,542)	1,680	496,996	1,015,751	5,044	1,020,795

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2017	10,410	499,288	(35,702)	(3,631)	1,872	315,195	787,432	2,891	790,323
Other comprehensive income	-	-	-	1,266	451	-	1,717	-	1,717
Profit / (loss) for the year ended 31 December 2017	-	-	-	-	-	156,300	156,300	298	156,598
Total comprehensive income / (loss) for the period	-	-	-	1,266	451	156,300	158,017	298	158,315
Purchase of NCI shares	-	-	(352)	-	-	-	(352)	1,037	685
Distribution of dividend	-	-	-	-	-	(29,518)	(29,518)	-	(29,518)
Issuance of shares	241	21,216	-	-	-	-	21,457	-	21,457
Balance as of 31 December 2017	10,651	520,504	(36,054)	(2,365)	2,323	441,977	937,036	4,226	941,262

The accompanying notes are an integral part of this Consolidated Statement of Changes in Equity

Globe Trade Centre S.A.
Consolidated Statement of Cash Flow
for the year ended 31 December 2018
(In thousands of Euro)

		Year ended 31 December 2018	Year ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		105,958	188,692
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets and residential projects		(40,125)	(148,562)
Share of loss / (profit) of associates and joint ventures	19		(184)
Loss / (profit) on disposal of asset			-
Foreign exchange differences loss/(gain), net		240	4,906
Finance income	13	(376)	(234)
Finance cost	13	30,184	28,848
Provision for share based payment loss/(profit)	12	(1,211)	3,698
Depreciation	16	558	529
Operating cash before working capital changes		95,228	77,693
Decrease in accounts receivables and prepayments and other current assets		674	594
Decrease in residential inventory		3,755	1,737
Increase in advances received		(2,788)	2,578
Increase in deposits from tenants		725	1,486
Increase (decrease) in trade payables		(1,399)	505
Cash generated from operations		96,195	84,593
Tax paid in the period		(7,897)	(3,915)
Net cash from operating activities		88,298	80,678
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property		(112,462)	(155,204)
Purchase of completed assets and land	9	(16,450)	(62,108)
Decrease in short term deposits		17,944	-
Increase (decrease) in escrow accounts for purchase of assets		777	(777)
Sale (including advances) of investment property		13,613	4,499
VAT/tax on purchase/sale of investment property		1,303	10,953
Sale of subsidiary		-	37,545
Purchase of subsidiary	9	(37,846)	(15,896)
Purchase of non-controlling interest		-	(352)
Sale of shares in associates		1	1,250
Interest received		130	161
Loans repayments from associates		1,300	1,625
Net cash used in investing activities		(131,690)	(178,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividend		(9,752)	(8,061)
Proceeds from long-term borrowings	31	191,224	258,268
Repayment of long-term borrowings	31	(162,104)	(100,343)
Interest paid		(28,093)	(26,241)
Loans origination payment		(2,132)	(3,573)
Loans granted to non-controlling interest		(10,036)	-
Decrease/(Increase) in short term deposits		(2,276)	(24,831)
Net cash from /(used) in financing activities		(23,169)	95,219
Net foreign exchange difference		(1,729)	1,341
Net increase/ (Decrease) in cash and cash equivalents		(68,290)	(1,066)
Cash and cash equivalents at the beginning of the period		148,746	149,812
Cash and cash equivalents at the end of the period		80,456	148,746

The accompanying notes are an integral part of this Consolidated Statement of Cash Flow

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018
(In thousands of Euro)

1. Principal activities

Globe Trade Centre S.A. (the "Company", "GTC S.A." or "GTC") and its subsidiaries ("GTC Group" or "the Group") are an international real-estate corporation. The Company was registered in Warsaw on 19 December 1996. The Company's registered office is in Warsaw, Poland at 17 Stycznia 45a. The Company owns through subsidiaries, commercial and residential real estate companies in Poland, Budapest, Bucharest, Belgrade, Zagreb.

The Group's main business activities are Development and rental of office and retail space.

As of 31 December 2018 and 2017, the number of full time equivalent working employees in the Group companies was 192 and 171, respectively.

There is no seasonality in the business of the Group companies.

GTC is primarily listed on the Warsaw Stock Exchange and is inward listed on Johannesburg Stock Exchange.

The major shareholder of the Company as of 31 December 2018 is GTC Dutch Holdings B.V, controlled by Lone Star, a global private equity firm, which held 298,575,091 shares 61.75% of total share as of 31 December 2018.

2. Functional and presentation currencies

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

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

3. Basis of preparation and statement of compliance

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by the Polish accounting regulations. The companies outside Poland maintain their books of account in accordance with local GAAP. The consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRS.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU („EU IFRS"). At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

4. Going concern

The Group's policies and processes are aimed at managing the Group's capital, financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through generation of operating cash-flows from rental income. Further details of liquidity risks and capital management processes are described in note 38.

As of 31 December 2018, the Group's net working capital (defined as current assets less current liabilities) was negative and amounted to Euro 44.1 million as some loans that are expected to be refinanced were temporary classified as current liabilities. The Group signed preliminary sale agreement for the sale of few assets (see note 32). Those assets are presented within Assets held for sale, in the amount of Euro 76.2 million.

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

5. Changes in accounting policies

The accounting policies adopted in the preparation of the attached 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 2017, except for the adoption of new standards effective as of 1 January 2018. 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.

Standards issued and effective for financial years beginning on or after 1 January 2018:

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*, effect of implementation of these standards is disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

- **IFRS 15 *Revenue from Contracts with Customers***
International Financial Reporting Standard 15 *Revenue from Contracts with Customers* ("IFRS 15") was issued in May 2014, and then amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. The standard replaced IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group did not account for any significant impact of the adoption of IFRS 15 on the financial statements.
- **IFRS 9 *Financial Instruments***
In July 2014, the IASB issued the final version of International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9"). IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group performed an impact assessment of implementation of IFRS 9 on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results. The Group adopted the new standard on the required effective date and did not restate comparative information. Overall, the Group states there is no significant impact on the Groups statement of financial position and equity.

6. New standards and interpretations that have been issued but have not yet become effective, including impact of IFRS 16 implementation

Standards issued but not yet effective:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation* (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures* (issued on 12 October 2017) – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement* (issued on 7 February 2018) – effective for financial years beginning on or after 1 January 2019;
- *Annual Improvements to IFRS Standards 2015-2017 Cycle* (issued on 12 December 2017) – effective for financial years beginning on or after 1 January 2019;
- *Amendments to References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendment to IFRS 3 *Business Combinations* (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: *Definition of Material* (issued on 31 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

The Group plans to adopt all new standards on the required effective date and will not restate comparative information. Except of the impact of IFRS 16 (as described below), the Group does not expect significant impact on its statement of financial position and equity.

6. New standards and interpretations that have been issued but have not yet become effective, including impact of IFRS 16 implementation (continued)

IFRS 16 Leases

In January 2016, the IASB issued the final version of International Financial Reporting Standard 16 *Leases* ("IFRS 16"). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessor provide relevant information that faithfully represents those transactions:

- IFRS 16 requires lessees to recognise most long term leases on their balance sheets. Lessor accounting is substantially unchanged to the existing accounting under IAS 17 *Leases*.
- Lessees will have a single accounting model for all leases, with certain exemptions.
- It will require the disclosure of new information about leases that hasn't previously been required.

During 2018, the Group performed an impact assessment of implementation of IFRS 16 on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group will adopt IFRS 16 (first implementation as of 31 March 2019).

There are two types of leases in GTC group that are subject to IFRS 16 and will affect the financial statements.

- Leasing property to tenants - Primary activity of GTC Group.

For this leasing activity, GTC Group acts as a Lessor. As was mentioned previously, a lessor accounting under IFRS 16 is substantially unchanged, therefore we do not expect any influence on the Group.

- Leases of lands for perpetual usufruct where the Group acts as Lessee

Perpetual usage payments are payments, which are done in advance or in arrears on an annual or monthly basis within define period (from 33 to 87 years). Perpetual usage payments are done in Poland, Croatia, Romania and Serbia.

Due to the fact that perpetual usage payments, by substance, are treated as lease payments, payments are to be considered under IFRS 16.

In the consolidated financial position statements the Group will preliminarily recognize a Right-of-Use and Lease Liabilities in an estimated amount of Euro 45 million as following:

Right-of-Use will be presented as part of the Investment Property, with separate disclosure in a separate note.

Lease Liabilities will be presented separately, as part of the Short term and Long term Liabilities, with a separate disclosure.

In the Consolidated Income Statement the Group used to present the leases payments within the operating expenses (for completed assets), or other expenses (for landbank). Under IFRS 16 the Group will present the amortization of Right-of-use or the change in fair value of Right-of-use within the profit (loss) on revaluations, and the interest embedded within the land leases as finance expenses.

6. New standards and interpretations that have been issued but have not yet become effective, including impact of IFRS 16 implementation (continued)

The Right of use will be amortized over the lease period (for cost method) or valued using the fair value approach (for investment properties valued in fair value).

The Group entered into several other leases. Those leases are immaterial.

The preliminary estimation of IFRS 16 impact on the financial statements for the year 2019 is presented below (Euro million):

Right of Use asset	+50
Lease liability	+50
Service charge costs	-1.3
Other expenses	-1.2
Loss from revaluation	+0.5 (*)
Interest expenses	+2.3

(*) The costs will be recognised as expenditure on investment property unevenly during the year, depending on the actual payments.

7. Summary of significant accounting policies

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for completed investment properties, IPUC if certain condition described in note 7(c) ii are met, share based payments and derivative financial instruments that have been measured at fair value.

(b) Property, Plant and Equipment

Plant and equipment consist of vehicles and equipment. Plant and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Reassessment of the useful life and indications for impairment is done each quarter.

The following depreciation rates have been applied:

	Depreciation rates
Equipment	7-20 %
Buildings	2 %
Vehicles	20 %

7. Summary of significant accounting policies (continued)

Assets under construction other than investment property are shown at cost. The direct costs paid to subcontractors for the improvement of the property are capitalised into construction in progress. Capitalised costs also include borrowing costs, planning and design costs, construction overheads and other related costs. Assets under construction are not depreciated.

(c) Investment properties

Investment property comprises of a land plot or a building or a part of a building held to earn rental income and/or for capital appreciation and property that is being constructed or developed for future use as investment property (investment property under construction).

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognized in the profit or loss for the year in which it arose, after accounting for the related impact on deferred tax.

(i) Completed Investment properties

Investment properties are stated at fair value according to the fair value model, which reflects market conditions at the reporting date

Completed investment properties were externally valued by independent appraisers as of 31 December 2018 based on open market values. Completed properties are either valued on the basis of discounted cash flow or - as deemed appropriate – on basis of the Income capitalisation or yield method.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

7. Summary of significant accounting policies (continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(ii) Investment property under construction

The Group revalues IPUC, for which a substantial part of the development risks have been eliminated. IPUC, for which this is not the case, are presented at the lower of cost or recoverable amount.

Land is reclassified to IPUC at the moment, at which active development of this land begins.

The Group has adopted the following criteria to assess whether the substantial risks are eliminated with regard to particular IPUC:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letter of intents).

The fair values of IPUC were determined, as at their stage at the end of the reporting period. Valuations were performed in accordance with RICS and IVSC Valuation Standards using either the residual method approach, DCF or sales comparison approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The future assets' value is estimated based on the expected future income from the project, using yields that are higher than the current yields of similar completed property. The remaining expected costs to completion are deducted from the estimated future assets value.

For projects where the completion is expected in the future, also a developer profit margin of unexecuted works, was deducted from the value.

(d) Hierarchy of investment property

Fair value hierarchy is based on the sourced of input used to estimate the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All investment properties are categorized in Level 2 or Level 3 of the fair value hierarchy.

The Group considered all investment value under construction carried at fair value as properties categorized in Level 3.

The Group considered completed investment properties as properties categorize in Level 2 or Level 3, based on the liquidity in the market it operates.

7. Summary of significant accounting policies (continued)

(e) Investment in associates

Investment in associates is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the associate.

(f) Investment in joint ventures

Investment in Joint Ventures is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the joint ventures.

(g) Lease origination costs

The costs incurred to originate a lease (mainly brokers' fees) for available rental space are added to the carrying value of investment property until the date of revaluation of the related investment property to its fair value. As of the date of revaluation costs recognized in the profit or loss.

(h) Residential inventory and residential landbank

Inventory relates to residential projects under construction and is stated at the lower of cost and net realisable value. The realisable value is measured using the Discounted Cash Flow method, or Comparison method. Costs relating to the construction of a residential project are included in inventory.

Commissions paid to sales or marketing agents on the sale of real estate units, which are not refundable, are expensed in full when the contract to sell is secured.

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle in most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

(i) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This requirement can be fulfilled only if the occurrence of a sale transaction is highly probable, and the item of assets is available for immediate sale in its present condition. The classification of an asset as held for sale assumes the intent of entity's management to realise the transaction of sale within one year from the moment of asset classification to the held for sale category. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

(j) Advances received

Advances received (related to pre-sales of residential units) are deferred to the extent that they are not reflected as revenue as described below in note 7(k).

7. Summary of significant accounting policies (continued)

(k) Rental revenue

Rental revenues result from operating leases and are recognised as income over the lease term on a straight-line basis.

(l) Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method that is the rate that exactly discounts estimated future cash flows through the expected life of financial instruments to the net carrying amount of the underlying financial asset or liability.

Dividend income is recognised when the shareholders' right to receive payments is established.

(m) Contract revenue and costs recognition

Group has the following revenue stream:

- **Rental income.** The main source of income of the Group, which is charged to tenants on monthly basis, based on rent fee rate, agreed in contract.
- **Service charge** represents income from charging of maintenance costs (cleaning, security costs, management fee etc.) to tenants. Service charge is billed on monthly basis, based on service fee rate, agreed in Contract, which represents the best estimate for particular project. Allocation of service charge to tenants is done based on leased area.

Heating, water and sewage are billed separately on monthly basis, based on leased area and rates, agreed in Contract.

- **Revenue from sale of houses and apartments.**

Critically for lessors, rental income arising from the leasing of property continues to be within the scope of IAS 17 and, hence, is not within the scope of the new revenue standard. However, depending on decisions reflected in any final leasing standard, service charge revenue may need to be split out and accounted for separately in accordance with IFRS 15. Revenue from sale of houses and apartments are accounted under IFRS 15 Standard.

Service charge revenue under IFRS 15.

Service charge revenue is recognised under IFRS 15 when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Group recognizes two kind of performance obligations in the Group:

- **Acting as an agent.** Some tenants install counters for electricity. In this case the invoices for electricity are billed through GTC entities and addressed to the tenants directly. The Group recognizes cost and corresponding income at the same amount. For financial statement purpose such income and expenses are disclosed on net basis, as GTC acts as an agent.
- **Acting as a principal.** In the other cases, all service charges are billed to GTC entities on monthly basis. The Group bills the tenants based on the rates in the contract on monthly basis. By the end of the year, the Group does reconciliation of actual service charges costs vs. billed one, and then bill for deficit or return the

7. Summary of significant accounting policies (continued)

overpayment to the tenant if it is required. For financial statement purpose such expenses are disclosed on gross basis, as GTC acts as an principal.

The costs related to the real estate development incurred during the construction period are capitalized in inventory. Once revenue is recognised, the costs in respect of sold units are expensed.

Revenue from sale of houses and apartments IFRS 15.

Revenue from the sale of houses and apartments is recognised at the point in time when control of the asset is transferred to the customer.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(o) Share issuance expenses

Share issuance costs are deducted from equity (share premium), net of any related income tax benefits.

7. Summary of significant accounting policies (continued)

(p) Income taxes & other taxes

The current provision for corporate income tax for the Group companies is calculated in accordance with tax regulations ruling in particular country of operations and is based on the profit or loss reported under relevant tax regulations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured using the tax rates enacted to taxable income in the years in which these temporary differences are expected to be recovered or settled.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which each company of the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

At each reporting date, the Group companies re-assess unrecognised deferred tax assets and the carrying amount of deferred tax assets. The companies recognise a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The companies conversely reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset that might be utilised.

Deferred tax relating to items recognised outside profit and loss is also recognized outside profit and loss: under other comprehensive income if relates to items recognised under other comprehensive income, or under equity – if relates to items recognized in equity.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes that are levied by the same taxation authority.

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7. Summary of significant accounting policies (continued)

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables, which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

If according to the Group's assessment it is probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group determines taxable income (tax loss), tax base, unused tax losses and unused tax credits and tax rates, after considering in its tax return the applied or planned approach to taxation.

If the Group ascertains that it is not probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group reflects the impact of this uncertainty in determining taxable income (tax loss), unused tax losses, unused tax credits or tax rates. The Group accounts for this effect using the following methods:

- determining the most probable amount – it is a single amount from among possible results; or
- providing the expected amount – it is the sum total of the amounts weighted by probability from among possible results.

(q) Foreign exchange differences

For companies with Euro as functional currency, transactions denominated in a foreign currency (including Polish Zloty) are recorded in Euro at the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at period-end using period-end exchange rates. Foreign currency translation differences are charged to the income statement. The following exchange rates were used for valuation purposes in cases where certain lease is denominated in local currency.

Year	2018	2017
EUR/PLN	4.300	4.1709
EUR/HUF	320.98	310.33
EUR/UAH	31.7141	33.4954

(r) Interest bearing loans and borrowings and debt securities

All loans and borrowings and debt securities are initially recognized at fair value, net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings and debt securities are measured at amortised cost using the effective interest rate method, except for liabilities designated as hedged items, which are measured in accordance with hedge accounting policies, as described in Note 7 (x)

Debt issuance expenses are deducted from the amount of debt originally recognised. These costs are amortised through the income statement over the estimated duration of the loan,

8. Summary of significant accounting policies (continued)

except to the extent that they are directly attributable to construction. Debt issuance expenses represent an adjustment to effective interest rates.

Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(s) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (m) *Contract revenue and costs recognition*.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

7. Summary of significant accounting policies (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, loans to associate and short-term deposits under current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have such debt instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have such equity instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

7. Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group does not have such instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to

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7. Summary of significant accounting policies (continued)

offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The table below presents the categorisation of financial assets and liabilities: Item, Category, and Measurement.

Item	Category	Measurement
	<u>Financial assets/liabilities</u>	
Cash and short-term deposits	Financial assets at amortised cost	Amortised cost
Debtors	Financial assets at amortised cost	Amortised cost
Trade and other payables	Financial liabilities at amortised cost	Amortised cost
Long and short term borrowings	Loans and borrowings	Amortised cost
Deposits from tenants	Financial liabilities at amortised cost	Amortised cost
Long term payables	Financial liabilities at amortised cost	Amortised cost
Interest Rate Swaps	Hedging (cash flow hedges)	Fair value – adjusted to other comprehensive income (effective portion) / adjusted to income statements (ineffective portion)
Cap	Financial liabilities at fair value through profit or loss	Fair value – adjusted to profit and loss
Forex forward	Financial liabilities at fair value through profit or loss	Fair value – adjusted to profit and loss

(t) Cash and cash equivalents

Cash comprises cash on hand and on-call deposits. Cash equivalents are short-term highly liquid investments that readily convert to a known amount of cash and which are subject to insignificant risk of changes in value.

(u) Accounts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section s) Financial instruments – initial recognition and subsequent measurement.

7. Summary of significant accounting policies (continued)

(v) Impairment of non-current assets

The carrying value of assets is periodically reviewed by the Management Board to determine whether impairment may exist. In particular, the Management Board assessed whether the impairment indicators exist. Based upon its most recent analysis management believes that any material impairment of assets that existed at the reporting date, was reflected in these financial statements.

(w) Purchase of shares of non-controlling interest

If the Group increases its share in the net assets of its controlled subsidiaries the difference between the consideration paid/payable and the carrying amount of non-controlling interest is recognised in equity attributable to equity holders of the parent.

(x) Derivatives financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and cap, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

7. Summary of significant accounting policies (continued)

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly to net profit and loss of the year.

The fair value of FX forwards interest rate swaps and caps contracts is determined by reference to market values for similar instruments.

7. Summary of significant accounting policies (continued)

(y) Estimations

The preparation of financial statements in accordance with International Financial Reporting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at balance date. The actual results may differ from these estimates.

Investment property represents property held for long-term rental yields. Investment property is carried at fair value which is established at least annually by an independent registered valuer based on discounted projected cash flows from the investment property using the discounts rates applicable for the local real estate market and updated by the Management judgment. The changes in the fair value of investment property are included in the profit or loss for the period in which it arises.

The group uses estimates in determining the amortization rates used.

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. In selecting the appropriate methods and assumptions, the Group applies professional judgment.

The Group recognises deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable.

(z) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Significant accounting judgements related to investment property under construction are presented in note 7 (c) (ii).

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

On the basis of the assessment made, the Group has reclassified part of inventory from current assets to residential landbank in non-current assets.

The Group determines whether a transaction or other event is a business combination by applying the definition of business in IFRS 3.

Deferred tax with respect to outside temporary differences relating to subsidiaries was calculated based on estimated probability that these temporary differences will be realized in the foreseeable future.

The Group also makes assessment of probability of realization of deferred tax asset. If necessary, the Group decreases deferred tax asset to the realizable value.

The group uses judgements in determining the settlement of share based payment in cash.

7. Summary of significant accounting policies (continued)

(aa) Basis of Consolidation

The consolidated financial statements comprise the financial statements of GTC and the financial statements of its subsidiaries for the year ended 31 December 2018.

The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company, using consistent accounting policies, and based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate impairment.

(bb) Provisions

Provisions are recognised when the Group has present obligation, (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

(cc) Share-based payment transactions

Amongst others, GTC remunerates key personnel by granting them rights for payments based on GTC's share price performance in PLN, in exchanges for their services ("Phantom shares").

The cost of the phantom shares is measured initially at fair value at the grant date. The liability is re-measured to fair value at each reporting date up and including the settlement date, with changes in fair value recognised in administration expenses.

(dd) Earnings per share

Earnings per share for each reporting period is calculated as quotient of the profit for the given reporting period and the weighted average number of shares outstanding in that period.

(ee) Leases

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases.

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8. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 December 2018	31 December 2017
GTC Konstancja Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Neptune Gdansk 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.	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o.	GTC S.A.	Poland	100%	100%
Julesberg Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
Jowett Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. ("Riverside") (1)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
Spiral II Hungary. Kft.	GTC Hungary	Hungary	100%	100%
River Loft Apartmanok Ltd. (1)	GTC Hungary	Hungary	100%	100%
SASAD Resort Kft. ("Sasad")	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft. ("formerly Szeremi Gate")	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft	GTC Hungary	Hungary	100%	100%
GTC White House Kft. ("formerly GTC Renaissance Plaza Kft.")	GTC Hungary	Hungary	100%	100%
VRK Tower Kft	GTC Hungary	Hungary	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%
GTC Real Estate Vinohrady s.r.o. (2)	GTC S.A.	Slovakia	-	100%

(1) Under liquidation

(2) Liquidated

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

Name	Holding Company	Country of incorporation	31 December 2018	31 December 2017
GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o.	Croatia	80%	80%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Seven Gardens d.o.o.(2)	GTC S.A.	Croatia	100%	-
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.")	GTC S.A.	Romania	100%	100%
BCG Investment B.V. (1)	GTC S.A.	Netherlands	-	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L.	GTC S.A.	Romania	71.5%	71.5%
Bucharest City Gate B.V. ("BCG") (1)	GTC S.A.	Netherlands	-	100%
Cascade Building S,R,L	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Mablethompe Investitii S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park SRL (previously Complexul Residential Colentina S.R.L.)	GTC S.A.	Romania	100%	100%
Operetico Enterprises Ltd.(1)	GTC S.A.	Cyprus	-	66.7%
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) Liquidated

(2) Established

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

Name	Holding Company	Country of incorporation	31 December 2018	31 December 2017
GTC Business Park EAD (5)	GTC S.A.	Bulgaria	-	100%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD (3)	GTC S.A.	Bulgaria	100%	-
GTC Medj Razvoj Nekretnina d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o	GTC S.A.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Europort Ukraine Holdings 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine Holdings 2 LLC (1)	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%
Europort Ukraine LL	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	31 December 2018	31 December 2017
Yatelsis Viborgskaya Limited of Nicosia ("YVL") (4)	GTC S.A.	Cyprus	-	50%
CID Holding S.A. ("CID") (2)	GTC S.A.	Luxembourg	35%	35%

(1) Liquidated

(2) Under liquidation

(3) Acquired

(4) Sold

(5) Merged into NRL EAD

9. Events in the period

On 30 July 2018, LSREF III GTC Investments B.V. contributed its shares in the Company (constituting 61.75% of the Company's share capital) in kind to its wholly-owned (100%) subsidiary, GTC Dutch Holdings B.V., (see also note 33.).

Completion of investments

In March 2018, GTC Group has completed the renovation of two office buildings (Green Heart) in Belgrade.

In June 2018, GTC Group has completed the construction of White House office building in Budapest.

Issuance of bonds and refinance

In December 2017, the Group refinanced Avenue Mall, Zagreb. The total loan *amounted* to Euro 50 million. The proceeds from refinance were received in January 2018.

In March 2018, the Company issued 3-year Euro denominated bonds, listed on WSE in the total amount of EUR 20.5 million.

In April 2018, the Group refinanced Business Park office building in Belgrade. The total loan *amounted* to Euro 24 million.

In June 2018, the Group financed BBC office building in Belgrade with a bank loan. The total loan amounts to Euro 23 million.

In August 2018, Globis Wroclaw and Santander Bank signed a new loan agreement.

On 31 October 2018, the Group fully repaid the bank loan granted to Artico by mBank in the amount of Euro 13 million.

In December 2018, Artico and PKO BP signed a new loan agreement. The total loan *amounted* Euro 14.5 million was drawn in January 2019.

In December 2018, the Group and Raiffeisen Bank signed an agreement to refinance Forty one office complex in Belgrade. The Group will fully repay the existing bank loan in the amount of Euro 26 million, and draw a new loan amounted Euro 40 million.

9. Events in the period (continued)

Acquisition of subsidiary/assets

On 31 May 2018, the Company acquired a Bulgarian company, which owned a shopping mall and adjacent office building located in Sofia (Mall of Sofia), Bulgaria. Mall of Sofia provides 22,400 sqm of retail space and 10,300 sqm of office space.

The purchase price of the shares amounted to EUR 39 million. Simultaneously, the Bulgarian company entered into a loan agreement with OTP BANK PLC and DSK BANK EAD. The banks granted a loan related to the Mall of Sofia in the amount of EUR 61.4 million.

In September 2018, the Group acquired a land plot and an old office building adjacent Centre Point office building in Budapest for a total amount of Euro 16.5 million. The office building has leasable area of 6,000 sqm. The Group plans to demolish the building and develop an office building with a leasable area of 35,500 sqm.

Distribution of dividend

In May 2018, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 155.2 million (Euro 36.2 million), PLN 0.33 per share, and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares instead of cash.

In June 2018, the Company issued 13,233,492 series M Shares to the Company's shareholders who elected to receive the dividend in shares (Euro 26.5 million), and paid dividend in the amount of Euro 9.7 million to the remaining shareholders.

Sale of investment

In February 2019, the Group signed a term sheet for the sale of White House office building in Budapest. Accordingly, as of 31 December 2018, the asset is presented within the assets held for sale, with a total fair value of Euro 70 million.

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10. Revenue from operations

Rental income includes rental revenue based on tenants' turnover for the year ended 31 December 2018 of Euro 2,111 thousand (2017: Euro 1,733 thousand). The remaining revenue is based on fixed contractual rental fees.

The Group has entered into various operational lease contracts on its property portfolio in Poland, Romania, Croatia, Serbia and Hungary. The commercial property leases typically include clauses to enable periodic upward revision of the rental charge according to European CPI.

Future minimum rental receivables under operating leases from completed projects are, as follows (in **millions** of Euro):

	31 December 2018	31 December 2017
Within 1 year	122	105
After 1 year, but not more than 5 years	271	229
More than 5 years	23	44
	<u>416</u>	<u>378</u>

The majority of revenue from operations is earned predominantly on the basis of amounts denominated in, directly linked to or indexed by reference to the Euro.

Service charge revenue includes income from charging of maintenance costs to tenants. Service charge is billed on monthly basis, based on the agreed rate from the contract.

11. Selling expenses

Selling expenses comprise of the following:

	2018	2017
Advertising and marketing	848	826
Payroll and related expenses	1,300	1,285
	<u>2,148</u>	<u>2,111</u>

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12. Administration expenses

Administration expenses comprise of the following:

	2018	2017
Remuneration and fees	6,872	6,959
Audit and valuations	1,229	1,081
Legal and tax advisers	869	1,074
Office and insurance expenses	924	1,010
Travel expenses	430	426
Supervisory board remuneration fees	98	108
Depreciation	558	528
Investors relations and other expenses	467	358
Total before share based payment	11,447	11,544
Share based payment	(1,211)	3,698
Total	10,236	15,242

13. Financial income and financial expense

Financial income comprise of the following:

	2018	2017
Interest on loans granted to associates and joint ventures	-	79
Interest on deposits and other	130	155
Interest on loan granted to non-controlling interest	246	-
	376	234

Financial expense comprise of the following:

	2018	2017
Interest expenses (on financial liabilities that are not fair valued through profit or loss) and other charges	(27,925)	(26,588)
Change in fair value of financial instruments	396	284
Loan raising amortization	(2,655)	(2,544)
	(30,184)	(28,848)

The average interest rate (including hedges) on the Group's loans as of 31 December 2018 was 2.7% p.a. (2.8% p.a. as of 31 December 2017).

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14. Segmental analysis

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets and other factors. GTC operates in four core markets: Poland, Budapest, Bucharest and Belgrade. Additionally, GTC operates in Zagreb and starting from September 2017 its operation in Bulgaria is solely in Sofia.

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

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

In prior year financial statements segments were as following: Poland, Belgrade, Budapest, Bucharest, Zagreb, Bulgaria, and other. After acquisition of Mall of Sofia (see note 1) and sale of non-core shopping centres in Bulgaria, management decided to present Sofia as a separate reporting segment.

Segment analysis of rental income and costs for the year ended 31 December 2018 and 31 December 2017 is presented below:

Portfolio	2018			2017		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	78,531	(24,530)	54,001	63,258	(19,701)	43,557
Belgrade	19,619	(4,251)	15,368	15,529	(3,628)	11,901
Budapest	21,827	(5,166)	16,661	20,416	(4,880)	15,536
Bucharest	17,350	(3,594)	13,756	15,898	(3,683)	12,215
Zagreb	10,990	(3,736)	7,254	10,789	(3,744)	7,045
Sofia (*)	5,644	(1,101)	4,543	-	-	-
Other (*)	-	-	-	2,847	(960)	1,887
Total	153,961	(42,378)	111,583	128,737	(36,596)	92,141

(*) Income in year 2018, relates to the Mall of Sofia, which was acquired on 31 May 2018 (See note 9). Income in year 2017, relates to non-core shopping centres in Stara Zagora and Burgas, which were sold in April 2017.

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14. Segmental analysis (continued)

Segment analysis of assets and liabilities as of 31 December 2018 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,003,436	13,557	6,544	1,023,537	493,664	72,078	16,555	582,297
Belgrade	359,089	11,984	2,468	373,541	142,242	14,279	17,486	174,007
Budapest	354,760	14,096	1,269	370,125	113,132	11,304	11,855	136,291
Bucharest	214,450	13,030	6,176	233,656	109,685	11,082	9,955	130,722
Zagreb	136,424	3,995	11,029	151,448	48,000	16,776	8,896	73,672
Sofia (*)	128,547	3,920	1,665	134,132	64,044	7,213	3,225	74,482
Other	10,910	11	-	10,921	-	-	1,184	1,184
Non allocated		58,972	592	59,564	150,951	6,388	6,135	163,474
Total	2,207,616	119,565	29,743	2,356,924	1,121,718	139,120	75,291	1,336,129

(*) On 31 May 2018, the Company acquired Mall of Sofia (See note 9).

Segment analysis of assets and liabilities for the years ended 31 December 2017 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,013,842	83,696	7,549	1,105,087	529,541	70,242	40,196	639,979
Belgrade	276,218	7,454	2,138	285,810	74,091	14,443	13,329	101,863
Budapest	298,573	14,302	2,898	315,773	115,777	9,256	7,035	132,068
Bucharest	223,859	11,742	2,005	237,606	113,260	11,844	7,708	132,812
Zagreb	121,930	4,079	1,204	127,213	12,811	16,079	4,618	33,508
Sofia	17,228	267	729	18,224	-	-	335	335
Other	10,808	37	6	10,851	-	-	1,181	1,181
Non allocated	-	79,925	2,120	82,045	188,605	3,963	7,033	199,601
Total	1,962,458	201,502	18,649	2,182,609	1,034,085	125,827	81,435	1,241,347

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15. Taxation

The major components of tax expense are as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Current corporate and capital gain tax expense	6,450	5,655
Previous year's tax	60	55
Deferred tax expense / (income)	7,428	26,384
	13,938	32,094

The Group companies are subject to taxes in the following jurisdictions: Poland, Serbia, Romania, Hungary, Ukraine, Bulgaria, Cyprus, and Croatia. The Group does not constitute a tax group under local legislation. Therefore, every company in the Group is a separate taxpayer.

The reconciliation between tax expense and accounting profit multiplied by the applicable tax rates is presented below:

	Year ended 31 December 2018	Year ended 31 December 2017
Accounting profit before tax	105,958	188,692
Taxable expenses at the applicable tax rate in each country of activity	15,410	34,080
Tax effect of expenses that are not deductible in determining taxable profit	3,355	1,840
Share of profit in associates and joint ventures	-	(36)
Loss on sale of subsidiaries	-	(5,453)
Tax effect of foreign currency differences	2,441	(6,960)
Withholding tax	664	432
Previous year's tax	60	55
Unrecognised deferred tax asset in current year	-	7,073
Unrecognised deferred tax asset in previous years	(6,765)	-
Impairment of assets	(2,340)	-
Dividend from foreign subsidiaries	950	940
Other	163	123
Tax expense / (income)	13,938	32,094

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15. Taxation (continued)

The components of the deferred tax balance were calculated at a rate applicable when the Group expects to recover or settle the carrying amount of the asset or liability.

Net deferred tax assets comprise the following:

	As of 1 January 2017	Credit / (charge) to income statement	Impairment due to sale	As of 31 December 2017	Credit / (charge) to income statement	As of 31 December 2018
Financial instruments	45	3,903	-	3,948	354	4,302
Tax loss carried forwards	12,158	(708)	(931)	10,519	3,137	13,656
Basis differences in non-current assets	81	(81)	-	-	140	140
Accruals	414	32	-	446	264	710
Netting (**)	(11,623)	(3,290)	-	(14,913)	(3,843)	(18,756)
Net deferred tax assets	1,075	(144)	(931)	-	52	52

Net deferred tax liability comprises of the following:

	As of 1 January 2017	Credit / (charge) to income statement	Credit / (charge) to equity	First time consolidation	As of 31 December 2017	Credit / (charge) to income statement	Credit / (charge) to equity	First time consolidation	As of 31 December 2018
Financial instruments (*)	(5,406)	(2,558)	(367)	-	(8,331)	(1,538)	447	(17)	(9,439)
Basis differences in non-current assets	(104,454)	(26,883)	-	(983)	(132,320)	(9,873)	-	(6,243)	(148,436)
Other	-	(89)	-	-	(89)	88	-	-	(1)
Netting (**)	11,623	3,290	-	-	14,913	3,843	-	-	18,756
Net deferred tax liability	(98,237)	(26,240)	(367)	(983)	(125,827)	(7,480)	447	(6,260)	(139,120)

(*) Mostly, unrealized interest and foreign exchange differences,

(**) within a particular company, deferred tax asset are accounted separately from deferred tax liabilities as they are independent in their nature. However, as they represent a future settlement between the same parties, they are netted off for the purpose of the presentation in financial statements.

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15. Taxation (continued)

The enacted tax rates in the various countries were as follows:

Tax rate	2018	2017
Poland	19%	19%
Hungary	9%	9%
Ukraine	18%	18%
Bulgaria	10%	10%
Serbia	15%	15%
Croatia	18%	18%
Russia	20%	20%
Romania	16%	16%
Cyprus	12.5%	12.5%

Future benefit for deferred tax assets have been reflected in these consolidated financial statements only if it is probable that taxable profits will be available when timing differences that gave rise to such deferred tax asset reverse.

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 Poland than in countries that have a more established taxation system.

On 15 July 2016, amendments were made to the Polish Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realizing tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realized or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realized by tax remitters as restructuring or reorganization.

Tax settlements may be subject to inspections by tax authorities. Accordingly the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The Group companies have tax losses carried forward as of 31 December 2018 available in the amount of Euro 322 million. The expiry dates of these tax losses as of 31 December 2018 are as follows: within one year - Euro 21 million, between 2-5 years - Euro 165 million, afterwards – Euro 136 million.

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16. Property, Plant and Equipment

The movement in property, plant and equipment for the periods ended 31 December 2018 and 31 December 2017 was as follows:

	Buildings and related improvements	Equipment and software	Vehicles	Total
Gross carrying amount				
As of 1 January 2018	6,205	1,350	816	8,371
Additions	7	204	281	492
Disposals, impairments and other decreases	-	(23)	(121)	(144)
As of 31 December 2018	6,212	1,531	976	8,719
Accumulated Depreciation				
As of 1 January 2018	301	922	301	1,524
Charge for the period	254	184	120	558
Disposals, impairments and other decreases	-	(15)	(60)	(75)
As of 31 December 2018	555	1,091	361	2,007
Net book value as of 31 December 2018	5,657	440	615	6,712

	Buildings and related improvements	Equipment and software	Vehicles	Total
Gross carrying amount				
As of 1 January 2017	4,904	2,852	797	8,553
Additions	287	251	205	743
Transfers from investment properties	1,014	-	-	1,014
Disposals, impairments and other decreases	-	(1,753)	(186)	(1,939)
As of 31 December 2017	6,205	1,350	816	8,371
Accumulated Depreciation				
As of 1 January 2017	66	2,111	374	2,551
Charge for the period	235	205	89	529
Disposals, impairments and other decreases	-	(1,394)	(162)	(1,556)
As of 31 December 2017	301	922	301	1,524
Net book value as of 31 December 2017	5,904	428	515	6,847

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17. 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 December 2018	31 December 2017
Completed investment property	1,791,910	1,649,183
Investment property under construction	190,051	148,400
Investment property landbank at cost	131,107	139,258
Total	2,113,068	1,936,841

The movement in investment property for the periods ended 31 December 2018 and 31 December 2017 was as follows:

	Level 2	Level 3	Total
Carrying amount as of 1 January 2017	960,650	644,025	1,604,675
Hierarchy level reclassification	358,200	(358,200)	
Capitalised subsequent expenditure	20,111	145,478	165,589
Purchase of completed buildings	-	36,857	36,857
Purchase of land plots	-	28,526	28,526
Purchase of subsidiaries holding land plots	9,569	12,500	22,069
Adjustment to fair value / (impairment)	33,774	114,428	148,202
Land Disposals	-	(1,727)	(1,727)
Classified to assets held for sale	-	(4,336)	(4,336)
Sale of subsidiaries	-	(62,000)	(62,000)
Classified to fixed assets	(1,014)		(1,014)
Carrying amount as of 31 December 2017	1,381,290	555,551	1,936,841
Hierarchy level reclassification (1)	30,300	(30,300)	-
Capitalised subsequent expenditure	30,582	82,524	113,106
Purchase of completed buildings (2)	6,799	9,649	16,448
Purchase of subsidiaries holding land plots (3)	-	96,784	96,784
Adjustment to fair value / (impairment)	107	40,018	40,125
Land Disposals (4)	-	(11,694)	(11,694)
Classified to assets held for sale (5)	(70,000)	(6,884)	(76,884)
Foreign exchange differences	(1,761)	103	(1,658)
Carrying amount as of 31 December 2018	1,377,317	735,751	2,113,068

(1) Completion of White House office building in Budapest

(2) Acquisition of Center Point 3 in Budapest

(3) Acquisition of Sofia Mall in Sofia

(4) Disposal of non-core lands in Bucharest, Budapest, and Sofia

(5) Non-core land in Bucharest

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17. Investment Property (continued)

Fair value and impairment adjustment consists of the following:

	2018	2017
Adjustment to fair value of completed investment properties	(14,464)	43,204
Adjustment to fair value of investment properties under construction	52,252	104,515
Reversal of impairment/(Impairment) adjustment	2,337	483
Total adjustment to fair value / (impairment) of investment property	40,125	148,202
Reversal of impairment/(Impairment) of assets held for sale	-	1,423
Impairment of residential landbank	-	(1,063)
Total	40,125	148,562

Assumptions used in the valuations of completed assets as of 31 December 2018 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV (*)	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	516,930	113	94%	21.1	22.0	2
Poland office	432,610	212	89%	14.2	14.1	2
Belgrade office	211,782	97	94%	16.0	16.5	3
Budapest office	237,740	126	98%	12.3	12.5	2
Bucharest office	190,036	67	94%	18.8	19.4	2
Zagreb retail	104,812	34	95%	20.6	20.3	2
Sofia retail	98,000	33	98%	19.8	20.4	3
Total	1,791,910	682	93%	16.3	16.6	

Assumptions used in the valuations of completed assets as of 31 December 2017 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV (*)	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	526,700	113	93%	20.6	21.8	2
Poland office	429,979	212	89%	14.2	14.0	2
Belgrade office	163,181	76	97%	16.4	16.2	3
Budapest office	228,865	119	98%	12.1	13.3	2
Bucharest office	195,746	67	97%	18.4	17.8	2
Zagreb retail	104,712	34	99%	20.8	20.8	2
Total	1,649,183	621	94%	16.1	16.3	

(*) ERV- Estimated Rent Value

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17. Investment Property (continued)

Information regarding investment properties under construction as of 31 December 2018 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada, Green Heart) (3)	140,980	59
Sofia (ABC I, ABC II)	30,547	33
Zagreb (Matrix I, Matrix II)	18,524	21
Total	190,051	113

Information regarding investment properties under construction as of 31 December 2017 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada, Green Heart)	106,780	80
Budapest (White House) (1)	30,300	22
Sofia (ABC I)	8,856	16
Zagreb (Matrix I)	2,464	10
Total	148,400	128

(1) Project was completed in 2018

Information regarding book value of investment property landbank for construction as of 31 December 2018 and 31 December 2017 is presented below:

	31 December 2018	31 December 2017
Poland	39,270	33,116
Serbia	5,510	5,454
Hungary (2)	38,921	26,671
Romania	13,895	11,192
Bulgaria	-	6,382
Croatia	12,600	14,280
Total	110,196	97,095

(2) The Group purchased land plots in 2018 (see note 9)

(3) Green Heart -Two buildings were completed in 2018

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17. Investment Property (continued)

Information regarding book value of investment property landbank (long term pipeline) as of 31 December 2018 and 31 December 2017 is presented below:

	31 December 2018	31 December 2017
Poland	12,351	17,980
Hungary	4,500	8,400
Romania	-	9,841
Bulgaria	1,800	3,790
Ukraine	2,260	2,152
Total	20,911	42,163
Grand Total	131,107	139,258

18. Inventory and Residential landbank

The movement in residential landbank and inventory for the period ended 31 December 2018 was as follows:

	Residential Inventory	Residential landbank	Total
Carrying amount as of 1 January 2017	5,355	13,761	19,116
Construction costs	2,915		2,915
Reversal of Impairment (impairment) to net realisable value	-	(1,063)	(1,063)
Cost of units sold	(4,515)		(4,515)
Carrying amount as of 31 December 2017	3,755	12,698	16,453
Construction costs	113	-	113
Cost of units sold	(3,868)	-	(3,868)
Carrying amount as of 31 December 2018	-	12,698	12,698

The carrying amount of residential landbank as of 31 December 2018 refers to two non-core land plots designated for residential development, in Marlera, Croatia and in Bucharest.

19. Investment in associates and Joint ventures

The investment in associates and joint ventures comprises the following:

	31 December 2018	31 December 2017
Russia (1)	-	1,303
Investment in associates and joint ventures	-	1,303

- (1) The Group sold its stake in the joint venture. The proceeds from sale are recognized in instalments until September 2018.

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20. Advances received

Advances received comprises the following amounts:

	31 December 2018	31 December 2017
Sale of residential units in Konstancja project	-	1,768
Sale of investment properties landbank	3,817	3,043
Rental income received in advance	1,020	2,040
	<u>4,837</u>	<u>6,851</u>

21. Derivatives

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

The movement in derivatives for the years ended 31 December 2018 and 31 December 2017 was as follows:

	31 December 2018	31 December 2017
Fair value as of beginning of the year	(3,394)	(5,331)
Charged to other comprehensive income	(2,625)	1,633
Charged to income statements	396	304
Fair value as of end of the year	(5,623)	(3,394)

For more information regarding derivatives, see note 39

22. Trade and other payables

The movement in trade and other payables for the year ended 31 December 2018 was as follows:

	31 December 2018	31 December 2017
Balance as of 1 January	(50,505)	(36,739)
Charges related to investing activity	456	(14,301)
Charges related to sale of investments	(983)	1,293
Charges related to operating activity	618	(511)
Charges related to Finance activity	(85)	(247)
Balance as of 31 December	(50,499)	(50,505)

As of 31 December 2018 an amount of Euro 41 million of trade creditors accruals and provisions relate to development activity payables. This is planned to be financed mostly by long term loans (As of 31 December 2017 amounted to Euro 41 million).

23. Short term deposits

Short-term deposits include deposits related to loan agreements, derivatives, and other contractual commitments and can be used only for certain operating activities as determined by underlying agreements.

24. Cash and cash equivalents

Cash balance consists of cash in banks. Cash at banks earns interest at floating rates based on periodical bank deposit rates. Save for minor amount, all cash is deposited in banks.

All cash and cash equivalents are available for use by the Group.

25. Other expenses

Other expenses relate mainly to perpetual usufruct expenses of undeveloped landbank, one-off expenses as well as unrecoverable taxes.

26. Deposits from tenants

Deposits from tenants represent amounts deposited by tenants to guarantee their performance of their obligations under tenancy agreements.

27. Long term payables

Long term payables consist long term commitments related with purchase of land and development of infrastructure.

28. VAT and other tax receivable

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

29. Receivables related to expropriation of land

An amount of Euro 4.9 million was approved by the Romanian State to be paid to the Group as compensation for expropriated land in Bucharest and recognized as receivable as of December 31, 2018. The amount was paid to the Group on January 11, 2019.

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30. Non-controlling interest

Summarised financial information of the material non-controlling interest as of 31 December 2018 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	139,625	12,698	152,323
Current assets	4,153	168	4,321
Total assets	143,778	12,866	156,644
Equity	77,917	(66,588)	11,329
Non-current liabilities	62,827	79,120	141,947
Current liabilities	3,034	334	3,368
Total equity and liabilities	143,778	12,866	156,644
Revenue	11,056	-	11,056
Profit/(loss) for the year	4,853	(2,360)	2,493
NCI share in equity	23,375	(18,331)	5,044
NCI share in profit / (loss)	1,456	(638)	818

Summarised financial information of the material non-controlling interest as of 31 December 2017 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	105,241	12,698	117,939
Current assets	3,114	275	3,389
Total assets	108,355	12,973	121,328
Equity	73,065	(64,224)	8,841
Non-current liabilities	29,432	76,922	106,354
Current liabilities	5,858	275	6,133
Total equity and liabilities	108,355	12,973	121,328
Revenue	10,852	-	10,852
Profit/(loss) for the year	5,200	(3,368)	1,832
NCI share in equity	21,919	(17,693)	4,226
NCI share in profit / (loss)	1,560	(1,262)	298

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31. Long-term loans and bonds

	31 December 2018	31 December 2017
Bonds mature in 2017-2018		23,744
Bonds mature in 2018-2019	15,799	48,872
Bonds 1019	28,959	28,959
Schuldschein 1219	15,023	15,023
Bonds 0320	18,673	18,675
Bonds 0620	40,070	40,070
Bonds 1220	10,117	10,117
Bonds 0321	20,737	-
Loan from OTP (GTC)	1,573	4,718
Loan from Santander (Globis Poznan)	15,084	15,579
Loan from Santander (Korona Business Park)	44,756	46,157
Loan from PKO BP (Pixel)	20,577	21,256
Loan from Pekao (Globis Wroclaw)	-	23,107
Loan from Santander (Globis Wroclaw)	22,754	-
Loan from ING (Nothus and Zephirus)	9,332	20,156
Loan from Berlin Hyp (Corius)	10,721	11,064
Loan from Pekao (Sterlinga)	16,188	16,715
Loan from Pekao (Neptun)	20,411	21,076
Loan from Pekao (Galeria Polnocna)	194,904	199,904
Loan from mBank (Artico)	-	12,990
Loan from Pekao (Galeria Jurajska)	87,680	91,176
Loan from Berlin Hyp (UBP)	29,140	30,072
Loan from ING (Francuska)	22,117	22,659
Loan from OTP (Centre Point)	42,042	44,051
Loan from CIB (Metro)	15,554	16,623
Loan from Erste (Spiral)	22,586	24,791
Loan from Erste (White House)	7,904	4,817
Loan from OTP (Duna)	25,046	26,243
Loan from Erste (GTC House)	11,718	12,499
Loan from Erste (19 Avenue)	23,499	22,978
Loan from Societe General (BBC)	22,595	-
Loan from Intesa Bank (Green Heart)	31,812	13,125
Loan from Raiffeisen Bank (Forty one)	26,075	27,292
Loan from Intesa Bank (Ada)	26,543	-
Loan from Erste (Citygate)	78,204	81,197
Loan from Banca Transilvania (Cascade)	4,612	4,852
Loan from Alpha Bank (Premium)	17,101	18,126
Loan from OTP (Mall of Sofia)	59,582	-
Loan from UniCredit (ABC)	4,462	-
Loan from Zagradecka Banka (AMZ)	48,000	12,312
Loans from NCI	9,768	9,984
Deferred issuance debt expenses	(6,371)	(6,894)
	1,115,347	1,034,085

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31. 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 December 2018	31 December 2017
Current portion of long term loans and bonds:		
Bonds mature in 2017-2018	-	23,744
Bonds mature in 2018-2019	15,799	32,888
Bonds 1019	28,959	180
Schuldschein 1219	15,023	23
Bonds 0320	175	177
Bonds 0620	70	70
Bonds 1220	13	13
Bonds 0321	243	-
Loan from OTP (GTC)	1,573	3,145
Loan from Santander (Globis Poznan)	15,084	495
Loan from Santander (Korona Business Park)	1,395	1,401
Loan from PKO BP (Pixel)	677	679
Loan from Berlin Hyp (UBP)	930	932
Loan from Pekao (Galeria Jurajska)	3,544	3,496
Loan from Pekao (Globis Wroclaw)		23,107
Loan from Santander (Globis Wroclaw)	693	-
Loan from ING (Nothus and Zephirus)	9,332	10,824
Loan from Berlin Hyp (Corius)	342	343
Loan from Pekao (Sterlinga)	525	527
Loan from Pekao (Neptun)	662	665
Loan from Pekao (Galeria Polnocna)	5,000	5,000
Loan from ING (Francuska)	540	542
Loan from OTP (Centre Point)	2,033	2,009
Loan from Erste (White House)	476	120
Loan from OTP (Duna)	1,211	1,197
Loan from CIB (Metro)	1,115	1,068
Loan from Erste (Spiral)	1,415	1,396
Loan from Erste (GTC House)	781	781
Loan from Erste (19 Avenue)	994	934
Loan from Intesa Bank (Green Heart)	914	700
Loan from Societe General (BBC)	805	-
Loan from Raiffeisen Bank (Forty one)	1,302	1,217
Loan from Intesa Bank (Ada)	664	-
Loan from OTP (Mall of Sofia)	2,457	-
Loan from UniCredit (ABC)	804	
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	2,000	4,454
Loan from Alpha Bank (Premium)	1,025	1,025
Loan from Banca Transilvania (Cascade)	240	240
Loan from Erste (City Gate)	3,079	2,989
	121,894	126,381

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31. Long-term loans and bonds (continued)

	31 December 2018	31 December 2017
Long term portion of long term loans and bonds:		
Bonds mature in 2018-2019	-	15,984
Bonds 1019	-	28,779
Schuldschein 1219	-	15,000
Bonds 0320	18,498	18,498
Bonds 0620	40,000	40,000
Bonds 1220	10,104	10,104
Bonds 0321	20,494	-
Loan from OTP (GTC)	-	1,573
Loan from Santander (Globis Poznan)	-	15,084
Loan from Santander (Korona Business Park)	43,361	44,756
Loan from PKO BP (Pixel)	19,900	20,577
Loan from Santander (Globis Wroclaw)	22,061	-
Loan from ING (Nothus and Zephirus)	-	9,332
Loan from Berlin Hyp (Corius)	10,379	10,721
Loan from Pekao (Sterlinga)	15,663	16,188
Loan from Pekao (Neptun)	19,749	20,411
Loan from Pekao (Galeria Polnocna)	189,904	194,904
Loan from mBank (Artico)	-	12,990
Loan from Pekao (Galeria Jurajska)	84,136	87,680
Loan from Berlin Hyp (UBP)	28,210	29,140
Loan from ING (Francuska)	21,577	22,117
Loan from OTP (Centre Point)	40,009	42,042
Loan from CIB (Metro)	14,439	15,555
Loan from OTP (Duna)	23,835	25,046
Loan from Erste (Spiral)	21,171	23,395
Loan from Erste (White House)	7,428	4,697
Loan from Erste (GTC House)	10,937	11,718
Loan from Erste (19 Avenue)	22,505	22,044
Loan from Intesa Bank (Green Heart)	30,898	12,425
Loan from Intesa Bank (Ada mall)	25,879	-
Loan from Societe General (BBC)	21,790	-
Loan from Raiffeisen Bank (Forty one)	24,773	26,075
Loan from Erste (City Gate)	75,125	78,208
Loan from Banca Transilvania (Cascade)	4,372	4,612
Loan from Alpha Bank (Premium)	16,076	17,101
Loan from OTP (Mall of Sofia)	57,125	-
Loan from UniCredit (ABC)	3,658	-
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	46,000	7,858
Loans from NCI	9,768	9,984
Deferred issuance debt expenses	(6,371)	(6,894)
	993,453	907,704

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31. Long-term loans and bonds (continued)

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

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

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

Loan received by Spiral is nominated in Hungarian Forint (HUF).

Bonds (series matures in 2018-2019) are nominated in PLN. All other bank loans and bonds are denominated in Euro.

As of 31 December 2018, there were no breach of loan covenants.

The movement in long term loans and bonds for the years ended 31 December 2018 and 31 December 2017 was as follows:

	31 December 2018	31 December 2017
Balance as of the beginning of the year (excluding deferred debt expenses)	1,040,979	899,195
Drawdowns	191,224	258,268
Repayments	(162,104)	(100,343)
First to be consolidated	53,052	4,964
Purchase of non-controlling interest	-	-
Change in accrued interest	(169)	446
Deconsolidation	-	(27,898)
Capitalization of interest	1,554	-
Foreign exchange differences	(2,818)	6,347
Balance as of end of the year (excluding deferred debt expenses)	1,121,718	1,040,979

32. Assets held for sale

Assets held for sale includes White House office building in Budapest (see note 9), and non-core landbank in Budapest and Bucharest.

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33. Capital and Reserves

Share capital

As at 31 December 2018, the shares structure was as follows:

Number of Shares	Share series	Total value in PLN	Total value in Euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
100,000,000	I	10,000,000	2,341,372
31,937,298	J	3,193,729	766,525
108,906,190	K	10,890,619	2,561,293
10,087,026	L	1,008,703	240,855
13,233,492	M	1,323,349	309,049
483,536,996		48,353,699	10,960,144

All shares are entitled to the same rights.

Shareholders who as at 31 December 2018 and as at 31 December 2017 held above 5% of the Company shares were as follows:

- GTC Dutch Holdings B.V.
- OFE PZU
- OFE Aviva Santander (previously, Aviva OFE BZ WBK)

Capital reserve

Capital reserve represents a loss attributed to non-controlling partners of the Group, which crystalized once the Group acquired the non-controlling interest in the subsidiaries of the Group.

On 17 May 2018, the Company held an ordinary shareholders meeting. The ordinary shareholders meeting decided that the loss for the year 2017 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the Polish Accounting Standards shall be presented within Retained earnings.

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34. Provision for share based payments

Phantom shares

Certain key management personnel of the Group are entitled to specific cash payments resulting from phantom shares in the Group (the "Phantom Shares").

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

Strike (PLN)	Blocked	Vested	Total
6.48	3,252,400	5,868,800	9,121,200
7.39	50,000	100,000	150,000
9.33	100,000	35,000	135,000
Total	3,402,400	6,003,800	9,406,200

As at 31 December 2018, phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2019	460,800
2020	150,000
2021	7,547,400
2022	1,248,000
Total	9,406,200

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35. Earnings per share

Basic earnings per share were calculated as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Profit for the period attributable to equity holders (Euro)	91,202,000	156,300,000
Weighted average number of shares for calculating basic earnings per share	477,554,732	465,467,259
Basic earnings per share (Euro)	0.19	0.34

There have been no potentially dilutive instruments as at 31 December 2018 and 31 December 2017.

36. Related party transactions

The Company provides asset management services to subsidiaries controlled by Lone Star, which own real estate projects.

Transactions with the related parties are arm's length transactions.

The transactions and balances with related parties are presented below:

	Year ended 31 December 2018	Year ended 31 December 2017
Transaction		
Asset management services	570	619
Interest income from associates and joint Ventures	246	79
Balances		
Receivables from related party	27	188
Loan granted to non-controlling interest partner	10,282	-
Investment in joint ventures and associates	-	1,303

Management and Supervisory Board remuneration for the year ended 31 December 2018, amounted to EUR 1.2 million, and 800,000 phantom shares were vested. Management and Supervisory Board remuneration for the year ended 31 December 2017, amounted to EUR 0.89 million, and 819,200 phantom shares were vested.

37. Commitments, contingent liabilities and Guarantees

Commitments

As of 31 December 2018 (31 December 2017), the Group had commitments contracted for in relation to future building construction without specified date, amounting to Euro 92 million (Euro 99 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future instalments under already contracted sale agreements and yet to be contracted sale agreements.

Guarantees

GTC gave guarantees to third parties. As of 31 December 2018 the guarantees granted amounted to Euro 2 million.

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

Croatia

In relation to the Marlera Golf project in Croatia, part of the land is held on a lease basis from the State. There is furthermore a Consortium agreement with the Ministry of Tourism of Croatia (Ministry) which includes a deadline for the completion of a golf course that has expired in 2014. If the deadline is not met, then the Ministry has the right to terminate the Consortium agreement which might automatically trigger the termination of the Land Acquisition Agreements, as well as collateral activation and damages claims. Prior to 2014, the Company has taken active steps to achieve an extension of the period for completing the project. In February 2014, the Company received a draft amendment from the Ministry expressing its good faith and intentions to prolong the abovementioned timeline however the amendment was not formalized since then. Since formalization of the amendment is not at the sole discretion of the Group, the Management has decided to revalue the freehold asset in assuming no development of the golf course project. Furthermore, as a prudential measure, the Management has also written off the related collateral in the amount of Euro 1 million provided to the Ministry as a guarantee for completing the golf course. As of 31 December 2018 the book value of the investment in Marlera Golf project was assessed by an independent valuer at €6,850.

With regards to the Marlera Golf LD d.o.o. that holds Marlera Golf project - GTC SA is registered as a 80% shareholder while a NCI is registered as a 20% shareholder. The relationship between the shareholders is strained and there are ongoing legal disputes. In 2018 both parties filed legal claims against each other. The NCI claims EUR 3,3 million for damages, statutory penalty interest and legal fees. GTC's legal advisors assessed that the chances for the NCI claim to prevail are remote. Consequently the Company has not made any provisions related to this claim.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018
(in thousands of Euro)

38. Financial instruments and risk management

The Group's principal financial instruments comprise bank and shareholders' loans, hedging instruments, trade payables and other long-term financial liabilities. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets such as trade receivables, loans granted, derivatives and cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

Interest rate risk

The Group exposure to changes in interest rates which are not offset by hedge relates primarily to the Group's long-term debt obligations and loans granted.

The Group's policy is to obtain finance bearing variable interest rate. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps or cap transactions.

The majority of the Group's loans are nominated or swapped into Euro.

At 31 December 2018, after taking into account the effect of interest rate swaps, approximately 100% of the Group's borrowings are at a floating rate of interest.

A 50bp increase in EURIBOR rate would lead to Euro 817 thousand change in loss before tax.

Foreign currency risk

The group enters into transactions in currencies other than the Group's functional currency. Therefore it hedges the currency risk by either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures.

The table below presents the sensitivity of profit (loss) before tax due to change in foreign exchange:

	2018				2017			
	PLN/Euro				PLN/Euro			
	-10%	-5%	+5%	+10%	-10%	-5%	+5%	+10%
Cash and cash equivalents	3,128	1,564	(1,564)	(3,128)	2,556	1,278	(1,278)	(2,556)
Trade and other receivables	636	318	(318)	(636)	768	384	(384)	(768)
Trade and other payables	(1,394)	(697)	697	1394	(2,352)	(1,176)	1,176	2,352
Bonds	(1580)	(790)	790	1580	(7,262)	(3,631)	3,631	7,262

Exposure to other currencies and other positions in statement of financial position are not material.

38. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation. To manage this risk the Group periodically assesses the financial viability of its customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that those will not meet their payment obligations.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and blocked deposits the Group's exposure to credit risk equals to the carrying amount of these instruments.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

Liquidity risk

As at 31 December 2018, the Group holds Cash and Cash Equivalent (as defined in IFRS) in the amount of approximately EUR 80.5 million. As described above, the Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) debt servicing of its existing assets portfolio; (ii) capex; and (iii) development of commercial properties. Such funding will be sourced through available cash, operating income, sales of assets and refinancing. The Management Board believes that based on its current assumptions, the Group will be able to settle all its liabilities for at least the next twelve months.

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

	31 December 2018	31 December 2017
First year (2019)	148	150
Second year (2020)	268	157
Third year (2021)	219	240
Fourth year (2022)	142	186
Fifth year (2023)	133	66
Thereafter (2024+)	300	334
	1,210	1,133

The above table does not contain payments relating to market value of derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some of the repayment amounts.

All derivative instruments mature within 1-5 years from the balance sheet date.

38. Financial instruments and risk management (continued)

Fair Value

As of 31 December 2018 and 2017, all bank loans bear floating interest rate (however, as of 31 December 2018 and 2017, 92% and 90% of loans are hedged). The fair value of the loans which is related to the floating component of the interest equals to the market rate.

Fair value of all other financial assets/liabilities is close to carrying value.

For fair value of investment property please refer to note 17.

Fair value hierarchy

As at 31 December 2018, the Group held several hedge instruments carried at fair value on the statement of financial position.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuations of hedges are considered as level 2 fair value measurements. During the year ended 31 December 2018 and 31 December 2017, there were no transfers among Level 1 and Level 3 fair value measurements.

Price risk

The Group is exposed to fluctuations of in the real estate markets in which it operates. These can have an effect on the Group's results. Further risks are detailed in the Management Report as of 31 December 2018.

Capital management

The primary objective of the Group's capital management is to provide for operational and value growth while prudently managing the capital and maintaining healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it to dynamic economic conditions. While observing the capital structure, the Group decides on leverage policy, loans raising and repayments, investment or divestment of assets, dividend policy and capital raise, if needed.

No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018
(in thousands of Euro)

38. Financial instruments and risk management (continued)

The Group monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, (as defined in IFRS) divided by its real estate investment value. The Group's policy is to maintain the gearing ratio at the level not higher than 50%.

	31 December 2018	31 December 2017
(1) Loans, net of cash and deposits (*)	992,385	828,715
(2) Investment properties, residential landbank, assets held for sale and building for own use	2,207,618	1,959,779
Gearing ratio [(1)/(2)]	45.0%	42.3%

(*) Excluding loans from non-controlling interest and deferred issuance debt expenses.

39. Subsequent events

On 14 February 2019, Midroog (Israel-based credit rating agency accredited by the State of Israel) assigned an A2.il rating with a stable outlook for repayment capability of debt that the Company might raise in Israel, in the amount of up to € 70 million.

In February 2019, the Group signed a term sheet for the sale of White House office building in Budapest. Accordingly, as of 31 December 2018, the asset is presented within the assets held for sale, with a total fair value of Euro 70 million.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of Euro 20 million (EUR 3.5m top up after completion, subject to agreed conditions), for the construction of ABC II

40. Approval of the financial statements

The financial statements were authorised for issue by the Management Board on 20 March 2019.

**Erez
Boniel** Digitally signed
by Erez Boniel
Date: 2019.03.20
15:59:23 +01'00'

**Thomas
Kurzmann** Digitally signed by
Thomas Kurzmann
Date: 2019.03.20
16:29:17 +01'00'

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Globe Trade Centre S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of Globe Trade Centre S.A. Group (the 'Group'), for which the holding company is Globe Trade Centre S.A. (the 'Company') located in Warsaw at 17 Stycznia 45A, containing: the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2018 to 31 December 2018 and notes to the consolidated financial statements, including a summary of significant accounting policies (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2018 to 31 December 2018 in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Group and the Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 20 March 2019.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest

entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report.

We are independent of the Group in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<i>Valuation of investment properties</i>	
Investment property constitutes more than 89% of total assets of GTC S.A. consolidated accounts as at 31 December 2018. Investment property comprises mainly of two categories: completed investment property measured at fair value and investment property under construction, measured either at cost or at fair value, if certain criteria specified in the Group's accounting policies are met. The fair value of the investment property depends typically on external valuations, that take into account the Management's	We have gained understanding of the valuation process, performed a walkthrough and evaluated the design of controls related to valuation of both investment properties and investment properties under construction. We have discussed with the Company's Management current market situation in various geographies where the Group operates in and obtained understanding of the Management's view in that respect. We focused our analysis on the properties selected on a sample basis, including assets that are of the highest value, that have been recently

Key audit matter	How the matter was addressed in our audit
judgements, assumptions and estimates such as current and future rents, occupancy levels, rent-free periods and expected market yields. Inputs used to measure fair value of the Group's investment properties are categorized into second and third levels of the fair value hierarchy. The valuations are carried out by third party appraisers. The appraisers are engaged by the Group and perform their work in accordance with applicable valuation and professional standards. The valuers used by the Group are firms with considerable experience in the markets where GTC operates. Considering the significant impact on the Group's financial statements as well as high dependency on estimates and judgements, we consider valuation of investment properties as a key audit matter. The disclosures relating to the assumptions used in the valuations are presented in notes 7c and 17 of the consolidated financial statements.	acquired or those showing significant changes in carrying value. We reviewed the valuation reports and models for selected properties and evaluated that the valuation approach was suitable for use in determining the carrying value for the purpose of the Group's consolidated financial statements and appropriate in the current circumstances. In addition, we carried out substantive audit procedures, on a sample basis, to evaluate the accuracy of the property information provided to the appraisers by the Management, as well as, we verified mathematical accuracy of the valuation models. Furthermore, we evaluated the objectivity and expertise of the external appraisers, evaluated the appropriateness of the property related data for selected properties, including estimates as used by the external appraisers. We compared the applied investment yields to an expected estimated range, including reference to published benchmarks. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as Estimated Rental Value, void rates and rent free periods. Where assumptions were outside the expected range or otherwise unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the external appraisers and the Management of the Company. We have performed analytical review and evaluated the reasonableness of fair value movements in correspondence with expectations we have built on in relation to current market benchmarks and knowledge gained during the audit process. We engaged EY internal real estate and valuation specialists to assist us in evaluation of the appraisals. We also evaluated the adequacy of the disclosures relating to the assumptions used in the valuations

Key audit matter	How the matter was addressed in our audit
	presented in notes 7c and 17 of the consolidated financial statements.
<i>Financing and loan covenants</i>	
As at 31 December 2018, the outstanding Long term loans and borrowings in the Group consolidated financial statements amount to 47% of total assets. As described in note 31 of the consolidated financial statements, for the vast majority of loans, the entities of the Group have to meet certain covenants specified in the loan agreements that mostly constitute project specific, non-cross-collateralised financing. The availability of adequate funding, financing and the testing of whether the Group can continue to meet its financial covenants are significant aspects of our audit due to dependence to a large extent on investment valuations as described in "Valuation of investment properties" paragraph. These valuations are based on certain estimates and assumptions, including expectations of future economic and market developments which may be uncertain and therefore may change in the future. The disclosure regarding the covenants, loan agreements and amendments are disclosed in note 31 of the consolidated financial statements.	We have gained understanding of the financing process and current loan agreements as well as performed a walkthrough of the process. We have received the Company's assessment of continued covenant compliance, and performed recalculation for selected items. We analyzed debt covenant requirements resulting from the loan agreements, including the covenant ratios and potential events of default. We verified the Management's calculation process of the covenant ratios in accordance with the loan agreements. We have walked through and tested the Company's controls around the debt covenant compliance. We also tested compliance in accordance with applicable financial covenants' requirements by performing recalculation of these covenants, as per 31 December 2018 on a sample basis. Furthermore, we evaluated the adequacy of the Group's disclosure regarding the covenants, loan agreements and amendments, which are disclosed in note 31 of the consolidated financial statements.

Other matters

We also reported separately on the consolidated financial statements of Globe Trade Centre S.A. for the same period prepared in accordance with International Financial Reporting Standards approved by the European Union, using Polish zloty as the presentation currency.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Company's Management is responsible for assessing the Group's (the holding company and significant components') ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's Management either intends to liquidate the Group (the holding company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these consolidated financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2018 to 31 December 2018 and the representation on the corporate governance as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation of the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the consolidated financial statements does not include the Other Information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Moreover, based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the representation on application of corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we declare that we have not provided services other than audits of the financial statements to the Company and its subsidiaries, in particular we have not rendered services other than audits, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution from 19 December 2002 and reappointed based on the resolution of the Company's Supervisory Board from 17 August 2017. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2002, i.e. for the past 17 consecutive years.

Warsaw, 20 March 2019

Key Certified Auditor

Podpisany certyfikatem wystawionym
dla Łukasz Sebastian Jarzynka
(Certyfikat kwalifikowany).
Utworzony w dniu: 2019-03-20
20:33:00 +0100

Łukasz Jarzynka
certified auditor
no in the register: 11959

on behalf of:
Ernst & Young Audyt Polska spółka z
ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130

5. Annex - IFRS Consolidated Financial Statement (EUR) of the Guarantor regarding the financial year 2019, Supplementary Annex and Auditor's Report

**CONSOLIDATED ANNUAL REPORT
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Place and date of publication: Warsaw, 19 March 2020

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Assessment of the Supervisory Board

Consolidated financial statements for the financial year ended 31 December 2019

Independent auditor's report on the audit of the annual consolidated financial statements

Ladies and Gentlemen,

2019 was a rewarding year for the GTC Group. We maintained our well-established position as a leading real estate investor and developer in CEE & SEE. We continued to develop our projects, realized profit by selling two assets, refinanced a number of loans thereby improving the maturity profile and reducing the overall financial costs, and leased a significant space. Our efforts yielded a profit of €75m.

Attractive asset portfolio

Over the year, our portfolio grew by 80,600 sq m owing to the development of new properties in both the office and retail segments.

We currently own five large-scale shopping malls across the region. We put a lot of efforts into enhancing the performance of our retail assets. We are proud to report that the turnover of Galeria Jurajska has improved by 7% over 2018 and that over 60 shops have prolonged their lease, while 15 new shops opened in the mall. The turnover in Galeria Północna, increased by 21% year-on-year. Outside of Poland, Mall of Sofia has maintained a very strong and stable occupancy level at almost 100% and increased in-place rents since the acquisition, while Avenue Mall Zagreb continued with full occupancy and a strong position on the market. Our newest addition, Ada Mall, is practically fully let and its design was recognized with a *CIJ Best Retail Development of the Year* award.

As far as office assets are concerned, we hold 41 properties and managed to sign leases for 202,400 sq m of office space, which improved occupancy to 95% across the board, with the most noticeable improvement noted in Poland. Not only did we improve the occupancy rate but also managed to increase average rental rates in almost all our markets.

During the year, GTC decided to dispose of two assets, GTC White House in Budapest and Neptun Office Center in Gdańsk. Both buildings were fully leased and generated both a significant improvement in value and substantial free cash upon sale. Both were sold with impressive profit.

On 31 December 2019, the Gross Asset Value (excl. right of use) of our portfolio was approximately €2.2 billion, of which 90% were income-generating and 4% were projects under construction.

Unique self-funded development pipeline

During 2019, we significantly scaled up our activities in our various geographical markets. First of all, we commissioned 80,600 sq m of commercial space: Green Heart (N1 and N2) in Belgrade, Matrix A in Zagreb, Advance Business Center I in Sofia, Bulgaria and Ada Mall in Belgrade. All the new properties showed a very high pre-lease level at the end of the construction phase, which confirmed the demand in the relevant markets. Moreover our professional approach during the entire investment process starting from acquisition of the land, through the design and construction, ending with the leasing process has resulted in a proven success.

Currently, we are developing four office properties in Belgrade, Zagreb, Sofia and Budapest. All of the offices under construction are with a high pre-lease rate and enjoy the interest of large international tenants, including the World Bank, Modis, and Exxon Mobile. Our greatest success on the preleasing front was the leasing of our Pillar office building to Exxon Mobile just after the commencement of its construction. This transaction is the largest lease contract on the Budapest market in the last year.

The projects under construction are expected to boost our revenue and generate rent upon completion and stabilization of €12.2m. Moreover, there are four more projects at the planning stage spread throughout the regional capitals.

Improvement in key operating indicators

In 2019, we kept modernizing some of our assets, refurbishing their common areas and mechanical systems, implementing ecological solutions, and improving the green space in and outside the buildings. All of that, combined

with the completion of new attractive buildings, allowed us to lease over 236,000 sq m during 2019, and improve our already high overall occupancy rate to 95%.

Finance

2019 was a year of constant growth. We managed to provide value to our shareholders as the result of our self-propelling growth, including the expansion of our portfolio and a strong refinancing activity. Due to the newly completed and acquired properties, our revenues went up to €170m and the gross margin from operations increased from €112m to €128m in 2019. Net profit from revaluation and impairment amounted to €16m following €40m recognized in 2018.

We raised a corporate debt of €61m and borrowed €232m in construction and investment loans. We repaid €44m bonds and pay €37m dividend. We secured finance to all projects under construction and we commenced negotiations for a number of refinancing in 2020. All that took place while keeping the overall leverage at a level of approximately 44% at the end of the year. Total financing costs decreased for the four consecutive years to a historic low of 2.6% p.a. (2.7% p.a. in 2018, 2.8% p.a. in 2017).

All of the above enabled us to generate €70m of FFO, which is a significant improvement over €61m generated in 2018. Taking into consideration the fragile and challenging market situation we plan to postpone the decision on dividend and make the payment of dividend dependent on market conditions .

At the same time, unfortunately while writing this report we are witnessing a growing world-wise slowdown over the Coronavirus pandemic. Companies and banks are restricting travel and sending workers home, and rapidly reducing their expectations for sales almost at any business. Interest rates are cut further and the impact on global economy is growing. GTC's management observes the situation and prepared contingency plans and financial resources to cope with the toll should the situation will deteriorate.

2020 strategy focused on further sustainable development

Alongside with our prime goal to develop the pipeline projects that meet the highest environmental standards, we will continue to emphasize the sustainability value across our portfolio. We are getting closer to fulfilling the ambitious plan to have all our Polish assets eco-certified. In 2019, we achieved a great success with over 87% of our properties certified.

We believe that an ecological perspective allows us to secure future growth and deliver superior value appreciation to our stakeholders.

Our stakeholders

GTC management team is committed to executing the company's business plan. Summarizing 2019 activities, we would like to sincerely thank our tenants and business partners for their engagement in 2019. We would also like to thank our shareholders for their support and trust in our actions. Finally, we would like to thank our employees, as without them none of our achievements could have been realized.

We look forward to another successful year. In 2020, we will make every effort to accelerate the implementation of our growth strategy.

Thomas Kurzmann
CEO

Erez Boniel
CFO

**MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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Item 1. Introduction

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

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

Since its establishment and as at 31 December 2019 the Group has: (i) developed over 1.2 million sq m of gross commercial space and over 300 thousand sq m of residential space; (ii) sold over 570 thousand sq m of gross commercial space in completed commercial properties and approximately 300 thousand sq m of residential space; and (iii) acquired over 151 thousand sq m of commercial space in completed commercial properties. Additionally GTC Group developed and sold over 100 thousand sq m of commercial space and approximately 76 thousand sq m of residential space through its associates in Czech Republic.

As of 31 December 2019, the Group's property portfolio comprised the following properties:

- 46 completed commercial buildings, including 41 office buildings and five retail properties with a total combined commercial space of approximately 747 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 737 thousand sq m of GLA;
- four office buildings under construction with total GLA of approximately 63 thousand sq m, of which the Group's proportional interest amounts to 63 thousand sq m of GLA;
- commercial landbank designated for future development; and
- residential landbank designated for sale.

As of 31 December 2019, the book value of the Group's portfolio amounts to €2,260,418 with: (i) the Group's completed investment properties account for 89% thereof; (ii) investment properties under construction – 4%; (iii) an investment landbank intended for future development – 5%; (iv) right of use of lands under perpetual usufruct – 2% and (v) residential landbank account for less than 1%. Based on the Group's assessment approximately 99% of the portfolio is core and remaining 1% is non-core assets, including landplots designated for sale and residential landbank.

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

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

In the Management Board's report references to the Company or GTC are to Globe Trade Centre S.A. and all references to the Group or the GTC Group are references to Globe Trade Centre S.A. and its consolidated subsidiaries. Expressions such as: "Shares" relate to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code and inward listed on Johannesburg Stock Exchange in August 2016 and are marked under the ISIN PLGTC0000037 code; "Bonds" refers to the bonds issued by Globe Trade Centre S.A. and introduced to alternative trading market and marked with the ISIN codes PLGTC0000144, PLGTC0000177, PLGTC0000219, PLGTC0000227, PLGTC0000235, PLGTC0000243, PLGTC0000268, PLGTC0000276, PLGTC0000292 and PLGTC0000318; „the Report” refers to the consolidated annual report prepared pursuant to art. 71 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 law of a country not being a member state; "CEE" refers to the group of countries that are within the region of Central and Eastern Europe (Hungary, Poland); "SEE" refers 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" refer to the metric

of the area of a given property as indicated by the real property appraisal experts for the purposes of the preparation of the relevant real property valuations. With respect to commercial properties, net leasable (rentable) area is all the 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" refer to the metric of the all the leasable area of a property multiplied by add-on-factor; "Commercial properties" refer to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties; "FFO", "FFO I" is profit before tax less tax paid, after adjusting for non-cash transactions (such as fair value or real estate re-measurement, share based payment provision and unpaid financial expenses) and one off items (such as FX differences and residential activity); "EPRA NAV" is total equity less non-controlling interest, less: deferred tax liability related to real estate assets and derivatives at fair value; "EBITDA" is earning before fair value adjustments, interest, tax, depreciation and amortization; "EUR", "€" or "euro" refers 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" refers to the lawful currency of Poland; "JSE" refers to the Johannesburg Stock Exchange.

Presentation of financial information

Unless indicated otherwise, the financial information presented in this Report was prepared pursuant 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 and expressed in thousands unless indicated otherwise.

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

Presentation of property information

Information on properties is presented pro rata to the Group's consolidation method in each of the properties. The valuation of the properties is based on the value that the Group consolidates in its consolidated financial statements. The occupancy rate given for each of the markets is as of 31 December 2019.

Industry and market data

In this Report the Group sets out information relating to its business and the markets in which it operates and in which its competitors operate. The information regarding the markets, their potential, macroeconomic situation, occupancy rates, rental rates and other industry data relating to the markets in which the Group operates are based on data and reports compiled by various third-party entities. The information included in that section is not expressed in thousand and is fully based on JLL, CBRE and Colliers research reports.

The Group believes that industry publications, surveys and forecasts that it uses to describe the markets on which the Group operates are reliable, but it has not independently verified them and cannot guarantee their accuracy or completeness.

Moreover, in numerous cases the Group has made statements in this Report regarding the industry in which it operates based on its own experience and its examination of market conditions. The Group cannot guarantee that any of these assumptions properly reflect the Group's understanding of the markets on which it operates. Its internal surveys have not been verified by any independent sources.

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 the date of this Report.

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 important risk factors that could cause its actual results to differ materially from its expectations under Item 3. "Key risk factors", Item 5. "Operating and financial review", and elsewhere in this Report. 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.

Item 2. Selected financial data

The following tables present the Group's selected historical financial data for the financial year ended 31 December 2019 and 2018. The historical financial data should be read in conjunction with Item 5. "Operating and Financial Review" and the consolidated financial statements for the financial year ended 31 December 2019 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the audited consolidated financial statements for the financial year ended 31 December 2019.

Selected financial data presented in PLN is derived from the consolidated financial statements for the 12-month period ended 31 December 2019 presented in accordance with IFRS and prepared in the Polish language and in 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.

(in thousands)	For the 12-month period ended 31 December			
	2019		2018	
	€	PLN	€	PLN
Consolidated Income Statement				
Revenues from operations	169,762	729,637	153,961	656,040
Cost of operations	(41,876)	(179,983)	(42,378)	(180,469)
Gross margin from operations	127,886	549,654	111,583	475,571
Selling expenses	(2,017)	(8,669)	(2,148)	(9,155)
Administrative expenses	(14,410)	(61,934)	(10,236)	(43,629)
Profit/(loss) from revaluation/impairment of assets, net	16,190	69,779	40,125	171,830
Financial income/(expense), net	(34,254)	(147,224)	(29,808)	(127,050)
Net profit / (loss)	75,421	324,319	92,020	392,892
Basic and diluted earnings per share (not in thousands)	0.15	0.66	0.19	0.82
Weighted average number of issued ordinary shares (not in thousands)	484,659,406	484,659,406	477,554,732	477,554,732
Consolidated Cash Flow Statement				
Net cash from operating activities	101,407	435,849	88,298	375,982
Net cash used in investing activities	(9,882)	(42,447)	(131,690)	(560,101)
Net cash from/(used in) financing activities	7,549	32,910	(23,169)	(98,352)
Cash and cash equivalents at the end of the period	179,636	764,980	80,456	345,961
Consolidated statement of financial position				
Investment property (completed and under construction)	2,087,268	8,888,631	1,981,961	8,522,432
Investment property landbank	115,277	490,907	131,107	563,760
Right of use	44,485	189,439	-	-
Residential landbank	13,388	57,013	12,698	54,601
Assets held for sale	-	-	76,196	327,643
Cash and cash equivalents	179,636	764,980	80,456	345,961
Others	62,688	352,127	74,506	320,378
Total assets	2,522,742	10,743,097	2,356,924	10,134,775
Non-current liabilities	1,192,168	5,076,847	1,152,955	4,957,710
Current liabilities	271,912	1,157,938	183,174	787,646
Total Equity	1,058,662	4,508,312	1,020,795	4,389,419
Share capital	11,007	48,556	10,960	48,354

Item 3. Key risk factors

Risk Factors Relating to the Group's Business

The Group's business could be affected if the general economic conditions in the countries in which the Group operates continue or worsen

A deterioration of the general economic conditions and the real estate market in the countries where the Group operates may adversely affect the willingness and ability of customers to secure financing and purchase or lease property. If such demand falls, the Group may have to sell or let its projects at a loss or may not be able to sell or let its projects at all. A potential downturn in the general economic conditions and the real estate market in Poland or other countries in which the Group operates may also lead to a drop in the market value of the Group's properties. The crisis on the financial markets may also adversely affect the Group's business in other ways, for example if tenants of the Group or the financial institutions that provide the Group with financing go bankrupt.

Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may fail to implement its strategy

The Group is in the process of implementing its growth strategy pursuant to which it plans to: (i) expand its portfolio by acquiring and improving yielding properties in Poland and in capital cities in countries where the Group operates, supplemented by selected, most attractive development projects in the Group's Property Portfolio; (ii) improve the efficiency of its asset management activities and maximise operating performance and efficiency; and (iii) sell its non-core assets which may allow the Group to reduce its financial leverage or obtain funds to be used for new investments.

As a result, certain properties and qualities of the portfolio may change in terms of geographic split, the ratio of the value of completed properties and the value of properties under construction, as well as the portfolio's split by asset classes (i.e. retail, office, residential and other properties). As a result, various metrics of the Group's business and recurring cash flows derived from rental income may change. Moreover, no assurance can be given that the Group's property portfolio or future investment strategies effected pursuant to the Group's strategy will enhance the value of its property portfolio and increase the Group's profitability. In particular, the success of the Group's business strategy relies on assumptions and contingencies that may prove to be partially or wholly incorrect and/or inaccurate. This includes assumptions with respect to the level of profitability of the acquisition targets to be completed in the future and investment criteria which have been developed by the Group for the purpose of achieving the expected level of returns on the acquired properties.

The Group may fail to achieve its major goals due to internal and external factors of a regulatory, legal, financial, social or operational nature, some of which may be beyond the Group's control. In particular, volatile market conditions, a lack of capital resources needed for expansion and the changing price of available properties for sale in the relevant markets may hinder or make it impossible for the Group to implement the core elements of its strategy. Moreover, expanding its presence in the asset management sector may be hindered or even impossible due to increasing competition from other real estate managers and investors in the real estate market.

Should the Group experience these or other challenges, the Group may be unable to implement its strategy fully or at all; it may decide to change, suspend or withdraw from its strategy or development program, and it may be unable

to achieve, or it could encounter delays in achieving, the planned synergies and desired benefits from its strategy and development program. This could have a material adverse effect on the Group's business, financial condition, results of operations.

The valuation of the Group's properties is inherently uncertain, may be inaccurate and is subject to fluctuation

The Group presents the vast majority of its real estate properties at a fair value, which has been estimated by external real estate valuation experts.

The valuation of property is inherently subjective and uncertain since it is done on the basis of assumptions which may differ from actual future developments. For example, the valuation reports were prepared on the basis of certain forecasts and assumptions regarding the real estate market in geographic markets in which the Group operates.

The fair value of investment properties and the undeveloped landbank is established semi-annually (i.e. as of 30 June and 31 December of each year) by independent certified appraisers based on discounted projected cash flows from the investment properties using discount rates applicable for the relevant local real estate market or, in case of some of the real properties, using the sales comparison approach. In most instances the independent certified appraisers do not, however, prepare valuations for 31 March and 30 September of each year. Such valuations are reviewed internally and, if necessary, verified by the Company's management.

There can be no assurance that the valuations of the Group's properties (undeveloped, in progress and completed) will reflect the actual sale prices or that the estimated yield and annual rental revenue of any property will be attained, or that such valuations will not be subject to be challenged by, among others, the regulatory authorities. Forecasts may prove inaccurate as a result of the limited amount and quality of publicly available data and research regarding Poland and other markets in which the Group operates compared to mature markets. Additional factors that impact the valuation and, specifically, the planning of projects are the construction costs as estimated by the Group and established on the basis of current prices and future price forecasts, whereas the actual costs may be different. Moreover, some of the valuations are based on certain assumptions regarding future zoning decisions. Such assumptions may turn out not to be fulfilled which may result in the Group not being able to develop certain property in line with the plan. This may adversely impact the valuation of such properties in the future.

If the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove to be inaccurate, the actual value of the projects in the Group's portfolio may differ materially from that stated in the valuation reports. Inaccurate valuations of the Group's properties and fluctuations in valuations may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, a decrease in the value of the real estate properties of the Group may also negatively affect the Group's covenants to maintain certain levels of loan-to-value ratios established in connection with the Group's loans incurred to finance projects and the ability of the Group to raise and service its debt funding. Each such event may have a material adverse effect on the Group's business, financial condition, results of operations.

The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations

The Group's income generating properties and properties under development are independently revalued on at least semi-annual basis in accordance with its accounting policy. Consequently, in accordance with IAS 40 "Investment

Property” as adopted by the EU, any increase or decrease in the value of its properties accounted for in accordance with fair value models recorded as a revaluation gain or loss in the Company’s consolidated income statement for the period during which the revaluation occurs. Moreover, projects under construction which cannot be reliably valued at fair value are valued at historical cost decreased by impairment, if any. Such properties are tested for impairment on, at least, a semi-annual basis. If the criteria for impairment are satisfied, a loss is recognized in the Group’s consolidated income statement.

As a result, the Group can have significant non-cash revenue gains or losses from period to period depending on the changes in the fair value of its investment properties, whether or not such properties are sold. For instance, the Group may recognize revaluation losses and impairment of assets and residential projects as well as profits in other years.

If market conditions and the prices of comparable commercial real properties continue to be volatile, the Group may continue to experience significant revaluation gains or losses from the Group’s existing properties in the future. If a substantial decrease in the fair market value of its properties occurs, over the longer term, this may have a material adverse effect on the Group’s business, financial condition, results of operations.

The Group’s business is dependent on its ability to actively manage its assets

A core part of the Group’s operations is the active management of its assets, which includes the management of vacancy rates and rent levels and the terms of executed lease agreements in the case of all commercial properties, as well as achieving the desired tenant mix in the case of retail properties. This is particularly relevant with respect to the Group’s large scale commercial properties. In addition to legal constraints, the Group’s ability to reduce vacancies, renegotiate rents and create a desired tenant mix is partly subject to market-related factors. Some of these factors, such as the general economic environment, consumer confidence, inflation and interest rates, and others are beyond the Group’s control. During periods of recession or downturns in the economy it is more challenging for developers to attract new tenants and to retain existing ones, and the competition between developers for each tenant is much stronger. If the Group is unable to create or capture demand for its properties by, for example, improving tenant services or motivating its external sales agents, it may not be able to reduce vacancy rates or renegotiate rents as desired.

A prolonged period of higher vacancy rates could lower the rents tenants generally pay and make it more difficult to increase the average rent that the Group expects to charge. Higher vacancy rates would also increase the Group’s overall operating costs, as it would have to cover expenses generated by empty properties or units. Any such decrease in rental revenue or increase in operating costs could have a material adverse effect on the Group’s business, financial condition, results of operations.

The Group’s growth and profitability will depend on the Group’s ability to identify and acquire attractive income-generating properties, efficiently manage its portfolio and develop selected projects

In accordance with its strategy, the Group intends to expand its business through: (i) the acquisition of yielding properties; (ii) asset management focused on unlocking value from the Group’s portfolio; and (iii) the development of selected projects. Accordingly, the growth and profitability of the Group and the success of its proposed business strategy depend, to a significant extent, on its continued ability to locate and acquire yielding properties at attractive prices and on favorable terms and conditions.

The ability to identify and secure accretive value-added acquisition opportunities involves uncertainties and risks, including the risk that the acquisition is not an income-generating one after the Group has carried out business, technical, environmental, accounting and legal examinations of the property or project. In addition, the Group also faces the risk that competitors may anticipate certain investment opportunities and compete for their acquisition. Additionally, any potential acquisition of properties may give rise to pre-acquisition costs which have to be paid by the Group even if the purchase of a property is not concluded. There can be no assurance that the Group will be able to: (i) identify and secure investments that satisfy its rate of return objective and realize their values; and (ii) acquire properties suitable for management in the future at attractive prices or on favorable terms and conditions.

As a part of its strategy, the Group intends to focus on maximizing the operating performance and efficiency of the active management of its income-generating commercial property portfolio. In pursuing this objective, the Group may expend considerable resources (including funds and management time) on managing properties that do not generate the expected returns and maintain certain ratios at the required level due to, for example, a decrease in demand for rental units or in rental levels which are not possible to anticipate.

The failure of the Group to identify and acquire suitable properties, effectively manage its properties portfolio and develop its projects could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Group might not receive adequate information on risks relating to, or might make errors in judgment regarding, future acquisitions of real estate

The acquisition of real estate requires a precise analysis of the factors that create value, in particular the levels of future rental values and the potential for the improvement of the NOI. Such an analysis is subject to a wide variety of factors as well as subjective assessments and is based on various assumptions. It is possible that the Group or its service providers will misjudge individual aspects of a given project when making acquisition decisions or that assessments on which the Group bases its decision are inaccurate or based on assumptions that turn out to be incorrect. Such judgment errors may lead to an inaccurate analysis and valuation of the properties by the Group in connection with investment decisions that may only become apparent at a later stage and force us to revise the Group's valuation amounts downwards. The Group can also not guarantee that the service provider it chooses to carry out its due diligence when purchasing property will identify all the risks related to the property in question. In addition, the Group cannot guarantee that it will be able to have recourse to the seller of the property for not disclosing such risks. If the Group does not find out about these risks, this could lead the Group to economic and financial disadvantages. The Group cannot guarantee that it will be able to pursue remedies against the respective seller for the non-disclosure of such risks. The occurrence of one or several of such risks could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group cannot guarantee that it will continue to generate rental income at assumed levels

Rental levels of the Group's properties are generally affected by overall conditions in the economy as well as the conditions of the portfolio itself (including future acquisitions of properties and the performance of the existing portfolio), the development of the selected existing projects, their infrastructure condition, the specific properties, and the vacancy rates. All these elements are subject to various factors, some of which are outside the Group's control. In particular, due to increased competition and pressure on rents and the worsening of the financial condition of tenants, the Group may not be able to renew the expiring leases of its current properties on favorable terms and conditions (if at all) or find and retain tenants willing to enter into leases on terms that are at least as favorable as

those on which the Group has rented its properties thus far. Moreover, the Group's portfolio has included and will continue to include numerous properties with non-fixed rents tied to the turnover of the tenants. Accordingly, if the turnover of such tenants declines, the rent payable by them will also decrease. In addition, the Group has no impact on the operations of its tenants and may not be able to monitor on an ongoing basis the tenants' turnover in order to ensure that the level of turnover reflects the best and actual performance efforts of its tenants. Consequently, the amounts of rental income generated by the Group's office and retail properties in the past cannot be used to predict future rental income and there can be no assurance that rental income will develop positively in the future.

Additionally, the Group's rental income may also decrease as a result of asset disposals or acquisitions of properties with no or unsatisfactory income-generating capabilities. As part of its strategy, the Group is reorienting its portfolio and intends to acquire accretive and value-added properties and sell its non-core assets. In accordance with such strategy, that newly acquired properties are intended to be integrated with the existing portfolio and rented out in order to generate rental income for the Group. If these properties are not fully rented and/or the rental rates are agreed below the estimated rental values, the Group may not be able to realize its expected rates of return on the new acquisitions.

A less positive or negative development of rental income and profits could have a material adverse effect on the Group's business, financial condition, results of operations.

The termination or expiration of lease agreements or the inability to rent out existing unoccupied space could have lasting negative effects on the Group's profitability and on the value of the Group's portfolio

For the Group to be profitable over the long term, the income-generating properties it owns and intends to acquire in the future must be rented out without interruptions to the greatest extent possible. The same applies to maintaining the valuation of the properties the Group owns and thus the valuation of the overall portfolio. To the extent that leases are terminated or expire, the Group can give no assurance that the properties in question can be rented out again immediately. An increased vacancy rate would result in lower rental income from the management of the existing portfolio and in a lower valuation of the Group's properties and overall portfolio. Expected vacancies are already reflected in the valuation reports as of 31 December 2019. The fixed costs for maintaining vacant spaces and the lack of rental income generated by such spaces could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may be unable to fully recover the costs of operating the properties from the tenants

The majority of the Group's lease contracts are structured in a way that allow to pass on certain of the costs related to the leased property to the tenant, including marketing cost, electricity cost on common space, real estate taxes, building insurance, and maintenance. However, the Group is not able to pass on all such costs to the tenants, especially in a very competitive environment, where the Company has to offer the attractive conditions to be able to compete with the other office buildings or has to improve the conditions offered to its tenants to be able to attract a new tenant to its retail project. Deteriorating market conditions, increased competition and tenants' requirements may further limit the Group's ability to transfer such costs, in full or in part, to the tenants. The service charges of the properties may increase due to a number of factors, including an increase in the electricity costs or an increase in the maintenance cost. Moreover, if vacancy rates increase, the Company has to cover the portion of the service charge that is related to the vacant space. Some lease agreements provide for the maximum value combined rental rate and service charged paid by the tenant. In such cases, if the maintenance charges increase, the Group is unable to pass on such costs to the tenants. For example, in the case of Galleria Arad and Avenue Mall Osijek, due to the

worsening macroeconomic conditions and strong competition, the Group was unable to pass on all the maintenance costs to the tenants in the period running from their completion to their sale, and had to lease out those commercial properties at a loss.

Any significant increases in the property costs that cannot be compensated by increasing the level of costs incurred by the tenants may have an adverse effect on the Group's business, financial condition and results of operations.

The Group may be materially affected by the loss of attractive tenants

The presence of reputable tenants, especially anchor tenants, in the Group's retail projects is important for its commercial success. Such tenants play an important part in generating customer traffic and making a building a desirable location for other tenants. It may be more difficult for the Group to attract tenants to enter into leases during periods when market rents are increasing or when general consumer activity is decreasing, or if there is competition for such tenants from competing developments. In addition, the termination of a lease agreement by any significant tenant may adversely affect the attractiveness of a project. The failure of such tenant to abide by these agreements, or its bankruptcy or economic decline, may cause delays or result in a decrease in rental income (temporary or long-term), the effect of which the Group may not be able to off-set due to difficulties in finding a suitable replacement tenant. If the Group fails to renew the leases of important tenants, or to replace such tenants in a timely manner, the Group may incur material additional costs or loss of revenues, which may, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces competition from other owners, real estate managers and developers of commercial real estate

The Group has faced and continues to face increased competition from other owners, local and international real estate managers and developers of commercial real estate. Such competition may affect the Group's ability to attract and retain tenants and may reduce the rents that the Group is able to charge. Such competing properties may have vacancy rates that are higher than the vacancy rates of the Group's properties, which could result in their owners being willing to make space available at lower rental rates than the Group would normally be prepared to offer but which the Group may have to match. Competition in the real estate market may also lead to increased marketing and development costs.

Given that the successful growth and profitability of the Group depend on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on best achievable market terms; (iii) the level of lease rent and rent collection; (iv) optimization of property maintenance costs; and (v) the acquisition of real estate at lowest available prices, the increased competition from other owners, real estate managers and developers of commercial real estate and surrounding factors could adversely affect the Group's business, financial condition and results of operations.

The Group may be subject to significant competition in seeking investments and may increase the purchase price of properties to be acquired

The Company competes with a number of real estate companies and developers for properties, developments, contractors and customers. Some of the Group's competitors may be larger or have greater financial, technical and marketing resources than the Group and therefore the Group may not be able to compete successfully for investments or developments.

In addition, new acquisitions of existing properties at yields that the Company considers attractive may become difficult to complete. Accordingly, the implementation of the Company's strategy to make suitable investments in prime locations may be delayed or, even, become impossible.

Competition in the real estate market may also lead to a significant increase in prices for real estate available for sale, which could be potential targets for the Group. Each of these risks could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group cannot assure profitability of its projects

The Group currently has no projects that are not profitable, however in the past the Group had a number of projects that were not primarily due to insufficient occupancy rates and rent levels. The Group cannot exclude that other projects may also start generating losses in the future. Any such development may have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may not be able to sell its properties on a timely basis

As part of its strategy, the Group intends to sell its non-core assets. The sale of a real estate project is usually a complex and lengthy process. There may be situations, however, when it would be beneficial for the Group to be able to sell one or more of its projects quickly. For example, the Group may wish to sell on short notice if it believes that market conditions are optimal or if it is approached by a party interested in purchasing a particular property on commercially attractive terms. The Group's ability to sell its property quickly may, however, be hindered by a number of factors beyond its control.

The Group's properties may constitute collateral established in favour of entities providing external financing, which may further restrict and/or delay their transferability if the lender's consent must first be obtained. Several of the Group's projects are also held through joint ventures with third parties and may, as a result, be subject to legal and/or contractual limitations on transferability, such as first refusal and co-sale rights, or a requirement to obtain joint approval for any such sale. Such limitations could adversely affect the Group's ability to complete a transaction and to generate cash as needed through the timely sale of its projects at favourable prices or to vary its portfolio in response to economic or other conditions impacting the property value. If the Group cannot sell a particular project within a reasonable time, it may not be able to generate the cash flow it may require to service ongoing operations or invest in new projects, or it may be unable to take advantage of favourable economic conditions or mitigate the impact of unfavourable economic conditions should they arise, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group's properties could suffer damage due to undiscovered defects or external influences

The Group's properties could suffer damage due to undiscovered or underestimated defects or from external influences (e.g., earthquakes, floods, landslides or mining damage). In addition to the significant health risks and related costs, the Group could also be required to pay for the removal and disposal of hazardous substances, as well as the related maintenance and restoration work, without the ability to pass those costs onto third parties. The occurrence of any such risk could have a material adverse effect on the Group's business, financial condition, results of operations.

If a given property is currently under renovation or modernization, there can be no assurance that any space which has not been pre-leased, can be let or otherwise marketed during or following the renovation or modernization phase

on the appropriate terms and conditions. Such developments could have a material adverse effect on the Group's business, financial condition, results of operations.

Failure to obtain the required zoning or construction permits, or any other approvals in a timely manner or at all may delay or prevent the development of certain of the Group's projects

The Group cannot guarantee that any permits, consents or approvals required from various government entities in connection with existing or new development projects will be obtained by the Group in a timely manner, or that they will be obtained at all, or that any current or future permits, consents or approvals will not be withdrawn. For example, as part of its operations, the Group, may occasionally purchase land that requires rezoning or a new or amended local spatial development plan or planning permission. The issuance of a required permission cannot be guaranteed, and the Group has encountered difficulties in the past in that respect.

If the Group cannot obtain the required approvals and permits in a timely manner or at all, its projects may be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may be subject to increased costs or project delays or cancellations if it is unable to hire general contractors to build its projects on commercially reasonable terms, or at all, or if the general contractors it hires fail to build the Group's projects to accepted standards, in a timely manner or within budget

The Group outsources the construction of its projects to general contractors. The successful construction of the Group's projects depends on its ability to hire general contractors to build its projects to accepted standards of quality and safety on commercially reasonable terms, within the limits of an agreed timeframe or an approved budget. The Group's failure to hire general contractors on commercially reasonable terms could result in increased costs. Failure to hire general contractors at all could result in project delays or cancellations. Failure of the general contractors to meet accepted standards of quality and safety or to complete the construction within the agreed timeframe or within an approved budget may result in increased costs, project delays or claims against the Group. In addition, it may damage the Group's reputation and affect the marketability of the completed property. If the Group is unable to enter into contracting arrangements with quality general contractors or subcontractors on commercially reasonable terms, or their performance is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations.

The financial strength and liquidity of the Group's general contractors may be insufficient in the case of a severe downturn in the real estate market, which, in turn, could lead to their insolvency. Although most of the subsidiaries' agreements with general contractors provide for the indemnification of the subsidiaries against any claims raised by sub-contractors engaged by such general contractors, there can be no assurance that such indemnification provisions will be fully effective, in particular if such indemnification is challenged in court. The Group endeavors to require general contractors to secure the performance of their obligations under their respective agreements, in particular by presenting bank guarantees. However, there can be no assurance that such guarantees will cover the entire costs and damages incurred by the Group in connection with the non-performance of agreements entered into with general contractors.

The Group's reliance on general contractors and subcontractors exposes it to risks associated with the poor performance of such contractors and their subcontractors and employees and construction defects. The Group may incur losses as a result of being required to engage contractors to repair defective work or pay damages to persons

who have suffered losses as a result of such defective work. Furthermore, these losses and costs may not be covered by the Group's professional liability insurance, by the contractor or by any relevant subcontractor – in particular in the case of the architects engaged by the general contractors as both the scope of their liability and their financial strength is limited in comparison to the value of the Group's projects. If the performance of the Group's general contractors or subcontractors is substandard, this could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may face claims for defective construction and risks associated with adverse publicity, which could have an adverse effect on its competitive position

The construction, lease and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. There can be no assurance that such claims will not be asserted against the Group in the future, or that such corrective or other works will not be necessary. Further, any claim brought against the Group, and the surrounding negative publicity concerning the quality of the Group's properties or projects, irrespective of whether the claim is successful, could also have a material adverse effect on how its business, properties and projects are perceived by target customers, tenants or investors. This could negatively affect the Group's ability to market, lease and sell its properties and projects successfully in the future, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The construction of the Group's projects may be delayed or otherwise negatively affected by factors over which the Group has limited or no control

The construction of the Group's projects may be delayed or otherwise negatively affected by, among others, the following factors over which the Group has limited or no control:

- increased material, labor or other costs, which may make completion of the project uneconomical;
- acts of nature, such as harsh climate conditions, earthquakes and floods, that may damage or delay the construction of properties;
- industrial accidents, deterioration of ground conditions (for example, the presence of underground water) and potential liability under environmental laws and other laws related to, for example, ground contamination, archaeological findings or unexploded ordnance;
- acts of terrorism, riots, strikes or social unrest;
- building code violations or as yet undetected existing contamination, soil pollution, or construction materials that are determined to be harmful to health;
- changes in applicable laws, regulations, rules or standards that take effect after the commencement by the Group of the planning or construction of a project that result in the incurrence of costs by the Group or delays in the development of a project; and
- defective building methods or materials.

The inability to complete the construction of a project on schedule, within budget or at all for any of the above or other reasons may result in increased costs or cause the project to be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group is subject to general development risks that may increase costs and/or delay or prevent the development of its projects

Development of certain of the Group's projects has not yet begun and these projects do not as of the date of delivery of this Report generate any revenues. The successful development of these projects is an important factor for the Group's future success, and involves a large number of highly variable factors which are complex and inherently subject to risk. Development risks to which the Group is sensitive include, among others:

- additional construction costs for a development project being incurred in excess of the amount originally agreed with the general contractor;
- liability to subcontractors related with bankruptcy of the general contractor;
- changes in existing legislation or the interpretation or application thereof (e.g. an increase of the rate of the goods and services tax, which impacts the demand for housing);
- actions of governmental and local authorities resulting in unforeseen changes in urban planning, zoning and architectural requirements;
- potential defects or restrictions in the legal title to plots of land or buildings acquired by the Group, or defects, qualifications or conditions related to approvals or other authorizations relating to plots of land held by the Group;
- the Group's potential inability to obtain financing on favourable terms or at all for individual projects or in the context of multiple projects being developed at the same time;
- potential liabilities relating to acquired land, properties or entities owning properties with respect to which the Group may have limited or no recourse;
- tenants' unwillingness to vacate a development site;
- obligations regarding the development of adjacent properties;
- inability to receive required zoning permissions for intended use;
- discrepancies between the planned area and the post-construction area of developments; and
- obligations relating to the preservation and protection of the environment and the historic and cultural heritage of Poland and other jurisdictions in which the Group conducts its operations, as well as other social obligations.

These factors, including factors over which the Group has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development of the Group's projects. The inability to complete the construction of a property on schedule or at all for any of the above reasons may result in increased costs or cause

the projects to be delayed or cancelled, which may have a material adverse effect on the Group's business, financial condition, results of operations.

Without sufficient local infrastructure and utilities, the construction of the Group's projects may be delayed or cancelled, or it may be unable to realize the full expected value of its completed projects

The Group's projects can only be carried out if the sites on which they are located have access to the relevant technical infrastructure required by law (e.g. internal roads, utility connections, and fire prevention equipment and procedures). In cases where such sites do not have the required infrastructure, a use permit for the project may not be issued until such infrastructure is assured. It is also possible that the relevant authorities may require the Group to develop the relevant infrastructure as a part of the works related to the project, which may have a significant impact on the costs of the construction works. The authorities may also demand that the investor develop technical infrastructure that is not required from the project's perspective, but may be expected by the authorities as a contribution by the investor to the development of the local municipality.

In addition to the necessity of having adequate infrastructure during the construction process, the viability of the Group's projects, once completed, depends on the availability and sufficiency of the local infrastructure and utilities. In some cases, utilities, communications and logistics networks have not been adequately funded or maintained in recent decades and may be non-existent, obsolete or experience failures. To be sufficient, the existing local infrastructure and utilities may need to be improved, upgraded or replaced. As a consequence of this lack of maintenance, for example, the Group may from time to time experience shortages in the availability of energy and other utilities. There can be no assurance that improvements to the infrastructure in and around the Group's projects, or the infrastructure integrated into its projects, will be completed prior to the completion of the projects or that any such improvement will be sufficient to support the Group's completed projects. This may have a material adverse effect on the Group's business, financial condition, results of operations.

The Group is reliant on partners and co-investment agreements for a portion of its developments and faces counterparty risks

A subsidiary of the Group may be a party to a shareholders agreement imposing some restrictions on it, including, inter alia, in relation to the disposal of its interest, and its income and capital distribution entitlements. In addition, as a shareholder, the Group may be jointly and severally liable for costs, taxes or liabilities with its co-investors and, in the event of the subsidiary default, and the Group company may be exposed to more than its proportionate share of the cost, tax or liability in question. This could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is also exposed to the credit risk of its counterparties in such partnership or co-investment agreements and their ability to satisfy the terms of contracts Group companies have with them. This may have an adverse effect on the Group's business, financial condition, results of operations.

The Group may be subject to liability following the disposal of investments

When the Group disposes of its projects, it may be required to give certain representations, warranties and undertakings which, if breached, could result in liability to pay damages. As a consequence, the Group may become involved in disputes or litigation concerning such provisions and may be required to make payments to third parties, which may have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may be exposed to certain environmental liabilities and compliance costs

The environmental laws in CEE and SEE impose existing and potential requirements to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. In such circumstances, the owner's liability is generally not limited under such laws, and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on any of the Group's properties, or the liability for the failure to remedy contamination from such substances, could adversely affect the Group's ability to sell or let such property or to borrow funds using such property as collateral. In addition, the presence of hazardous or toxic substances on a property may prevent, delay or restrict the development or redevelopment of such property, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group may be subject to legal disputes and risks

The Group's business involves the acquisition, rental, sale and administration of properties, including under cooperation agreements that, as a matter of ordinary course of business, expose the Group to a certain amount of small-scale litigation and other legal proceedings. Legal disputes which, taken individually, are relatively immaterial, may be joined with disputes based on similar facts such that the aggregate exposure of the Group might become material to its business. Furthermore, the Group may face claims and may be held liable in connection with incidents occurring on its construction sites such as accidents, injuries or fatalities of its employees, employees of its contractors or other visitors on the sites. It is standard practice in real estate transactions for the seller to make representations and warranties in the purchase agreement concerning certain features of the property. Typically, the assurances the seller gives regarding the property in the purchase agreement do not cover all of the risks or potential problems that can arise for the Group in connection with the purchase of property by the Group. In addition, the Group may be unable, for a variety of reasons, including, in particular, the seller's insolvency, to enforce its claims under these assurances. If this were to occur, the Group may suffer a financial loss.

Moreover, if the Group's properties are subjected to legal claims by third parties and no resolution or agreement is reached, these claims can delay, for significant periods of time, planned actions of the Group. Such situations may include, for example, claims from third parties relating to plots of land where the Group has developed and completed a real estate asset which it then intends to sell, as well as claims from third parties relating to specific land plots the Group needs to acquire in order to complete a particular project (for example plots adjoining plots it owned as of the date of the delivery of this Report), which could delay the acquisition by the Group of such plots.

The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations.

When leasing or selling real estate, the Group could be faced with claims for guarantees for which it does not have adequate recourse

The Group provides different types of guarantees when it leases real estate, especially with regard to legal title and the absence of defects in quality, as well as existing contamination and the portfolio of leases. The same applies to the sale of real estate. Claims could be brought against the Group for breach of these guarantees. Defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction pose a particular risk. The Group's possible rights of recourse towards the sellers of properties could fail due to the inability of the persons in question to demonstrate that they knew or should have known about the defects, due to the expiration of

the statute of limitations, due to the insolvency of the parties opposing the claim, or for other reasons. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group's insurance may be inadequate

The Group's insurance policies may not cover it for all losses that may be incurred by the Group in the conduct of its business, and certain types of insurance are not available on commercially reasonable terms or at all. As a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate properties. In addition, there are certain types of risks, generally of a catastrophic nature, such as floods, hurricanes, terrorism or acts of war that may be uninsurable or that are not economically insurable. Other factors may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its properties or business for which it may not be compensated fully or at all. As a result, the Group may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group is dependent on a limited number of key members of its management

The Group's success depends on the activities and expertise of the members of its management. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on the Group's business, financial condition, results of operations.

Shortages of qualified employees and other skilled professionals could delay the completion of the projects of the Group or increase its costs

The Group relies on a skilled team of professionals, including its key management and project managers, mid-level managers, accountants and other financial professionals, in the development of its projects. If the Group is unable to hire the necessary employees, staffing shortages may adversely affect its ability to adequately manage the completion of its projects and efficiently manage its assets or force it to pay increased salaries to attract skilled professionals or the necessary employees. Furthermore, the future success of the Group depends on its ability to hire senior personnel such as managers with extensive experience in the identification, acquisition, financing, construction, marketing and management of development projects and investment properties. The failure by the Group to recruit and retain appropriate personnel may have a material adverse effect on the Group's business, financial condition, results of operations.

Risk Factors Relating to the Group's financial condition

The Group's substantial leverage and debt service obligations are significant and could increase, adversely affecting its business, financial condition or results of operations

As of the date of the delivery of this Report the Group is substantially leveraged and have significant debt service obligations. In addition, the Group may incur additional indebtedness in the future. The incurrence of additional indebtedness would increase the leverage-related risks described in this Report and may have a material adverse effect on the Group's business, financial condition, results of operations. The Group's leverage could have material consequences for investors, including, but not limited to, could lead to the following:

- increasing vulnerability to and simultaneously reducing flexibility to respond to downturns in the Group's business or general adverse economic and industry conditions, including adverse economic conditions in the jurisdictions in which the Group operates;
- limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain covenants under loan agreements;
- requiring the dedication of a substantial portion of the Group's cash flows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cash flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the real estate market; and
- placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations.

The Group may incur substantial losses if it fails to meet the obligations and requirements of its debt financing and, furthermore, the restrictions imposed by its debt financing may prevent it from selling its projects

In order to secure its loans, the Group has in the past and/or may in the future mortgage its assets, pledge participation interests in its subsidiaries, enter into guarantees and covenant to its creditors that it would not establish any further mortgages or pledges on its present and/or future assets without their consent (negative pledges provisions). In addition, the Group's loans contain restrictions on its ability to dispose of certain key assets, which in turn may be required in order to satisfy certain financial covenants. The Group could fail to make principal and/or interest payments due under the Group's loans or breach any of the covenants included in the loan agreements to which the Group has entered. In some cases, the Group may breach these covenants due to circumstances which may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratio, debt service coverage and working capital requirements. A breach of such covenants by the Group could result in the

forfeiture of its mortgaged assets, the acceleration of its payment obligations, the acceleration of payment guarantees, trigger cross-default clauses or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its loan obligations or the completion of its affected projects could be delayed or curtailed.

Any of the events described above could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group might be unable to renew or refinance loans as they mature, or might be able to renew or refinance such loans only on less favourable terms

All of the Group's real estate developments have been financed through loans, which have been provided for a limited term. The Group might not be able to renew or refinance the remaining obligations in part or at all or might have to accept less favourable terms in respect of such refinancing. If the Group is unable to renew a loan or secure refinancing, the Group could be forced to sell one or more of its office properties in order to procure the necessary liquidity. Additionally, if the Group is not able to renew certain loans, those properties which are financed through loans will become low leveraged and, as a consequence, will not be able to generate the expected returns on equity. Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations.

The Group is exposed to changes in foreign currency exchange rates

The Group's financial statements are expressed in Euro and the Company's functional currency is the Euro. Moreover, the majority of the Group's revenues, specifically rent revenues, are expressed in Euro. However, certain of the Group's costs, such as certain construction costs, labour costs and remuneration for certain general contractors, are incurred in the currencies of the respective geographical markets, including Polish zloty, Bulgarian leva, Czech korunas, Croatian kunas, Hungarian forints, Romanian lei or Serbian dinars.

In making the assumptions regarding the level of equity required to implement its strategic objectives, the Group used Euro as the reference currency. Additionally the majority of the investments that the Group plans to make as part of its business strategy will be expressed in Euro. Therefore, no assurance can be given that the proceeds derived and expressed in Polish zloty will suffice to meet the investment requirements of the Group's contemplated acquisition pipeline. Whilst the companies of the Group may engage in currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from their currency exposure by, inter alia, entering into derivatives transactions, obtaining debt financing denominated in Euro, as well as concluding agreements with contractors specifying remuneration expressed in Euro, there can be no assurance that such hedging will be fully effective or beneficial. Moreover, given the fact that certain contractors of the Group engage in hedging arrangements with respect to their remuneration on the basis of, inter alia, construction contracts, their flexibility to postpone certain phases of construction may be limited and may result in their financial distress. In addition, given that payments under most of the Group's commercial leases are expressed as the local currency equivalent of a euro-denominated amount, some of the Group's tenants, specifically those leasing retail space, may face difficulties in meeting their payment obligations under such leases as they derive revenues in their respective local currencies. Consequently, any future material appreciation of the local currencies against the Euro could significantly decrease the Group's income in terms of the local currencies and could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group is subject to interest rate risk

The Group currently has and intends to incur certain indebtedness under existing debt facilities which is subject to variable interest rates. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond the Group's control. The Group's exposure to interest risk and the extent to which the Group attempts to hedge such exposure vary significantly between the geographical markets in which the Group operates, but any changes in the relevant interest rates may increase the Group's costs of borrowing in relation to existing loans, thus impacting its profitability. The need to hedge interest rate risk is reviewed by the Group on a case by case basis, except for those projects in which the lenders require it to hedge the relevant interest rate risk. Changes in interest rates may have a material adverse effect on the Group's business, financial condition, results of operations.

The Group's business is capital intensive, and additional financing may not be available on favourable terms, on a timely basis or at all

The Group requires substantial up-front expenditures for land acquisition, development construction and design costs. As a result, the Group requires substantial amounts of cash and construction financing from banks for its operations. The Group's capital needs depend on many factors, in particular on market conditions, which are beyond the Group's control. Should its capital needs differ significantly from those currently planned, the Group might require additional financing. In the case of difficulties in obtaining additional financing, the scale of the Group's growth and the pace of achievement of certain strategic objectives can be slower than originally assumed. It is not certain whether the Group will be able to obtain the required financing if needed or if such funds will be provided on conditions favourable to the Group.

In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of predetermined construction and space leasing milestones or the sale of a specific number of flats. If the Group fails to achieve these milestones, the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule. Restrictions of or delays in the access to sources of external financing and conditions of such financing that are less favourable than assumed can have a material adverse effect on the Group's business, financial condition, results of operations.

Risk Factors Relating to the Macroeconomic, Political and Legal Environment in the Markets where the Group Operates

Political, economic and legal risks associated with countries in emerging markets, including CEE and SEE countries

All of the Group's revenues are attributable to operations in CEE and SEE countries, particularly Poland, Romania, Serbia, Croatia and Hungary. These markets are subject to greater risk than more developed markets. CEE and SEE countries still present various risks to investors, such as instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. In particular, the Group is affected by rules and regulations regarding foreign ownership of real estate and personal property. Such rules may change quickly and significantly and, as a result, impact the Group's ownership and may cause it to lose property or assets without legal recourse.

Furthermore, some countries may regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Some CEE and SEE countries, have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries.

In addition, adverse political or economic developments in neighboring countries could have a significant negative impact on, among other things, gross domestic product, foreign trade or economies in general of individual countries. The countries and the region in which the Group operates have experienced and may still be subject to potential political instability caused by changes in governments, political deadlock in the legislative process, tension and conflict between federal and regional authorities, corruption among government officials and social and ethnic unrest. In particular, the armed conflict in the territory of Ukraine and uncertainties regarding the relationship with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in the countries neighboring with Ukraine and Russia, where the Group operates.

The Group may not be able to realise its expected rates of return if the real estate markets in CEE and SEE countries in which the Group operates become saturated and competition increases. Real estate markets may reach saturation if the supply of properties exceeds demand. Saturation in these markets would result in an increase in vacancy rates and/or a decrease in market rental rates and sale prices. As the commercial real estate markets in CEE and SEE are characterised predominantly by short-term leases, the Group expects that rental rates will decrease promptly in response to a perceived oversupply of lettable commercial space in those markets. If vacancy rates rise and/or market rental rates decrease, the Group may not be able to realise its expected rates of return on its projects or may be unable to let or sell its properties at all, which could have a material adverse effect on the Group's business, financial condition, results of operations.

The materialisation of any of the foregoing risks would have a material adverse effect on the Group's business, financial condition, results of operations.

The real estate market is cyclical

The real estate market is cyclical. Consequently, the number of projects completed by the Group has varied from year to year, depending on, among other things, general macro-economic factors, changes in the demographics of specific metropolitan areas, availability of financing and market prices of existing and new projects. Typically, growing demand results in greater expectations regarding the achieved profits and an increase in the number of new projects, as well as increased activity on the part of the Group's competitors. Because of the significant lag time between the moment a decision is taken to construct a project and its actual delivery, due in part to the protracted process of obtaining the required governmental consents and construction time, there is a risk that once a project is completed, the market will be saturated and the developer will not be able to lease or sell the project with the anticipated level of profits. An upturn in the market is typically followed by a downturn as new developers are deterred from commencing new projects due to reduced profit margins. There can be no assurance that during a downturn in the market the Group will be able to select projects which will fill actual demand during an upturn in the market. Additionally, the corporate bodies of the respective Group Companies that are expected to make certain investment decisions may not be able to properly assess the cycle of the real estate market and, consequently, accurately define the most favourable stage for completing the given investments.

All such events may have a material adverse effect on the Group's business, financial condition, results of operations.

The locations of the Group's properties are exposed to regional risks and could lose some of their appeal

The locations of each of the properties are influenced by macro-economic developments in the regions in which the Group operates, as well as being subject to specific local conditions in a given regional market. The Group's real estate portfolio focuses on commercial premises, which significantly exposes the Group to negative developments in those segments of the real estate market in the countries where the Group operates, including intensified competition or increased saturation.

Insolvencies, close-downs or moves of large companies or companies from individual or several sectors as a consequence of adverse developments or for other reasons could have a negative effect on the economic development of the location in question and, consequently, on the Group's portfolio as a whole. The Group has no control over such factors. Negative economic developments at one or more of the locations could reduce the Group's rental income or result in a loss of rent, which stem from a number of tenants being unable to pay their rent in full or in part, as well as cause a decline in the market value of the Group's properties, which may have a material adverse effect on the Group's business, financial condition, results of operations.

Changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Group

Tax regulations in number of countries the Group operates in, including Poland, are complex and they are subject to frequent changes. The tax law practice of the tax authorities is not homogenous and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. No assurance may be given by the Company that the tax authorities will not employ a different interpretation of the tax laws which apply to the Group Companies, which may prove unfavourable to the Group. One may not exclude the risk that the specific individual tax interpretations already obtained and applied by the Group Companies will not be changed or questioned. There is also a risk that once new tax law regulations are introduced, the Group Companies will need to take actions to adjust thereto, which may result in greater costs forced by circumstances related with complying with the changed or new regulations.

In light of the foregoing, there can be no assurance given that the tax authorities will not question the accuracy of tax reporting and tax payments made by the Group Companies, in the scope of tax liabilities not barred by the statute of limitations, and that they will not determine the tax arrears of the Group Companies, which may have a material adverse effect on the Group Companies' business, financial standing, growth prospects or results of the Group.

Moreover, in relation to the cross-border nature of the Group's business, the international agreements, including the double tax treaties, to which the Republic of Poland is a party, also have an effect on the Group Companies' business. Different interpretations of the double tax treaties by the tax authorities as well as any changes to these treaties may have a material adverse effect on the business, financial standing or results of the Group Companies.

The related-party transactions carried out by the Group Companies could be questioned by the tax authorities

The Group Companies have carried out transactions with related parties. When concluding and performing related-party transactions, the Group Companies endeavour to take special care to ensure that such transactions comply with the applicable transfer pricing regulations. However, due to the specific nature of related-party transactions, the

complexity and ambiguity of legal regulations governing the methods of examining the prices applied, as well as the difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific Group Companies will not be subject to inspections or other investigative activities undertaken by tax authorities or fiscal control authorities. Should the methods of determining arm's-length terms for the purpose of the above transactions be challenged, this may have a material adverse effect on the business, financial standing, growth prospects, results of the Group Companies.

Changes in laws could adversely affect the Group

The Group's operations are subject to various regulations in Poland, Romania, Hungary, Croatia, Serbia, Bulgaria and other jurisdictions in which the Group conducts business activities, such as fire and safety requirements, environmental regulations, labor laws, and land use restrictions. If the Group's projects and properties do not comply with these requirements, the Group may incur regulatory fines or damages.

Moreover, there can be no assurance that if perpetual usufruct fees in Poland are increased, the Group will be able to pass such costs onto its tenants in the form of increased service charges as such increase might lead to a given property becoming less competitive as compared to properties not situated on land subject to perpetual usufruct fees.

Furthermore, the imposition of more strict environmental, health and safety laws or enforcement policies in CEE and SEE could result in substantial costs and liabilities for the Group and could subject the properties that the Group owns or operates (or those formerly owned or operated by the Group) to more rigorous scrutiny than is currently applied. Consequently, compliance with these laws could result in substantial costs resulting from any required removal, investigation or remediation, and the presence of such substances on the Group's properties may restrict its ability to sell the property or use the property as collateral.

New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the use of the properties and could have a material adverse effect on the Group's business, financial condition, results of operations.

Unlawful, selective or arbitrary government actions may impact the Group's ability to secure the agreements, contracts and permits required for it to develop its projects

Government authorities in the geographical markets in which the Group operates have a high degree of discretion and may not be subject to supervision by other authorities, requirements to provide a hearing or prior notice or public scrutiny. Therefore, government authorities may exercise their discretion arbitrarily or selectively or in an unlawful manner and may be influenced by political or commercial considerations. The Group has faced administrative decisions in the past which forced it to unexpectedly change its investment plans (including limiting the scale of a project). Such discretion may have a material adverse effect on the Group's business, financial condition, results of operations.

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, and the Group's properties may be subject to restitution claims

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, which may, inter alia, result in delays in the land acquisition process and the registration of many plots

into one consolidated plot, which is a requirement before certain projects can be developed. This inefficiency could have a material adverse effect on the business, cash flows, financial condition, results of operations of the Group.

Moreover, the Group may be exposed to the inherent risk related to investing in real estate situated in CEE and SEE countries resulting from the unregulated legal status of some of such real properties. Following the introduction of nationalization in certain CEE and SEE jurisdictions, including Poland and Hungary, during the post-war years, many privately-owned properties and businesses were taken over by such states. In many cases, the requisition of the property took place in contravention of prevailing laws. After the CEE and SEE countries moved to a market economy system in 1989-1990, many former property owners or their legal successors took steps to recover the properties or businesses lost after the war or to obtain compensation. For many years efforts have been made to regulate the issue of restitution claims in Poland. Despite several attempts, no act regulating the restitution process has been passed in Poland. Under the current law, former owners of properties or their legal successors may file applications with the authorities for the administrative decisions under which the properties were taken away from them to be revoked. As at the date of the delivery of this Report, there are no proceedings underway seeking the invalidation of administrative decisions issued by the authorities concerning properties held by the Group. There is no guarantee, however, that restitution claims may not be brought against the Group in the future, and this could have a material adverse effect on the Group's business, financial condition, results of operations.

The Group's claims to the titles to investment and development properties may be subject to challenge in certain cases, and permits in relation to such properties may have been obtained in breach of applicable laws

It may be difficult or, in certain cases, impossible for the Group to establish with certainty that the title to a property has been vested in a relevant Group company due to the fact that real estate laws in Poland and other jurisdictions in which the Group operates are complicated and often ambiguous and/or contradictory and the relevant registries may not be reliable. For example, under the laws of Poland, transactions involving real estate may be challenged on many grounds, including where the seller or assignor to a given property did not have the right to dispose of such property, for a breach of the corporate approval requirements by a counterparty or a failure to register the transfer of a title in an official register, when required. Also, even if a title to real property is registered, it may still be contested. Therefore, there can be no assurance that the Group's claim to a title would be upheld if challenged. Further, it is possible that permits, authorisations, re-zoning approvals or other similar decisions may have been obtained in breach of applicable laws or regulations. Such matters would be susceptible to subsequent challenge. Similar issues may arise in the context of compliance with privatisation procedures and auctions related to the acquisition of land leases and development rights. It may be difficult, or impossible, to monitor, assess or verify these concerns. If any of these permits, authorisations, re-zoning approvals or other similar requirements were to be challenged, this may have a material adverse effect on the Group's business, financial condition, results of operations.

Risk Factors Relating to the Shareholding Structure of the Company and Corporate Governance

There may be potential conflicts of interest between the Group and the Group's controlling shareholder

GTC Dutch Holdings B.V. ("GTC Dutch"), which is fully controlled by LSREF III GTC Investments B.V., is the Group's controlling shareholder as of the date of the delivery of this Report. LSREF III GTC Investments B.V., a fund specialising in real property investments, is managed by Lone Star Funds. Lone Star Funds ("Lone Star"), is a leading private equity firm that invests globally in real estate, equity, credit and other financial assets.

Lone Star's representatives may constitute the majority of the Supervisory Board and may thus control the appointment of the Management Board. Consequently, Lone Star may influence the decision making process in the Company. Accordingly, in considering any investment, business and operational matters of the Company and the most appropriate uses for the Company's available cash, the interests of Lone Star and of Lone Star Real Estate Fund III may not be aligned with the interests of the Company or of its other stakeholders.

Moreover, Lone Star and Lone Star Real Estate Fund III operate in the same market as the Group and they may compete over investments that the Group may be interested in. Any such conflicts of interest may have an adverse effect on the Group's business, financial condition, results of operations.

Furthermore, as in the case of any significant shareholder, all of the shares of the Company may be offered for sale without any restrictions and there can be no assurance as to whether or not they will be sold on the market and at which price. Such sale, or new issuance of shares, may adversely affect the price of the Company's share in the market, or an offering of the Company's shares, if any.

Because the Company is a holding company, its ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds

The dividend policy is strictly connected with the general business strategy of the Group. The Group introduced a dividend policy in 2017, however the amount which may be distributed by the Company in accordance with the Polish law depends on the net profit and certain other figures reflected in the Company's stand-alone financial statements. Such figures may differ from the figures included in the Group's consolidated financial statements which are prepared in accordance with the IFRS.

As a holding company, the Company's ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds to the Company. Therefore, there can be no assurance that the Company will declare or pay any dividends to its shareholders in the future. The payment and amount of any future dividends will depend on the Management Board's assessment of factors such as long-term growth and earnings trends, the need for sufficient liquidity, the need for investment in the Company's existing project portfolio, the existence of alternative investment opportunities and the Company's financial position in general. This may have a material adverse effect on the Group's business, financial condition, results of operations.

Future offerings of debt or equity securities offered by the Company may adversely affect the market price of the Shares and dilute the shareholders' interests

To finance future acquisitions, the Company may raise additional capital by offering debt or additional equity securities, including convertible notes, medium-term notes, senior or subordinated notes and ordinary shares. The issuance of equity or debt securities with conversion rights may dilute the economic and voting rights of existing shareholders, if made without granting pre-emptive or other subscription rights, or reduce the price of the Company's shares, or both. The exercise of conversion rights or options by the holders of convertible or warrant-linked bonds that the Company may issue in the future may also dilute the shareholders' interests. Holders of the Company's ordinary shares have statutory pre-emptive rights entitling them to purchase a percentage of every issuance of the Company's ordinary shares. As a result, holders of the Company's ordinary shares may, in certain circumstances, have the right to purchase ordinary shares that the Company may issue in the future in order to preserve their percentage ownership interest in the Company, thereby reducing the percentage ownership interest of other investors. Because any decision by the Company to issue additional securities depends on market conditions and

other factors beyond the Company's control, the Company cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, prospective investors bear the risk of the Company's future offerings reducing the market price of the shares and diluting their interest in the Company.

Item 4. Presentation of the Group

Item 4.1. General information about the Group

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

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

Since its establishment and as at 31 December 2019 the Group has: (i) developed over 1.2 million sq m of gross commercial space and over 300 thousand sq m of residential space; (ii) sold over 570 thousand sq m of gross commercial space in completed commercial properties and approximately 300 thousand sq m of residential space; and (iii) acquired over 151 thousand sq m of commercial space in completed commercial properties. Additionally GTC Group developed and sold over 100 thousand sq m of commercial space and approximately 76 thousand sq m of residential space through its associates in Czech Republic.

As of 31 December 2019, the Group's property portfolio comprised the following properties:

- 46 completed commercial buildings, including 41 office buildings and five retail properties with a total combined commercial space of approximately 747 thousand sq m of GLA, of which the Group's proportional interest amounts to approximately 737 thousand sq m of GLA;
- four office buildings under construction with total GLA of approximately 63 thousand sq m, of which the Group's proportional interest amounts to 63 thousand sq m of GLA;
- commercial landbank designated for future development; and
- residential landbank designated for sale.

As of 31 December 2019, the book value of the Group's portfolio amounts to €2,260,418 with: (i) the Group's completed investment properties account for 89% thereof; (ii) investment properties under construction – 4%; (iii) an investment landbank intended for future development – 5%; (iv) right of use of lands under perpetual usufruct – 2% and (v) residential landbank account for less than 1%. Based on the Group's assessment approximately 99% of the portfolio is core and remaining 1% is non-core assets, including landplots designated for sale and residential landbank.

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

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

Item 4.2. Main events of 2019

On 14 February 2019, Midroog (Israel-based credit rating agency accredited by the State of Israel) assigned an A2.il rating with a stable outlook for repayment capability of debt that the Company might raise in Israel, in the amount of up to €70,000. On 27 January 2020, Midroog announced cessation of debt rating for Globe Trade Centre S.A. at the Company's request, in light of not raising debt in Israel.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of €20,000 (€3,500 top up after completion, subject to agreed conditions), for the construction of Advance Business Center II.

In March 2019, the Group and Raiffeisen Bank signed an agreement to refinance FortyOne office complex in Belgrade. The loan amounted €40,000.

In April 2019, GTC SA issued three-year euro denominated bonds in the total amount of €9,440 to be repaid in April 2022. ISIN code PLGTC0000292.

In April 2019, the Group completed Green Heart N2, an office building in Belgrade.

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178,900 (€41,600), PLN 0.37 per share and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares or in cash depending on shareholders preferences. As a result in June 2019, the Company issued 2,018,126 series N shares to some of the Company's shareholders and paid a dividend in the amount of €37,700 to remaining shareholders.

In May 2019, the Group completed the construction of Ada Mall in Belgrade.

In June 2019, the Group completed the construction of Advance Business Centre I, an office building in Sofia.

In June 2019, the Group started the construction of Pillar, an office building in Budapest.

In July 2019, the Group and OTP bank signed a loan agreement, which refinanced the existing loan of Duna Tower and Center Point in Budapest with a top-up of €27,000 to a total of €93,000.

In July 2019, the Group completed the construction of Matrix A, an office building in Zagreb.

In July 2019, the Group completed the construction of Green Heart N1, an office building in Belgrade.

In August 2019, the Group and Erste bank signed a new loan agreement to finance the construction of Matrix B in the amount of €11,700 construction that was increased by €2,800 in 2020.

In September 2019, the Group sold GTC White House office building in Budapest for a total amount of €70,700 and the bank loan related to this investment was fully repaid.

In September 2019, the Group and Santander signed a loan agreement, which refinanced the existing loan of Globis Poznan with a top-up of €3,000, to a total of €17,700.

In October 2019, the Group and Erste signed a loan agreement, which refinanced the existing loan of GTC House with a top-up of €4,000, to a total of €15,600.

In November 2019, the Group and Berlin Hyp signed a loan agreement, which refinanced the existing loan of University Business Park with a top-up of €17,100, to a total of €43,500.

In November 2019, the Company issued new bonds denominated in PLN with a total amount of PLN 220,000 to be repaid in three equal tranches from November 2022 to November 2023. The Company hedged the bonds. The liability was swapped into Euro with a fixed interest rate.

In November 2019, the Company signed agreement for the sale of the company that holds Neptun Office Center, Gdansk. The value of the building for the purpose of transaction was €44,200. The bank loan in the amount of €19,900 was fully repaid before the sale.

Events that took place after 31 December 2019:

In February 2020, the Group signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000.

Item 4.3. Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 31 December 2019 is presented in the Consolidated Financial Statements for the year ended 31 December 2019 in Note 8 "Investment in subsidiaries, associates and joint ventures".

The following changes in structure of the Group occurred in the twelve-month period ended 31 December 2019:

- Spiral II Hungary. Kft. merged into Centre Point I Kft.;
- Mablethompe Investitii S.R.L. was liquidated;
- CID Holding S.A. was liquidated;
- River Loft Apartmanok Ltd. was liquidated;
- Galleria Shopping Center S.R.L. was sold;
- GTC Neptune Gdansk Sp. z o.o. was sold;
- Non-controlling interest shares acquired in Aurora Business Complex S.R.L.

Item 4.4. 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.

Item 4.5. The Group's Strategy

The Group's objective is to create value from:

- active management of a growing commercial real estate portfolio in CEE and SEE, supplemented by selected development activities; and
- enhancing deal flow, mitigating risks and optimising performance through its regional platform, by investing its own funds, the proceeds from share capital increase and reinvesting potential proceeds from the sale of real properties.

The Group implements the following elements, among others, to achieve its strategic objectives:

Acquiring yielding properties in Poland and in capital cities of selected CEE and SEE countries

The Group's strategic objective is to expand its portfolio by acquiring yielding properties in Poland and in capital cities of selected CEE and SEE countries that have value added potential.

The Management Board believes that the current market conditions, including the attractive pricing of yielding properties and the widening range of potential sellers, present compelling real estate acquisition opportunities for both individual assets and portfolios at attractive prices. The Management Board will carefully consider and evaluate attractive investment opportunities, which meet the investment criteria of the Group, while taking into consideration the prevailing market yields and the Group's investment criteria targets.

In addition, in implementing its strategic objective of expanding its portfolio, the Group is well-positioned to benefit from:

- the exceptional high yield spread in the current low interest rate environment, allowing for highly accretive growth;
- the future growth potential in Poland, and capital cities in the Group's countries of operation if the macro environment improves;
- selective approach by lender that operate in the CEE and SEE regions, which limits competition from other potential purchasers;
- limited offer of high class office and retail space in some markets, which in turn results in increased demand for renting space in class A properties.

The Group's acquisition strategy includes the acquisition of income generating assets with value-added potential and / or high FFO yield that meet the following criteria:

- office and retail assets;
- located in Warsaw or secondary cities in Poland or in the capital cities of CEE/SEE countries;
- cash generation ability (upon acquisition or shortly after);
- potential growth of net operating income, through re-leasing optimising occupancy, rental rates, and/or redevelopment; and
- potential to increase return on equity through active asset management.

The Group's expansion will be selective and will be evaluated based on market opportunity, demand and potential return on investment. The Group may invest alone or may co-invest with partners, which will allow for increased portfolio diversification and boost the scope of investments.

Since the end of 2015 we also acquired:

- Duna Tower (office building located in Budapest, Hungary);
- Pixel (office building located in Poznań, Poland);
- Premium Point (office building located in Bucharest, Romania);
- Premium Plaza (office building located in Bucharest, Romania);
- Neptun Office Center (office building located in Gdańsk, Poland);
- Sterlinga Business Center (office building located in Łódź, Poland);
- Cascade Office Building (office building located in Bucharest, Romania);
- Belgrade Business Center (office building located in Belgrade, Serbia);
- Mall of Sofia (shopping mall located in Sofia, Bulgaria);
- Sofia Tower (office building located in Sofia, Bulgaria).

Additionally, we acquired a number of land plots for office development predominantly in Budapest, but also in Bucharest and Sofia.

Improving the efficiency of asset management activities and maximising operating performance

The Group will continue to actively manage its current and future income-generating commercial property portfolio to maximise operating performance and efficiency, diversify tenant risk and enhance rental income.

The Group intends at least to maintain high value to its portfolio through its asset management activities. Such activities include:

- increasing and maintaining occupancy on best achievable market terms;
- maintaining high collection efficiency by strict monitoring of receivables;
- striving for a low and efficient cost base by using energy efficient technologies and optimising property repair and maintenance costs;
- optimising development costs by revising and cost-engineering its developments without detriment to the competitiveness of any individual asset;
- optimising administrative costs where possible; and
- optimising the costs of finance through refinancing where possible.

The Management Board believes that, on a long-term basis, active asset management of completed assets will constitute a key success factor of the Group's strategy.

Developing selected projects in the pre-construction or construction stage

Another core growth source under the Group's strategy is the development of commercial projects in areas where there is demand for commercial properties.

The Group is a real estate investor and developer and adjust its development activities to the market conditions. The Management Board believes that this approach allows the Group to better respond to the changing conditions of the real estate market and focus on more active and efficient asset management of its existing as well as its expanded portfolio. Subject to prevailing market conditions, in order to improve the recurring operating income, in the mid-term the Group intends to structure its real estate portfolio in such a manner whereby more than half of its value is attributed to income-generating assets and the remaining portion to trading and development.

During 2019 GTC Group completed 4 office buildings and one shopping mall:

- Green Heart N1 and N2 (two office buildings located in Belgrade, Serbia);
- Advance Business Center I (office building located in Sofia, Bulgaria);
- Matrix A (office building located in Zagreb, Croatia);
- Ada Mall (multifunctional retail and leisure centre located in Belgrade, Serbia).

The development of projects, which as at the date of the Report were in the construction stage or the pre-construction stage, is an important value driver of the Group.

Currently, the Group has four buildings consisting of 62,900 sq m of office and retail space under construction:

- Green Heart N3 – an office building in the Green Heart complex of five office buildings in Belgrade, Serbia with intended GLA of approximately 5,400 sq m;
- Advance Business Center II - office buildings in Sofia, Bulgaria with intended GLA of approximately 17,800 sq m;
- Matrix B – an office building in Zagreb, Croatia with intended GLA of approximately 10,700 sq m;
- Pillar - an office building in Budapest, Hungary with intended GLA of approximately 29,000 sq m.

As of 31 December 2019, projects under construction represent approximately 4% of the Group's portfolio value.

Currently, another five buildings consisting of 113,900 sq m in of office space is in the pre-construction stage with construction to commencement during 2020:

- GTC X - an office building in Belgrade, Serbia with intended GLA of approximately 16,800 sq m;
- Tower (Mall of Sofia) – an office building in Sofia, Bulgaria with intended GLA of approximately 7,700 sq m;
- City Rose Park 1 - an office building in a City Rose Park complex in Bucharest, Romania with intended GLA of approximately 35,600 sq m;
- Center Point 3 - an office building in Budapest, Hungary with intended GLA of approximately 35,500 sq m;
- Moderna - an office building in Katowice, Poland with intended GLA of approximately 18,300 sq m.

In addition, Group's rich commercial landbank designated for future development allow us to extend the planned projects in areas where there will be demand for commercial properties.

Disposal of mature assets

The Group may sell certain of its mature assets from its portfolio (i.e. completed commercial properties which generate a stable flow of rental income and which, in the Group's view, have reached their long-term value). Moreover, following the acquisition of existing income-generating properties and increasing their value, the Group may also sell such properties.

Based on market conditions and Group's strict criteria during 2019 the Group sold:

- GTC White House (office building located in Budapest, Hungary);
- Neptun Office Center (office building located in Gdańsk, Poland).

Maintaining a balanced mix of investments across CEE and SEE regions and adapting to changes in the real estate markets

The Group intends to continue to focus its real estate management and development activities on properties located in Warsaw or secondary cities in Poland and in the capital cities of CEE and SEE countries, as such are characterised by macroeconomic stability, continued GDP growth and investor and tenant demand. The Group believes that some other markets, in which it operates also offer long-term growth potential due to their relatively underdeveloped real estate markets and relatively illiquid markets. Further investments in these markets will be explored on an opportunistic basis with strict risk adjusted return hurdles. At the same time, specific performance requirements will be imposed on all assets in the Group's portfolio.

The Group aims to create and maximise shareholder value by constantly adapting to changes in the markets in which it operates whilst maintaining maximum performance of its core portfolio of assets.

Item 4.6. Business overview

The Group's core business is geared towards commercial real estate, with a clear focus on creating value from active management of a growing real estate portfolio in CEE and SEE supplemented by selected development activities. As of 31 December 2019, the book value of the Group's investment property and residential landbank amounted to €2,260,418. The Groups investment properties include income generating assets (completed properties), projects under construction, commercial landbank and right of use.

Investment portfolio

As of 31 December 2019, the Group manages completed commercial properties with a combined gross rentable area of approximately 747 thousand sq m, including 41 office buildings and five shopping malls, which constituted 89% of the overall portfolio.

The Group's office buildings provide convenient space, flexible interiors and a comfortable working environment. They are located in the heart of business districts and in proximity to the most important transport routes, including international airports. All projects have earned the trust of a significant number of international corporations and other prestigious institutions, including: BlackRock, Microsoft, Arvato Bertelsmann, Barry Callebaut, Jaguar Land Rover, IBM, KPMG, Fujitsu, Hitachi, Allegro Group, Huawei, Bosch, UniCredit, Philip Morris, Roche, State Street, ExxonMobil.

The Group's shopping centres are located in both capital cities as well as in secondary cities in Poland, Bulgaria and Croatia. They are always very highly ranked in the city of their location. The tenants include big multinationals as well as local brands like: Carrefour, LPP, TK Max, Zara, H&M, Cinema City, New Yorker and others.

Projects under construction

As of 31 December 2019, the Group had four office buildings classified as investment under construction with a book value of €84,080, which constituted 4% of the Group's overall portfolio.

Investment property landbank

As of 31 December 2019, the Group had land classified as investment property landbank designated for future development of €115,277, which constituted 5% of the Group's overall portfolio (by value). This landbank includes projects that are on Group's focus for coming year like: GTC X, Tower - Mall of Sofia, City Rose Park 1, Center Point 3 and Moderna, which constitute 1% of group's overall portfolio (28% of investment property landbank).

In addition, Group's rich investment property landbank designated for future development allow us to extend the planned projects in areas where there will be demand for commercial properties.

Residential landbank

Over past 25 years, the Group also used to develop residential units for sale, however is phasing out of that market segment. As of 31 December 2019, the Group held residential landbank with a total value of €13,388, which constituted less than 1% of the Group's overall portfolio.

Right of use

As of 1 January 2019, GTC has adopted the new IFRS 16. As a result of that, the Group recognized right of use in the amount €45,682, which constituted 2% of the Group's overall portfolio.

Item 4.6.1. Overview of investment portfolio

The Group's strategy focuses on creating value from active management of a growing real estate portfolio in CEE and SEE. The Group has presence in Poland, Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group focused on commercial assets, mainly office buildings and office parks as well as retail and entertainment centres. The Groups investment properties include income generating assets (completed properties), projects under construction and investment property landbank.

Item 4.6.1.1. Overview of income generating assets

As of 31 December 2019, the Group had 46 income generating assets totaling 747 thousand sq m and valued €2,003,188. The average occupancy rate within the income generating portfolio was 95% as of 31 December 2019. The portfolio was valued based on average yield of 6.9%. Average duration of leases in Group's income generating portfolio was 3.3 years and the average rental rate was €17.0/ sq m / month.

Approximately 45% of the income generating portfolio is located in Poland, 19% in Belgrade, 13% in Budapest, 10% in Bucharest, 7% in Sofia and remaining 6% in Zagreb.

The following table presents income generating portfolio by country in which the Group operates of 31 December 2019:

Location	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Poland	309,100	41%	93%	896,258	45%
Belgrade	151,300	20%	98%	382,381	19%
Budapest	125,500	17%	97%	259,419	13%
Bucharest	66,700	9%	96%	190,418	10%
Sofia	49,000	7%	99%	145,400	7%
Zagreb	45,500	6%	97%	129,312	6%
Total	747,100	100%	95%	2,003,188	100%

As of 31 December 2019, office properties accounted for around 59% and retail properties accounted for the remaining 41% of book value of income generating portfolio.

The following table presents income generating portfolio by main usage type as of 31 December 2019:

Usage type	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Office	531,300	71%	95%	1,173,106	59%
Retail ¹	215,800	29%	96%	830,082	41%
Total	747,100	100%	95%	2,003,188	100%

¹Including Avenue Center, Zagreb, Croatia and Sofia Tower, Sofia, Bulgaria

Item 4.6.1.1.1. Overview of the office portfolio

As of 31 December 2019, the Group office portfolio comprised of 41 office buildings. Total gross rentable office space was 531 thousand sq m compared to 501 sq m as of 31 December 2018. Total value of office portfolio as of 31 December 2019 was €1,173,106 compared to €1,072,168 as of 31 December 2018. Increase in value and space is mainly due to completion of two building in Green Heart project in Belgrade, Advance Busenss Center I in Sofia and Matrix A in Zagreb, partially offset by sale of GTC White House in Hunagry and Neptun Office Center in Poland. The Group's office buildings are located in Poland, and capital cities of other countries of CEE and SEE region: Budapest, Belgrade, Zagreb, Bucharest and Sofia (Avenue Center is a part of Avenue Mall Zagreb and its presented together with Avenue Mall Zagreb in retail segment as well as Mall of Sofia and Sofia Tower).

The following table presents office portfolio by country as of 31 December 2019:

Location	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Poland	195,600	37%	92%	398,888	34%
Belgrade	116,700	22%	98%	263,081	23%
Budapest	125,500	24%	97%	259,419	22%
Bucharest	66,700	12%	96%	190,418	16%
Sofia	16,000	3%	99%	36,800	3%
Zagreb	10,800	2%	89%	24,500	2%
Total	531,300	100%	95%	1,173,106	100%

Item 4.6.1.1.1.1. Office portfolio in Poland

The total gross rentable area in Poland comprised 196 thousand sq m in 16 office buildings located in Warsaw, Kraków, Łódź, Katowice, Poznań and Wrocław. The average occupancy rate was at the level of 92%. The average duration of leases was 2.8 years at the year end and applied yield was at the level of 7.4%. The average rental rate generated by the office portfolio in Poland was at the level of €14.4 /sq m/month. Book value of the office portfolio in Poland amounted to €398,888 as of 31 December 2019 compared to €432,610 as of 31 December 2018. The decrease comes from sale of Neptun Office Center in Gdańsk in November 2019.

The following table lists the Group's office properties located in Poland:

Property	Location	GTC's share	Total gross rentable area	Year of completion
		(%)	(sq m)	
Galileo	Kraków	100%	10,600	2003
Globis Poznań	Poznań	100%	13,800	2003
Newton	Kraków	100%	10,800	2007
Edison	Kraków	100%	10,900	2007
Nothus	Warsaw	100%	9,600	2007
Zephyrus	Warsaw	100%	9,600	2008
Globis Wrocław	Wrocław	100%	16,100	2008
University Business Park A	Łódź	100%	20,200	2010
Francuska Office Centre	Katowice	100%	23,000	2010
Sterlinga Business Center	Łódź	100%	13,400	2010
Corius	Warsaw	100%	9,600	2011
Pixel	Poznań	100%	14,300	2013
Pascal	Kraków	100%	5,900	2014
University Business Park B	Łódź	100%	20,200	2016
Artico	Warsaw	100%	7,600	2017
		Total	195,600	

Item 4.6.1.1.1.2. Office portfolio in Belgrade

The Group's total gross rentable area in Belgrade comprised 117 thousand sq m in ten office buildings. The occupancy rate was at the level of 98%. The average duration of leases was 2.4 years at the year end and applied yield was at the level of 8.1%. The average rental rate generated by the office portfolio in Belgrade was at the level of €16.9 / sq m / month. Book value of the Group's office portfolio in Belgrade amounted to €263,081 as of 31 December 2019 compared to €211,782 as of 31 December 2018. An increase comes mainly from completion of two buildings in Green Heart project.

The following table lists the Group's office properties located in Belgrade:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
GTC House	100%	13,300	2005
Avenue 19	100%	16,700	2008
Belgrade Business Center	100%	17,800	2009
FortyOne phase I	100%	10,100	2015
FortyOne phase II	100%	7,200	2016
FortyOne phase III	100%	10,700	2017
Green Heart E1	100%	10,400	2018
Green Heart E2	100%	11,300	2018
Green Heart N1	100%	13,100	2019
Green Heart N2	100%	6,100	2019
		Total	116,700

Item 4.6.1.1.1.3. Office portfolio in Budapest

The Group's total gross rentable area in Budapest comprised 125 thousand sq m in six office buildings. The occupancy rate was at the level of 97%. The average duration of leases was 3.4 years at the year end and applied yield was at the level of 7.3%. The average rental rate generated by the office portfolio in Budapest was at the level

of €12.9 / sq m / month. Book value of the Group's office portfolio in Budapest amounted to €259,419 as of 31 December 2019, as compared to €237,740 as of 31 December 2018. An increase comes mainly from value appreciation of Spiral, Duna Tower and GTC Metro following increase in rental rates. The increase was partially offset by sale of GTC White House in September 2019.

The following table lists the Group's office properties located in Budapest:

Property	GTC's share	Total gross rentable area	Year of completion
		(sq m)	
Center Point I&II	100%	40,900	2004/2006
Duna Tower	100%	31,300	2006
Spiral	100%	30,600	2009
GTC Metro	100%	16,200	2010
Center Point 3 ¹	100%	6,500	-
Total		125,500	

¹Property acquired as landbank for future development, with a small office building located on the plot

Item 4.6.1.1.1.4. Office portfolio in Bucharest

The Group's total gross rentable area in Bucharest comprised 67 thousand sq m in five office buildings. The occupancy rate was at the level of 96%. The average duration of leases was 2.8 years at the year end and applied yield was at the level of 7.4%. The average rental rate generated by the office portfolio in Bucharest was at the level of €19.0 / sq m / month. Book value of the Group's office portfolio in Bucharest amounted to €190,418 as of 31 December 2019, as compared to €190,036 as of 31 December 2018.

The following table lists the Group's office properties located in Bucharest:

Property	GTC's share	Total gross rentable area	Year of completion
		(sq m)	
Cascade Office	100%	4,200	2005
Premium Plaza	100%	8,500	2008
City Gate	100%	47,600	2009
Premium Point	100%	6,400	2009
Total		66,700	

Item 4.6.1.1.1.5. Office portfolio in Sofia

The Group's total gross rentable area in Sofia comprises 26 thousand sq m in two office buildings. The occupancy rate, the book value and other data of the Sofia Tower are presented together with the data for mall of Sofia.

The occupancy rate of Group's office portfolio in Sofia was at the level of 99%. The average duration of leases was 3.3 years at the year end and applied yield was at the level of 7.3%. The average rental rate generated by the office portfolio in Zagreb was at the level of €14.0 / sq m / month. Book value of the Group's office portfolio in Sofia amounted to €36,800 as of 31 December 2019 and comes from completion of one building in Advance Business Center complex.

The following table lists the Group's office investment properties located in Sofia:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
Sofia Tower	100%	10,300	2006
Advance Business Center I	100%	16,000	2019
Total		26,300	

Item 4.6.1.1.6. Office portfolio in Zagreb

The Group's total gross rentable area in Zagreb comprises 18 thousand sq m in two office building. The occupancy rate, the book value and other data of the Avenue Centre in Zagreb are presented together with the data for Avenue Mall Zagreb.

The occupancy rate of Group's office portfolio in Zagreb was at the level of 89%. The average duration of leases was 4.3 years at the year end and applied yield was at the level of 7.5%. The average rental rate generated by the office portfolio in Zagreb was at the level of €13.3 / sq m / month. Book value of the Group's office portfolio in Zagreb amounted to €24,500 as of 31 December 2019 and comes from completion of one building in Matrix project.

The following table lists the Group's office investment properties located in Zagreb:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
Avenue Center	70%	7,000	2007
Matrix A	100%	10,800	2019
Total		17,800	

Item 4.6.1.1.2. Overview of retail portfolio

As of 31 December 2019, the Group's retail properties comprised five shopping centres with a total gross rentable area of 216 thousand sq m compared to 181 thousand sq m as of 31 December 2018. The total value of retail investment properties as of 31 December 2019 was €830,082 compared to €719,742 as of 31 December 2018. The increase in value comes mainly from completion of Ada Mall and value appreciation of Galeria Jurajska following an improvement in operations.

The following table presents retail portfolio by country as of 31 December 2019:

Location	Total gross leasable area (sq m)	% of total retail portfolio (%)	Average occupancy (%)	Book value (€)	% of total book value
Poland	113,500	53%	94%	497,370	60%
Belgrade	34,600	16%	97%	119,300	14%
Sofia ¹	33,000	15%	98%	108,600	13%
Zagreb ¹	34,700	16%	99%	104,812	13%
Total	215,800	100%	96%	830,082	100%

¹ Including book value of office building

Item 4.6.1.1.2.1. Retail portfolio in Poland

The total gross rentable area of retail space in Poland comprises 113 thousand sq m in two retail scheme located in Warsaw and Częstochowa. The average occupancy rate was at the level of 94%. The average duration of leases was 4.4 years at the year end and applied yield was at the level of 5.6%. The average rental rate generated by the retail portfolio in Poland was at the level of €21.7 / sq m / month. Book value of the Group's retail portfolio in Poland amounted to €497,370 as of 31 December 2019, as compared to €516,930 as of 31 December 2018. The decrease comes mainly from decrease in book value of Galeria Północna due to longer rent stabilization period, partially offset by value appreciation of Galeria Jurajska following an improvement in operations.

The following table lists the Group's retail properties located in Poland:

Property	Location	GTC's share	Total gross rentable area	Year of completion
		(%)	(sq m)	
Galeria Jurajska	Częstochowa	100%	48,700	2009
Galeria Północna	Warsaw	100%	64,800	2017
		Total	113,500	

Item 4.6.1.1.2.2. Retail portfolio in Belgrade

The total gross rentable area of retail space in Belgrade comprises 35 thousand sq m in one shopping mall in Belgrade. The average occupancy rate was at the level of 97%. The average duration of leases was 4.8 years at the year end and applied yield was at the level of 7.1%. The average rental rate generated by the retail portfolio in Belgrade was at the level of €20.8 / sq m / month. Book value of the Group's retail portfolio in Belgrade amounted to €119,300 as of 31 December 2019 and comes from completion of Ada Mall in the second quarter of 2019.

The following table lists the Group's retail properties located in Belgrade:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
Ada Mall	100%	34,600	2019
		Total	34,600

Item 4.6.1.1.2.3. Retail portfolio in Sofia

The Group's total gross rentable area of retail space in Sofia comprised 33 thousand sq m (including Sofia Tower) in one retail scheme. The occupancy rate was at the level of 98%. The average duration of leases was 3.6 years at the year end and applied yield was at the level of 7.6%. The average rental rate generated by the retail portfolio in Sofia was at the level of €21.3 / sq m / month. Book value of the Group's retail portfolio in Sofia amounted to €108,600 (including book value of Sofia Tower) as of 31 December 2019 as compared to €98,000 as of 31 December 2018. The increase comes from an improvement in operations.

The following table lists the Group's retail properties located in Sofia:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
Mall of Sofia	100%	33,000	2006
	Total	33,000	

¹Including Sofia Tower

Item 4.6.1.1.2.4. Retail portfolio in Zagreb

The Group's total gross rentable area of retail space in Zagreb comprised 35 thousand sq m (including Avenue Center) in one retail scheme. The occupancy rate was at the level of 99%. The average duration of leases was 2.7 years at the year end and applied yield was at the level of 6.7%. The average rental rate generated by the retail portfolio in Zagreb was at the level of €20.7/ sq m / month. Book value of the Group's retail portfolio in Zagreb amounted to €104,812 (including book value of Avenue Center) as of 31 December 2019 compared to €104,812 as of 31 December 2018.

The following table lists the Group's retail properties located in Zagreb:

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
Avenue Mall Zagreb	70%	34,700 ¹	2007
	Total	34,700	

¹Including Avenue Center

Item 4.6.1.2. Overview of properties under construction

As of 31 December 2019, the Group had four office projects with a total gross rentable area of 63 thousand sq m and a book value of €84,080.

The following table lists the Group's properties under construction:

Property	Segment	Location	GTC's share	Total gross leasable area	Expected completion
				(sq m)	
Green Heart N3	office	Belgrade, Serbia	100%	5,400	Q2 2020
Advance Business Center II	office	Bucharest, Romania	100%	17,800	Q4 2020
Matrix B	office	Zagreb, Croatia	100%	10,700	Q4 2020
Pillar	office	Budapest, Hungary	100%	29,000	Q4 2021
Total				62,900	

Item 4.6.1.3. Overview of investment property landbank

Management, has conducted a thorough, asset by asset, review of the whole portfolio, in parallel to its decision to focus on Group's new developments efforts, solely on the strongest markets and, whilst supporting only the projects

in its portfolio, which give the strongest mid-term upside potential, while reducing. Concurrently, the Management decided to reduce the cash allocation towards projects that has a longer term investment horizon. The above implied re-assessment of the some of GTC's landbank projects development timetable, and rescheduling them to a later stage or designating them for sale.

Additionally, in some cases, in view due to the decline in consumption and deteriorating of purchasing power, the timetable for stabilization of in relevant catchment areas around certain completed and cash generating assets in SEE, the timetable for stabilization of had to be re-assessed, and consequently expectations for stabilized income were deferred.

As of 31 December 2019, the Group had land classified as investment property landbank designated for future commercial development with same land plots defined as for sale of €115,277. This landbank, designated for future commercial development, includes projects that are on Group's focus for coming years.

The following table lists the Group's projects that are in planning stage:

Property	Segment	Location	GTC's share	Total gross leasable area (sq m)
GTC X	office	Belgrade, Serbia	100%	16,800
Tower - Mall of Sofia	office	Sofia, Bulgaria	100%	7,700
City Rose Park 1	office	Bucharest, Romania	100%	35,600
Center Point 3	office	Budapest, Hungary	100%	35,500
Moderna	office	Katowice, Poland	100%	18,300
Total				113,900

In addition, Group's rich investment property landbank designated for future development allow us to extend the planned projects in areas where there will be demand for commercial properties.

Item 4.6.2. Residential landbank

As of 31 December 2019, the Group held residential landbank with a total value of €13,388, which constituted less than 1% of the Group's overall portfolio. The residential sector is not a core sector for the GTC Group and the remaining land is designated for sale.

Item 4.7. Overview of the markets on which the Group operates

This overview was prepared by the Group based on the publicly available information and is focused on the most important markets on which the Group operates.

The following description of the markets is fully based on JLL, CBRE and Colliers publicly available research and presents its view as the year end. Any changes that were notice post year end are not reflected.

Item 4.7.1. Office market

Poland

Office Warsaw

The market here has gone from strength to strength, with demand reaching spectacular levels, driving vacancy down and boosting the pre-leasing status of pipeline developments. This, in turn, resulted in increases in rents.

One of the key characteristics of the office market now is the diversity of demand pouring into Warsaw. There are newcomers to the market, companies already operating here and in search of better-quality space, firms looking to improve the location of their premises, public entities leasing space in commercial buildings, flex operators expanding their presence, and entities from the modern business services sector targeting the capital, to name but a few types of tenant. One of the most prominent examples of market dynamics is the recent decision by JTI to employ an additional 850 people and place them in WeWork in Mennica Legacy. The structure of the market is visibly changing and the driving force behind that is the competition on labour market. Employees are aware of their strong negotiating position and a firm's office becomes one of important factors in recruiting and retaining the best talent.

Such strong market fundamentals encouraged big players to sign record-breaking transactions last year. There were twelve leases exceeding 10,000 sq m and two of those were for more than 40,000 sq m. The largest deal, and a record-breaking one on the Polish market, was mBank's pre-let for 45,600 sq m in Mennica Legacy Tower. Another gigantic transaction was a renewal by Orange Polska in Miasteczko Orange for 44,800 sq m. The top three is rounded out by T-Mobile's renegotiation of its 27,400 sq m lease in Marynarska 12 in Mokotów.

2019 saw an all-time-high result in terms of demand for office space in Warsaw (880,000 sq m transacted on). Interestingly, companies from the financial sector were responsible for 23% of the total demand in Warsaw and an astonishing 42% in central parts of the city. What defines this year is the surge in pre-letting: the dwindling availability of existing lease options prompted large companies to consider pipeline developments to a greater extent. Last year as much as 225,000 sq m came from pre-lets, which is an increase of more than 60% as compared with the whole of 2018.

2019 was very busy for flexible spaces operators: 50,000 sq m of new flex space opened last year, including the largest flex centre in Poland, 14,200 sq m by WeWork in Mennica Legacy. What is encouraging for the sector is its rapidly increasing attractiveness for corporate clients. More and more companies are joining the community, including JTI, EY and Nielsen, among many others.

Robust demand for offices in Warsaw drives the building frenzy in the capital. The new supply in 2019 totalled 162,000 sq m in seventeen buildings.

Currently the total under-construction pipeline includes 790,000 sq m to be completed by 2022. Notably, approximately 40% of that volume is already pre-leased. Two of the most spectacular on-going projects are the Warsaw Hub (three towers: two offices and one hotel, being developed by Ghelamco Poland) and Varso Place (including the tallest building in the EU, being developed by HB Reavis). What's quite distinctive about the market at the moment is that the vast majority of under-construction projects are located in the central parts of the city, which may result in a lack of new products in non-central areas in the mid-term. Moreover, as Warsaw is one of the most absorptive markets in Europe, that extensive volume will not affect the balance between supply and demand.

The vacancy rate decreased to 7.8% in Warsaw (5.3% in Central zones and 9.4% in Non-Central zones of the city), which is a fall of 0.9p.p.y-o-y. Such a vacancy rate results in scarce large lease option throughout the city, especially in the centre, and encourages pre-letting activity: otherwise it is increasingly difficult to secure desired office space.

Prime headline rents rose in the central areas of Warsaw, due to the high demand, the low vacancy rate and increasing construction costs. One of the most dynamic areas in that respect continues to be the City Centre West. Prime rents in Warsaw are currently quoted at €18.0 to €24.0 / sq m / month, while prime assets in the best non-central areas lease for €11.0 to €16.0 / sq m / month.

Office regional cities

2019 has put a spotlight on the continued strong performance of the regional markets in Poland. The scale is definitely there, both in terms of supply and demand in all major business hubs outside of Warsaw. Spectacular transactions are being signed on a regular basis, while newly completed developments are getting bigger and

bigger in order to cater to the growing tenant requirements. All that is paired up with qualitative change in the regions.

Kraków has seen absolute record-breaking demand, with more than 267,000 sq m transacted on, significantly outpacing all the other markets. Its rock-star status is safe, but the rest have their own achievements as well. Wrocław's stock grew by 147,000 sq. m, in large part thanks to the completion of the second phase of the Business Garden complex. Now that office park offers 113,000 sq. m of office space and is home to a variety of companies such as Capgemini, Credit Agricole and Santander. The Tri-City finalized its Alchemia scheme with the fourth building completed in October and will soon grab headlines on the back of spectacular leases. Demand in Katowice more than doubled compared with 2018, which has prompted developers to start construction of new buildings that will change the city's skyline in coming years. Poznań saw all-time-high new supply volumes, with Business Garden and Nowy Rynek taking the lead in providing modern workspaces. The largest deal of the year in Łódź was by New Work in Hi Piotrkowska, which shows the confidence the flex sector has in this city.

It is encouraging to see that growth across Poland, which confirms the nation's competitive advantage against other CEE countries. All of the activity on the demand side of the market is driven by the booming economy of Poland (it is one of the European leaders, with estimated GDP growth in 2019 at the level of 4.2%, according to Oxford Economics). The demand volumes are growing, but also its structure is changing in regional markets. Pre-letting activity increased by 70% year-on-year and in 2019 amounted to 213,000 sq m, approximately one third of the total demand. Another expanding sector is flexible office solutions. Last year more than 28,000 sq m of office space was leased by these firms in the major cities outside Warsaw, which is 120% of the total volume for 2018. Some of the most interesting deals include Spaces entering the Katowice market and leasing the historic former seat of the Silesian Insurgents Association. In total, demand for office space in major regional Polish markets outside Warsaw in 2019 was a record-breaking 693,000 sq m. Such an excellent result is largely due to the aforementioned spectacular performance of Kraków, where 267,000 sq m was transacted on. Strong demand boosts developer activity. In 2019, more than 60 office developments entered the markets outside of Warsaw, offering a total of 547,000 sq m. All of the new development across the country enabled the total office stock to exceed 11 million sq m of modern office space (including Warsaw). Under-construction space in the major regional markets amounts to 800,000 sq m and is mainly concentrated in Kraków, Katowice and the Tri-City. Katowice is outpacing traditionally larger markets in terms of construction activity due to the recent boom in demand for offices there.

The overall vacancy rate for the eight regional markets now stands at 9.6%. The Tri-City boasts the lowest vacancy rate (4.9%), which means that the availability of immediately available office space is scarce in that region. The highest rate is found in Wrocław (12.5%). The largest decreases in vacancy rate were registered in Lublin (6.2p.p. y-o-y) and Katowice (3.2p.p. y-o-y).

Due to increasing construction costs (both labour and materials), growth in rents was noted in a few of Poland's major office markets. In 2019 a number of cities saw an uptick of prime headline rents: Kraków (now leasing at €13.5 to €15.5/ sq m / month), the Tri-City (now leasing at €13-€14.5/ sq m / month), Łódź (€12 to €14/ sq m / month), Katowice (now leasing at €13.6 to €14.5 / sq m / month), Poznań (€13.6 to €15 / sq m / month) and Wrocław (€13.5 to €14.8/ sq m / month). Currently the highest rents are quoted in Kraków. Some minor changes are expected over the next few quarters.

Bucharest

In 2019 approximately 388,500 sq m of office space were let in total in Bucharest, representing a 16.3% increase in comparison to 2018, when 344,000 sq m were let. JLL expects a similar transaction volume for 2020, as tenants continue to grow their businesses and show high interest for both existing quality buildings and projects in the pipeline.

In terms of vacancy rate, Q4 experienced a slight decrease, from 8.2% in Q3, to 7.7%, after a strong demand during Q4 and also because of the few deliveries.

Over the whole of 2019, the office stock in the city increased by 282,600 sq m. Another 205,000 sq m are expected to be delivered in 2020. This represents approximately 73% of the office stock delivered in 2019, which experienced record deliveries.

Considering the strong demand throughout 2019, likely to be sustained in 2020 as well, and the reduction of new office deliveries in 2020, vacancy will probably remain relatively stable in 2020, at around 8.0%.

Budapest

2019 resulted in a rather conservative completion figure of 70,500 sq m, only a third of that in the preceding year bringing the total office stock to 3.7 million sq m.

Gross take-up in 2019 was record high and stood at 637,120 sq m, which is by far the highest on the record even though net take up fell back 6% to 361,980 sq m.

The average asking rent level across available office space in Budapest increased slightly, to €13.0/ sq m /month. The class A availability in the existing stock contracted further and average asking rent was still up by 3.6% and rents amongst ongoing new developments are generally still in an upward trajectory. The largest appreciation in the average rent across all categories was once again registered in Central Pest and Vaci Corridor, while CBD and non-central Pest saw somewhat decreased average asking rent quotes due to the absorption of high-end available space.

As of Q4 2019, the citywide average vacancy rate decreased by 30 bps quarter-on quarter and 1.7 p.p. y-o-y, hitting its lowest level on record at 5.6%. Only the Central Buda and Periphery submarkets saw their vacancy rates increase, while those of the remaining submarkets remained stable or decreased. The largest vacancy declines were registered in Central- and Non-Central Pest.

Belgrade

Construction activity during continued during 2019 to bring the total stock to 845,000 sq m – an increase of 7.8% y-o-y. Take up was dominated by new lease agreements and relocation of existing occupiers. Occupancy rate went down to 3% at the year end and prime rents were stable at €15.5-16.5/sq m/month.

Sofia

Sofia office market has noted significant activity followed by 8% increase of modern stock y/y to 2,084,000 sq m.

In the second half of 2019 the majority of projects were delivered in suburban area, followed by projects delivered in broad centre. Towards the year end the activity remained high with the completion of Sofia Office Centre and Mobi Art Building.

At the end of 2019, there were around 340,000 sq m of new office schemes under construction. The highest activity is expected around Tsarigradska Shos and Mladost district.

The overall vacancy slightly increased and stood at 10% at the year end, while prime office rents remained stable at EUR 14-15.5/sq m/ month.

Item 4.7.2. Retail market

Poland

The defining trends of 2019 were, without a trace of any doubt, the slowing construction of shopping centre space in parallel with the strong and increasing activity on mixed-use and convenience centre segments, as well as growing customer expectations forcing the rapid advance of technology and development of new retail concepts.

Last year developers in Poland completed 391,000 sq m of modern retail space in large-scale projects (GLA > 5,000 sq m), including 169,000 sq m of shopping centre space. Over 100,000 sqm of that volume was delivered in Q4 2019. At the same time, however, 56,000 sq m was withdrawn from the stock, due to several closures of Tesco shopping centres.

Although shopping centres remain the most widespread format on the market, developers' activity in this segment is consistently falling. 169,000 sq m of GLA in shopping centres were delivered in 2019, whereas 100,000 sq m more had hit the market a year before.

Currently the total under-construction volume of shopping centre space to be completed both in 2020 and 2021, amounts jointly to a mere of 217,000 sq m, what will further strengthen this downward trend. Interestingly, the largest shopping centre currently under construction is Color Park in Nowy Targ, with only 27,000 sq m of GLA. 79% of the ongoing projects are being developed outside the major agglomerations.

As a result of recent openings, the total modern retail stock in Poland, covering large scale formats, reached the level of 14.6 million sq m of GLA at the end of 2019. Four hundred and twenty-two shopping centres account for 10.2 million sq m of that space and represent a total shopping centre density of 266 sq m/ 1,000 inhabitants, slightly below the West-European average of 279 sq m.

Growing shopping centre density has prompted developers to shift their attention to other retail formats. Indeed, stocks in retail parks and retail warehouses grew jointly by 209,000 sq m in 2019, 29% more than in 2018. 2019 was also a roaring success for smaller convenience centres (schemes with GLA of between 2,000 and 4,999 sq m): 137,500 sq m in 43 new convenience centres and three extensions of existing ones were delivered to the market last year, the best result ever. Significant changes on the Polish retail market are particularly visible in the grocery segment. The highlight of the Q4 2019 was acquisition of a majority stake in the Piotr i Paweł delicatessen chain by Spar Group. The market is moving towards smaller formats, where discount stores and convenience centres are blurring the lines between supermarkets, restaurants and petrol stations. The shift towards smaller formats relates to busier lifestyle, demand for fresh and higher quality products, health consciousness, increased awareness of customers, as well as increasing importance of technology, digitalisation, and e-commerce. As customers' preferences change, grocery retailers in Poland are investing in novel solutions. They include click & collect and online shops, bio formats, self-service checkouts and high-quality customer service. The Biedronka discount chain is testing premium formats after entering some of the locations vacated by the Piotr i Paweł chain and is introducing self-service checkouts.

Carrefour has decided to cooperate with Media Markt and launched the electronics zones within its stores. In order to counteract the drawbacks of the Sunday trading ban, Lidl has opened an online shop, and run a successful marketing campaign encouraging customers to visit Lidl on Saturdays. Żabka has been developing the concept of "the store of tomorrow", using elements of artificial intelligence and advanced algorithms, and Carrefour opened its first "Carrefour Express" self-service store with 24/7 access and vending-machine style service, as well as starting to test two new formats: Carrefour Bio and Supeco. In a highly competitive market, shopping centers must be more than just points of sale, they are expected to be integrated with local communities and offer space that truly reinvents the user experience. Shopping centres are now on their way to becoming e-commerce players too, via increasingly sophisticated websites, onsite digital interfaces, and mobile communications to customers within the mall and beyond its boundaries. This is the situation, for example, with the Unibail-Rodamco Labs, an entity dedicated to digital innovation, that has successfully piloted a number of programs aimed at making it easier to shop and dine at the company's centres.

Demand for modern retail space in Poland is generated primarily by the largest retail chains looking for attractive locations, whereas smaller chains are more cautious and focus on optimisation. The attractiveness of Polish market is confirmed by rapidly growing retail sales (€134 billion in 2019; 61% growth over the last 10 years), supported by governmental welfare programs, such as Family 500 Plus, and rising minimum wages. It is also confirmed by the stable number of new chains entering Poland.

Indeed, 20 international brands opened their first stores in Poland last year, including iconic luxury brand Hermes from France, fashion giants Monki and Weekday (H&M Group) from Sweden, and Under Armour from the USA, to name just a few. Expansion by international brands usually starts in Warsaw or possibly one of the major Polish cities, such as Gdańsk, Kraków, and Wrocław, and the decision to open stores in other cities most often comes after a test period. Greater courage in the expansion process is shown by the value retailers.

The increasing retail density in Poland results in location optimisation and consolidation (maximisation of turnover in stationary stores, avoidance of cannibalisation), which translates into a longer process of negotiation/renegotiation.

In terms of rental conditions in the major agglomerations, prime rents have remained relatively stable over the year. They peak at €135/ sq m/ month in Warsaw (up to €60 in terms of sub-prime rents), while in regional cities they range between €45 and €60/ sq m/ month. The difference in rental levels between prime assets and the second-best schemes results from the performance indicators (footfall and turnovers) achievable in retail centres.

The rapid development of technology and digitalisation have created both new challenges and opportunities for shopping centre owners. Newly emerging hybrid-shopping patterns, such as showrooming and webrooming, will need to be adapted into rental formulas, with regard paid to the interests of both developers and retailers.

Belgrade

During 2019 there was significant development activity in Belgrade with completion of Ada Mall and BIG Fashion Park, bringing the total shopping mall stock to 284,000 sq m which translates to the density of 168/1,000 inhabitants.

The future pipeline of 150,000 sq m is spread over 3 schemes including BW Galerija (part of Belgrade Waterfront project), West 65 Mall and Beo Shopping Center.

Average prime rental rates remained virtually unchanged at the level of €26-28/sq m/ month.

Sofia

Throughout the year there were no notable retail completions recorded in Sofia. New openings were recorded in the secondary cities with the most notable being opening of Delta Planet in Varna (a joint investment between Delta Real Estate and AP Investments).

Currently, the total stock in Sofia is 421,000 sq m which translates into density of 320 sq m /1000 inhabitants. Average rental rates stood at €19-21 / sq m /month.

Item 4.7.3. Investment market

Poland

With €7.75 billion of total transacted volumes, 2019 was for the Polish investment market another record breaking year, outpacing the previous best-ever market result of 2018 by over €500 million.

2019 shown an increase of activity of European investors, which were responsible for almost 50% of the deals (27% in 2018). The interest of Asian capital stayed stable and, similarly to 2018, reached the level of ca. 20% of overall investment volumes.

Yields remained relatively stable across asset classes, with the office sector witnessing yield compression from 4.5% to 4.25% in Warsaw and from 6.00% to 5.50% in major regional cities.

Office investment volumes increased by 37% compared to 2018 (€2.79 billion), marking the best result ever in the history of the Polish office investment market. For the first time ever, the office volumes in regional cities exceeded

€1 billion. The entire spectrum of transactions ranging from core, core+, through to value-add and opportunistic was recorded.

JLL expects the investors' interest for core and core+ product in office sector in Poland to continue in 2020. However, the dynamics and envisaged transaction volumes will be clearly determined by the availability of this type of investment products on the market.

Following the impressive, record result of €2.50 billion of retail space in Poland transacted in 2018, the 2019 result is similar to the 2016 and 2017 retail volumes. However, unlike 2018, when 75% of overall volume (€1.86 billion) was transacted in the first half of the year, the second half of 2019 was much stronger in terms of transaction volume. JLL estimates that retail assets worth about €1.59 billion were traded in H2 2019, which pushed the annual investments in retail in 2019 to €2.02 billion.

Prime shopping centre yields remain stable at 4.90% with prime retail park yields estimated at 6.80%.

Bucharest

Overall, in comparison with 2018, transaction volume in 2019 declined by almost 25%. Moreover, the average deal size decreased from €29.3 million to approx. €23.6 million.

The macro-economic forecast for Romania continues to be strong. Considering that several important transactions are pending completion in the first half of 2020, total volume for 2020 is estimated to reach at least €1.2 billion.

Both prime office and retail yields at the end of 2019 stood at 7.00%, while prime industrial yield was 8.00%. Prime assets with WAULT (Weighted Average Unexpired Lease Term) significantly longer than the market average can achieve yields below those quoted as prime.

All yields remained unchanged when compared with the previous quarter. For retail properties, yields are predicted to be stable throughout 2020, while for office and industrial JLL continues to foresee a soft downward pressure.

As the market has become more complex, there are large yield differences between prime and secondary properties.

Budapest

The local investment market show strong momentum in late 2019. The fourth quarter saw €427 million invested, rounding out of the year to eventually exceed earlier expectations – annual volume ended up being the second highest during this cycle at €1.72 billion, marking a 5% y-o-y increase. Altogether, CBRE registered 55 transactions during this year, with an average ticket size of ca. €31 million, largely in line with 2018.

Hungarian buyers remained by the most active on the market, accounting for 75% of the investment volume in 2019. The bulk of investment came from domestic private property companies and closed-ended investment vehicles. While there has been a shift from open-ended to close-ended domestic capital sources, the investor pool has remained similarly concentrated.

The 2019 investment volume was split along usual lines with offices carving out a dominant share of 49%, followed by retail with 28%, however for the first time in five years hotels attracted a higher share (15%) than industrial assets (8%).

Based on recently closed and ongoing transactions, CBRE are of the opinion that the benchmark prime yield levels remained stable during the last quarter of 2019 and stand at 5.25% for offices, 7.00% at logistics and 5.50% at shopping centres. New product coming to market further in 2020 may once again put downward pressure on office and hotel yields, but generally the current levels form a viable benchmark for the months to come.

SEE market

Investor interest remained high throughout the year 2019, yet the overall volumes did not exceed the previous year. On annual level overall volumes exceeded €855 million, which is a 35% decline y/y. In retail sector transaction volume in 2019 declined by 12% to €600 million. Office market noted 45% decrease to €230 million throughout the year 2019.

The 2019 investment volume was split along usual lines with retail carving out a dominant share of 70%, followed by office with 27% (€230 million). Industrial assets attracted 2% share).

The share of portfolio transactions was significant in Slovenia while in other markets individual schemes were majorly transacted. Since the beginning of the year the investors were majorly focused on Slovenia and Bulgaria. Croatian investment market has been relatively stable, while growing interest was noted for assets in Serbia.

The 2019 annual investment volume reached a level of €544 million (184% increase y-o-y) in Slovakia, €114 million (78% decrease y-o-y) in Bulgaria, €113 million (42% decrease y-o-y) in Serbia, €81 million (75% decrease y-o-y) in Croatia and €3.6 million (94% decrease y-o-y) in Bosnia and Hercegovina.

Item 4.8. Information on the Company's policy on sponsorship, charity and other similar activities.

The Group actively pursue the policies adopted by them which envisage supporting local communities that reside within or in close proximity of the areas where the Group's investments are situated. Such support involves:

- Enhancement of local infrastructure, including road and traffic infrastructure. The infrastructure created in connection with or for the purposes of the developments constructed is handed over to the local self-government free of charge to be used by all residents. Moreover, prior to the development of the Group's projects, public green areas (such as squares and parks) are placed on undeveloped plots or plots which will surround future developments following their completion by the Group.
- Sponsoring local initiatives. The Group participates in and supports local initiatives (such as the north bridge run ("Bieg przez Most"); Mayor's Office - Voting for a participatory budget point; beach volleyball tournament - Cup of Silesia; Cadet Championship in beach volleyball; foundations education stands: WWF, DKMS, organizations collecting 1% tax in Poland, advisory point how to settle yearly PIT statement; mobile blood donation station, host of local WOŚP teams). Additionally, in cooperation with Fundacja Zacztyani, Galeria Jurajska created 10 hospital libraries in the region to ease the stay in the hospital for the youngest. Galeria Jurajska not only helped collecting books but also as part of the project, as many as 80 volunteers took part in free fairy tale therapy workshops. As a result, fabulous therapists will appear in pediatric wards to conduct special activities with children based, among others on reading stories. Galeria Jurajska also sponsors the local volleyball team
- Embracing environmental certification. Out of concern for the environment, the investments of the Company and the Group are fully compliant with LEED or BREEAM guidelines. As at the end of 2019, approximately 88% of our properties holds a green certificate, which proves the sustainability of the properties that GTC develop and manage.

Item 5. Operating and financial review

Item 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 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 forced to change some of its investment plans. Additionally, the Group may not be able to develop numerous plans 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 twelve-month period ended 31 December 2019 and for the twelve-month period ended 31 December 2018, the Group derived 75% and 72% of its revenues from operations as rental revenue, which greatly depends on the rental rates per sq m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favorable rent levels. Moreover, for the twelve-month period ended 31 December 2019 and for the twelve-month period ended 31 December 2018, the Group derived 25% and 25% of its revenues from operations as service revenue, which reflects certain costs the Group passes on to its tenants.

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

Real estate valuation

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

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

The Group recognized net profit from revaluation and impairment of assets of €16,190 in the twelve-month period ended 31 December 2019 and €40,125 in twelve-month period ended 31 December 2018.

Impact of interest rate movements

Substantially all of the loans of the Group have a variable interest rate, mainly connected to EURIBOR. Increases in interest rates generally increase the Group's financing costs. At 31 December 2019, 95% of the Group's borrowings are hedged. A 50bp increase in EURIBOR rate would lead to €1,879 change in loss before tax. In addition, in an economic environment in which availability of financing is not scarce, demand for investment properties generally tends to increase when interest rates are low, which can lead to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, which can result in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have demonstrated significant volatility, changing from 1.343% as of 2 January 2012, through 0.188% as of 2 January 2013, to 0.280% as of 3 January 2014, 0.076% as of 2 January 2015 and – 0.1320% as of 4 January 2016, -0.3180% as of 2 January 2017, -0.328% as of 2 January 2018, as -0.3100% as of 2 January 2019 and -0.379 % as 2 January 2020 (EURIBOR for three-month deposits).

Impact of foreign exchange rate movements

For the twelve-month period ended 31 December 2019 and for the twelve -month period ended 31 December 2018 a vast majority of the Group's revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against euro of the local currencies of the countries in which the Group operates are an important factor as the credit facilities that are obtained may be denominated in either euro or local currencies.

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

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

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

Availability of financing

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

existing debt. Finally, the availability and cost of financing may impact the Group's development dynamics and the Group's net profit.

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

Item 5.2. Specific factors affecting financial and operating results

In December 2018, the Group repaid the loan for Artico office building in the amount of €12,900 and signed new loan agreement for the refinancing Artico office building in the amount of €14,600 with PKO BP. The loan was drawn in January 2019.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of €20,000 (€3,500 top up after completion, subject to agreed conditions), for the construction of Advance Business Center II.

In March 2019, the Group and Raiffeisen Bank signed an agreement to refinance FortyOne office complex in Belgrade. The loan amounted €40,000.

In April 2019, GTC SA issued three-year euro denominated bonds in the total amount of €9,440 to be repaid in April 2022. ISIN code PLGTC0000292.

In April 2019, the Group completed Green Heart N2, an office building in Belgrade.

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178,900 (€41,600), PLN 0.37 per share and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares or in cash depending on shareholders preferences. As a result in June 2019, the Company issued 2,018,126 series N shares to some of the Company's shareholders and paid a dividend in the amount of €37,700 to remaining shareholders.

In May 2019, the Group completed the construction of Ada Mall in Belgrade.

In June 2019, the Group completed the construction of Advance Business Centre I, an office building in Sofia.

In June 2019, the Group started the construction of Pillar, an office building in Budapest.

In July 2019, the Group and OTP bank signed a loan agreement, which refinanced the existing loan of Duna Tower and Center Point in Budapest with a top-up of €27,000 to a total of €93,000.

In July 2019, the Group completed the construction of Matrix A, an office building in Zagreb.

In July 2019, the Group completed the construction of Green Heart N1, an office building in Belgrade.

In August 2019, the Group and Erste bank signed a new loan agreement to finance the construction of Matrix B in the amount of €11,700 construction that was increased by €2,800 in 2020.

In September 2019, the Group sold GTC White House office building in Budapest for a total amount of €70,700 and the bank loan related to this investment was fully repaid.

In September 2019, the Group and Santander signed a loan agreement, which refinanced the existing loan of Globis Poznan with a top-up of €3,000, to a total of €17,700.

In October 2019, the Group and Erste signed a loan agreement, which refinanced the existing loan of GTC House with a top-up of €4,000, to a total of €15,600.

In November 2019, the Group and Berlin Hyp signed a loan agreement, which refinanced the existing loan of University Business Park with a top-up of €17,100, to a total of €43,500.

In November 2019, the Company issued new bonds denominated in PLN with a total amount of PLN 220,000 to be repaid in three equal tranches from November 2022 to November 2023. The Company hedged the bonds. The liability was swapped into Euro with a fixed interest rate.

In November 2019, the Company signed agreement for the sale of the company that holds Neptun Office Center, Gdansk. The value of the building for the purpose of transaction was €44,200. The bank loan in the amount of €19,900 was fully repaid before the sale.

Item 5.3. Presentation of differences between achieved financial results and published forecasts

The Group did not present forecasts for 2019.

Item 5.4. Statement of financial position

Item 5.4.1. Key items of the statement of financial position

Investment property

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

Short-term deposits

Short-term and long-term 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 rates 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 financial position depends on their maturity. For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly in net profit and loss for the year. The fair value of interest rate swap contracts is determined by calculating the present value of cash flows of each leg of the transaction, taking into account several risk statistics.

Item 5.4.2. Financial position as of 31 December 2019 compared to 31 December 2018

Total assets increased by €165,818 (7%) to €2,522,742 as of 31 December 2019. This increase of €142,995 was mainly due to development activity (incl. related revaluation gain), primarily Ada Mall, Green Heart, Advance Business Center (I and II), Matrix (A and B) and Pillar. In addition, as of 1 January 2019, GTC has adopted the new IFRS 16. As a result of that, the company recognized Right of Use of lands under perpetual usufruct in the amount €45,931 and a corresponding amount in lease liability.

Assets

The value of investment property and investment property landbank increased by €133,962 (6%) to €2,247,030 as of 31 December 2019 from €2,113,068 as of 31 December 2018, mainly due to an investment (incl. related revaluation gain) of €142,995 mostly into assets under construction: Ada Mall, Green Heart, Advance Business Center (I and II), Matrix (A and B) and Pillar. In addition, as of 1 January 2019, the Company has adopted the new IFRS 16. As a result of that, the Company recognized Right of Use of lands under perpetual usufruct in the amount €45,362. The increase was partially offset by sale of Neptun Office Center and non-core land plots in Poland in the amount of €51,735.

The value of assets held for sale decreased to €0 as of 31 December 2019 from €76,196 as of 31 December 2018, mainly due to sale of GTC White House and disposal of non-core land plots.

The value of short-term deposits increased by €2,990 (10%) to €33,031 as of 31 December 2019 from €30,041 as of 31 December 2018 mainly as a result of €28,100 a drawdown of loan related to Ada Mall and deposited in order to settle contractual commitments related to the construction of this project. The amount of €22,742 of this deposit was already used to settle outstanding contractual commitments.

The value of cash and cash equivalents increased by €99,180 (123%) to €179,636 as of 31 December 2019 from €80,456 as of 31 December 2018 mainly as a result of sale of assets (including proceeds from expropriation of land and sale of subsidiary) in the amount of €128,255 partially offset by repayment of loans related to sold assets in the amount of €27,814.

Liabilities

The value of loans and bonds increased by €90,875 (8%) to €1,206,222 as of 31 December 2019 from €1,115,347 as of 31 December 2018. This increase comes mainly from refinancing of loans (net) related to several completed projects in amount of €144,202 and a drawdown of €87,697 from loans in projects under construction. The increase was partially offset by repayment of refinanced loans in the amount of €106,689, repayment of bonds in the amount of €59,230 and normal amortization of existing loans in the amount of €34,999.

The value of lease liability increased to €46,222 as of 31 December 2019 from €0 as of 31 December 2018, as a result of adoption of new IFRS 16.

The value of provision for deferred tax liability increased by €8,112 (6%) to €147,232 as of 31 December 2019 from €139,120 as of 31 December 2018, mainly due to revaluation of investment property.

Equity

The amount of accumulated profit increased by €33,246 (7%) to €530,242 as of 31 December 2019 from €496,996 as of 31 December 2018, following recognition of profit for the period in the amount €75,421, partially offset by dividend distribution in the amount of €41,579.

Equity increased by €37,867 (4%) to €1,058,662 as of 31 December 2019 from €1,020,795 on 31 December 2018 mainly due to accumulated profit in the amount of €74,825, partially offset by distribution of dividend in the amount of €37,721.

Item 5.5. Consolidated income statement

Item 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; and
- residential revenue, which comprises proceeds from the sales of houses or apartments, which is recognized when such houses or apartments have been substantially constructed, accepted by the customer and a significant amount resulting from the sale agreement has been paid by the purchaser.

Cost of operations

Costs of operations consist of:

- service costs, which consist of all the costs that are related to the management services provided to the individual tenants within the Group's properties — service costs should be covered by service income; and
- residential costs, which comprise the costs that are related to the development of residential properties sold. The costs related to the development of residential properties incurred during the construction period are capitalized in inventory. Once income is recognized, the costs in respect of sold units are expensed.

Gross margin from operations

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

Selling expenses

Selling expenses include:

- brokerage and similar fees incurred to originate the lease or sale of space;
- marketing and advertising costs; and

- payroll and related expenses directly related to leasing or sales personnel.

Administrative expenses

Administration expenses include:

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

Profit/(loss) from the revaluation/impairment of assets

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

Financial income/(expense), net

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

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

Additionally, financial income or expenses include settlement of financial assets and gain or losses arising from changes in 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 is generally subject to real estate transfer tax and/or VAT.

Item 5.5.2. Comparison of financial results for the 12 month period ended 31 December 2019 with the result for the corresponding period of 2018

Revenues from rental activity

Rental and service charge revenues increased by €20,379 to €169,762 in the twelve-month period ended 31 December 2019. During this period, the Group has improved the rental revenue through completion and leasing of GTC White House in 2018 (building was sold in the third quarter of 2019), acquisition of Mall of Sofia in the second quarter of 2018, completion and leasing of four buildings in Green Heart complex as well as opening of Ada Mall, Advance Business Center I and Matrix A. Furthermore the Group sold GTC White House in the third quarter of 2019 and Neptun Office Center in the fourth quarter of 2019.

Cost of rental activity

Service charge cost increased by €3,366 to €41,876 in the twelve-month period ended 31 December 2019 as a result of increased asset portfolio following completion and acquisition of assets.

Gross margin from operations

Gross margin (profit) from operations increased by €16,303 to €127,886 in the twelve-month period ended 31 December 2019. The gross margin (profit) on rental activities increased by €17,013 to €127,886 in the twelve-month period ended 31 December 2019 from €110,873 in the twelve-month period ended 31 December 2018 mostly resulting from by newly completed and acquired properties partially offset by sale of assets.

Gross margin on rental activities in the twelve-month period ended 31 December 2019 was 75% compared to 74% in the twelve-month period ended 31 December 2018.

Administrative expenses

Administrative expenses (before provision for share based program) increased by €6,050 to €17,497 in the twelve-month period ended 31 December 2019 mainly due exercise of phantom shares in the third quarter of 2019. Mark-to-market of share based program resulted in recognition provision for share based payment of €3,087 in the twelve-month period ended 31 December 2019 compared to a provision for share based payment of €1,211 recognized in the twelve-month period ended 31 December 2018. The combined expenses increased by €4,174 to €14,410 in the twelve-month period ended 31 December 2019 from €10,236 in the twelve-month period ended 31 December 2018.

Profit/(loss) from the revaluation/impairment of assets

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to €16,190 in the twelve-month period ended 31 December 2019, as compared to a net profit of €40,125 in the twelve-month period ended 31 December 2018. Net profit from the revaluation of the investment properties reflects mainly revaluation gain on Spiral, Mall of Sofia, Neptun Office Center, Duna Tower, GTC Metro and Galeria Jurajska, following rental rate and lease contracts duration improvement, and assets under construction: Pillar, Advance Business Center II as well as Green Heart N3 following development and leasing progress. This was partially offset by devaluation of Galeria Pólnocna and Ada Mall due to the lower expectation of future rents.

Other expense, net

Other expenses (net of other income) related to due diligence, business development activity and landbank properties amounted to €772 in the twelve-month period ended 31 December 2019 as compared to an expense of €3,318 in the twelve-month period ended 31 December 2018. The expenses were reduced due to a decrease in the cost of due diligence, and different presentation of perpetual usufruct fee on land-bank, which was previously

presented as other expenses, and now, under IFRS 16, presented within finance expenses and profit from revaluation.

Foreign exchange differences gain (loss)

Foreign exchange differences loss amounted to €437 in the twelve-month period ended 31 December 2019, as compared to a foreign exchange loss of €240 in the twelve-month period ended 31 December 2018.

Financial income

Financial income amounted to €380 in the twelve-month period ended 31 December 2019 as compared to €376 in the twelve-month period ended 31 December 2018.

Financial cost

Financial cost increased by €4,450 to €34,634 in the twelve-month period ended 31 December 2019 as compared to €30,184 in the twelve-month period ended 31 December 2018, mainly due to increase debt balance, combined with expenses related to adoption of IFRS 16 which classifies part of the amortization of lease liability in the amount of €2,100 to finance costs.

Profit before tax

Profit before tax decreased by €13,772 to €92,186 in the twelve-month period ended 31 December 2019, as compared to profit before tax of €105,958 in the twelve-month period ended 31 December 2018. A decrease is mainly due to a lower profit from revaluation of assets, partially offset by an increase in operating and financial activity (other than revaluation) in the amount of €10,163.

Taxation

Tax amounted to €16,765 in the twelve-month period ended 31 December 2019. Taxation consist mainly of €7,132 of current tax expenses and €9,633 of deferred tax expenses.

Net profit/ (loss)

Net profit amounted to €75,421 in the twelve-month period ended 31 December 2019, as compared to a net profit of €92,020 in the twelve-month period ended 31 December 2018. This mostly resulted from a decrease in revaluation gain of €23,935 combined with higher tax expenses by €2,827, partially offset by an increase in operating and financial activity (other than revaluation) in the amount of €10,163 following completion and acquisition of assets.

Business segmental analysis

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

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

- a. Poland;
- b. Belgrade;
- c. Budapest;
- d. Bucharest;

- e. Zagreb;
- f. Sofia;
- g. Other.

Segment analysis of rental income and costs for the year ended 31 December 2019 and 31 December 2018 is presented below:

Portfolio	Year ended 31 December 2019			Year ended 31 December 2018		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	75,793	(20,499)	55,294	78,531	(24,530)	54,001
Belgrade	29,542	(6,658)	22,884	19,619	(4,251)	15,368
Budapest	24,195	(5,792)	18,403	21,827	(5,166)	16,661
Bucharest	17,497	(3,103)	14,394	17,350	(3,594)	13,756
Zagreb	11,624	(3,893)	7,731	10,990	(3,736)	7,254
Sofia	11,111	(1,931)	9,180	5,644	(1,101)	4,543
Total	169,762	(41,876)	127,886	153,961	(42,378)	111,583

Segment analysis of assets and liabilities as of 31 December 2019 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	978,398	38,399	5,062	1,021,859	516,539	70,600	10,506	597,645
Belgrade	404,219	18,427	5,625	428,271	216,805	13,570	19,545	249,920
Budapest	326,832	20,364	4,705	351,901	126,524	14,090	5,756	146,370
Bucharest	219,271	10,578	1,941	231,790	110,272	12,844	4,793	127,909
Zagreb	160,366	4,305	12,326	176,997	58,710	17,538	7,161	83,409
Sofia	166,070	8,825	1,733	176,628	79,321	8,940	5,360	93,621
Other	12,029	20	15	12,064	-	-	1,184	1,184
Non allocated	-	122,886	346	123,232	151,249	9,650	3,123	164,022
Total	2,267,185	223,804	31,753	2,522,742	1,259,420	147,232	57,428	1,464,080

Segment analysis of assets and liabilities as of 31 December 2018 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,003,436	13,557	6,544	1,023,537	493,664	72,078	16,555	582,297
Belgrade	359,089	11,984	2,468	373,541	142,242	14,279	17,486	174,007
Budapest	354,760	14,096	1,269	370,125	113,132	11,304	11,855	136,291
Bucharest	214,450	13,030	6,176	233,656	109,685	11,082	9,955	130,722
Zagreb	136,424	3,995	11,029	151,448	48,000	16,776	8,896	73,672
Sofia	128,547	3,920	1,665	134,132	64,044	7,213	3,225	74,482
Other	10,910	11	-	10,921	-	-	1,184	1,184
Non allocated	-	58,972	592	59,564	150,951	6,388	6,135	163,474
Total	2,207,616	119,565	29,743	2,356,924	1,121,718	139,120	75,291	1,336,129

Item 5. 6. Consolidated cash flow statement

Item 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 and sale of residential projects.

Net cash used in investing activities

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

Net cash from (used in) financing activities

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

Item 5.6.2. Cash flow analysis

The table below presents an extract of the cash flow for the period of twelve months ended on 31 December 2019 and 2018:

	<u>Year ended 31</u> <u>December</u> <u>2019</u>	<u>Year ended 31</u> <u>December</u> <u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	101,407	88,298
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(144,688)	(112,462)
Decrease in short term deposits	5,579	17,944
Purchase of subsidiary, completed assets and land and minority	-	(54,296)
Decrease/(Increase) in escrow account	-	777
Sale (including advances) of investment property	80,504	13,613
Proceeds related to expropriation of land	4,917	-
Sale of shares in associates and subsidiaries	42,834	1
VAT/tax on purchase/sale of investment property	857	1,303
Interest received	115	130
Loans repayments from associates and joint ventures	-	1,300
Net cash used in investing activities	(9,882)	(131,690)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of dividend	(37,992)	(9,752)
Proceeds from long-term borrowings	292,962	191,224
Repayment of long-term borrowings	(200,918)	(162,104)
Interest paid	(30,430)	(28,093)
Repayment of lease liability	(1,739)	-
Loans origination cost	(2,390)	(2,132)
Dividend granted to non-controlling interest	(429)	-
Loan granted to non-controlling interest	(429)	(10,036)
Decrease/(increase) in short term deposits	(11,086)	(2,276)
Net cash from (used in) financing activities	7,549	(23,169)
Effect of foreign currency translation	106	(1,729)
Net increase/(decrease) in cash and cash equivalents	99,180	(68,290)
Cash and cash equivalents, at the beginning of the year	80,456	148,746
Cash and cash equivalents, at the end of the year	179,636	80,456

Net cash flow from operating activities was €101,407 in the twelve-month period ended 31 December 2019 compared to €88,298 in the twelve-month period ended 31 December 2018, mostly due to improved operating results following new completions and acquisition of assets.

Net cash flow used in investing activities amounted to €9,882 in the twelve-month period ended 31 December 2019 compared to €131,690 used in the twelve-month period ended 31 December 2018. Cash flow used in investing activities composed of (i) expenditure on investment properties of €144,688 related to: Ada Mall, Green Heart, Advance Business Center, Matrix and Pillar partially offset by proceeds from sale of properties (mainly White House) in the amount of €80,504 proceeds from sale of subsidiary in the amount of €42,834 following sale of Neptune Office Center and proceeds related to expropriation of land in Bucharest in the amount of €4,917.

Net cash flow from financing activities amounted to €7,549 in the twelve-month period ended 31 December 2019, compared to €23,169 of cash flow used in financing activities in the twelve-month period ended 31 December 2018. Cash flow from financing activities composed of (i) proceeds from long-term borrowings for the twelve-month period ended 31 December 2019 in the amount of €292,962 that are related mainly to loans related to assets under construction in the amount of €87,697, refinancing of loans related to several completed projects in amount of €144,202, as well as issuance of bonds in the amount of €61,063; (ii) distribution of dividend in the amount of €37,992, (iii) repayment of long-term borrowings in the amount of €200,918 that are related mainly to refinancing and fully repaid loans in amount of €106,689, settlement of bonds in amount of €59,230, as well as amortization of existing loans in amount of €34,999 and (iv) interest paid in the amount of €30,430.

Cash and cash equivalents as 31 December 2019 amounted to €179,636 compared to €80,456 as of 31 December 2018. The Group keeps its cash in the form of bank deposits, mostly in Euro, with various international banks.

Item 5.7. Future liquidity and capital resources

As of 31 December 2019, the Group holds cash and cash equivalent in the amount of approximately €179,636. The Group believes that its cash balances and cash generated from leasing activities of its investment properties as well as cash available under its existing and future loan facilities will fund its needs.

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

As of 31 December 2019, the Group's non-current liabilities amounted to €1,192,168 compared to €1,152,955 as of 31 December 2018.

The Group's total debt from long and short-term loans and borrowings as of 31 December 2019 amounted to €1,206,222 as compared to €1,115,347 as of 31 December 2018.

The Group's loans and borrowings are mainly denominated in Euro (98%), other currencies include bonds in PLN and project loan in HUF.

The Group's loan-to-value ratio amounted to 44% as of 31 December 2019, as compared to 45% as of 31 December 2018. The Group's strategy is to keep its loan-to-value ratio at the level not exceeding 50%.

During the first quarter of 2020, the Group signed a loan agreement which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000. The Group currently negotiates a number of refinancing transactions which will add free cash to the company and defer the amortization profile of its debt.

As of 31 December 2019, 95% of the Group's loans (by value) were hedged against interest fluctuations, mostly through interest rate swaps and cap transactions.

Availability of financing

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

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

With reference to the Covid-19 outbreak, the management has prepared and analysed cash flow budget based on certain hypothetical defensive assumptions, to assess the reasonableness of the going concern assumption in view of the current developments on the market. This analysis assumed certain loans 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 prepared cash flow budget assumptions, the 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 ultimate short, medium and long-term impact on the macroeconomic conditions, the financial markets and the Company's activities but the expected impact may be significant.

Item 6. Information on use of proceeds from the issuance of shares and bonds

In April 2019, GTC SA issued three-year euro denominated bonds in the total amount of €9,440 and in November 2019 a new bonds denominated in PLN with a total amount of PLN 220,000. The net proceeds from the issuance of the bonds amounted to €60,328 and were designated for repayment of existing bonds and corporate debt as well as for general corporate activities.

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178,900 (€41,573), PLN 0.37 per share and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares or in cash depending on shareholders preferences. As a result in June 2019, the Company issued 2,018,126 series N shares to some of the Company's shareholders (€3,858) and paid a dividend in the amount of €37,721 to remaining shareholders.

Item 7. Information on loans granted with a particular emphasis on related entities

As of 31 December 2019, the Group does not have any long-term loans granted to its associates or joint ventures.

Item 8. Information on granted and received guarantees with a particular emphasis on guarantees granted to related entities

GTC gave guarantees to third parties. As of 31 December 2019 the guarantees granted amounted to €2,000.

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

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

Item 9. Off balance liabilities

Commitments

As of 31 December 2019 (and as at 31 December 2018), the Group had commitments contracted for in relation to future building construction without specified date, amounting to €77,000 (€92,000). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future instalments under already contracted sale agreements and yet to be contracted sale agreements.

Guarantees

GTC gave guarantees to third parties. As of 31 December 2019 and as at 31 December 2018 the guarantees granted amounted to €2,000.

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

Croatia

In relation to the Marlera Golf project in Croatia, part of the land is held on a lease basis from the State. There is furthermore a Consortium agreement with the Ministry of Tourism of Croatia (Ministry) which includes a deadline for the completion of a golf course that has expired in 2014. If the deadline is not met, then the Ministry has the right to terminate the Consortium agreement which might automatically trigger the termination of the Land Acquisition Agreements, as well as collateral activation and damages claims. Prior to 2014, the Company has taken active steps to achieve an extension of the period for completing the project. In February 2014, the Company received a draft amendment from the Ministry expressing its good faith and intentions to prolong the abovementioned timeline however the amendment was not formalized since then. Since formalization of the amendment is not at the sole discretion of the Group, the Management has decided to revalue the freehold asset in assuming no development of the golf course project. Furthermore, as a prudential measure, the Management has also written off the related collateral in the amount of €1,000 provided to the Ministry as a guarantee for completing the golf course. As of 31 December 2019 the book value of the investment in Marlera Golf project was assessed by an independent valuer at €6,900.

With regards to the Marlera Golf LD d.o.o. that holds Marlera Golf project - GTC SA is registered as a 80% shareholder while a NCI is registered as a 20% shareholder. The relationship between the shareholders is strained and there are ongoing legal disputes. In 2018 both parties filed legal claims against each other. The NCI claims €3,3000 for damages, statutory penalty interest and legal fees. GTC's legal advisors assessed that the chances for the NCI claim to prevail are remote. Consequently the Company has not made any provisions related to this claim.

Item 10. Major investments, local and foreign (securities, financial instruments, intangible assets, real estate), including capital investments outside the Group and its financing method

The Group does not have any major local or foreign investments other than direct investments in real estate properties designated for development, or through companies that hold such real estate.

Item 11. Information on risk management

The Group's principal financial instruments comprise bank and shareholders' loans, bonds, hedging instruments, trade payables and other long-term financial liabilities. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets such as trade receivables, loans granted, derivatives and cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

Interest rate risk

The Group exposure to changes in interest rates which are not offset by hedge relates primarily to the Group's long-term debt obligations and loans granted.

The Group's policy is to obtain finance bearing variable interest rate. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps or cap transactions.

The majority of the Group's loans are nominated or swapped into Euro. At 31 December 2019, 95% of the Group's borrowings are hedged. A 50bp increase in EURIBOR rate would lead to €1,879 change in loss before tax.

Foreign currency risk

The Group enters into transactions in currencies other than the Group's functional currency. Therefore it hedges the currency risk by either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures.

Exchange rates as of 31 December 2019 and 2018 were as following:

	31 December 2019	31 December 2018
PLN/Euro	4.2585	4.3000

The table below presents the sensitivity of profit (loss) before tax due to change in foreign exchange:

Rate/Percentage of change	2019 PLN/Euro					2018 PLN/Euro		
	4.6844 (+10%)	4.4714 (+5%)	4.0456 (-5%)	3.8327 (-10%)	4.7300 (+10%)	4.515 (+5%)	4.085 (-5%)	3.8700 (-10%)
Cash and blocked deposits	8,105	4,053	(4,053)	(8,105)	3,128	1,564	(1,564)	(3,128)
Trade and other receivables	519	259	(259)	(519)	636	318	(318)	(636)
Trade and other payables	(818)	(409)	409	818	(1,394)	(697)	697	1,394
Land leases	(3,486)	(1,743)	1,743	3,486	-	-	-	-
Bonds	(5,214)	(2,607)	2,607	5,214	(1,580)	(790)	790	1,580

Exposure to other currencies and other positions in statement of financial position are not material.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation. To manage this risk the Group periodically assesses the financial viability of its customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that those will not meet their payment obligations.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and blocked deposits the Group's exposure to credit risk equals to the carrying amount of these instruments.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

Liquidity risk

As at 31 December 2019, the Group holds Cash and Cash Equivalent (as defined in IFRS) in the amount of approximately €181,400. As described above, the Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) debt servicing of its existing assets portfolio; (ii) capex; and (iii) development of commercial properties. Such funding will be sourced through available cash, operating income, sales of assets and refinancing. The Management Board believes that based on its current assumptions, the Group will be able to settle all its liabilities for at least the next twelve months. Repayments of long-term debt and interest are scheduled as follows (Euro million) (the amounts are not discounted):

	31 December 2019	31 December 2018
First year	251	148
Second year	189	268
Third year	199	219
Fourth year	198	142
Fifth year	270	133
Thereafter	196	300
	1,303	1,210

The above table does not contain payments relating to market value of derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some of the repayment amounts.

All derivative instruments mature within 1-5 years from the balance sheet date.

Maturity dates of current financial liabilities as of 31 December 2019 were as following:

	Total	Overdue	Up to a month	From a month to three months	From three months to one year
Investment and trade payables and provisions	37,289	-	6,674	14,374	16,241
Current portion of long-term borrowing	225,350	-	1,965	111,172	112,213
VAT and other taxes payable	1,817	-	1,817	-	-
Deposits from tenants	1,605	-	117	433	1,055
Lease liabilities	208	-	-	52	156
Income tax payable	1,542	-	410	-	1,132
Derivatives	3,739	-	66	868	2,805
	271,550	-	11,049	126,899	133,602

Some loans that are expected to be refinanced were temporary classified as current liabilities. In February 2020, the Group signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of €46,000, to a total of €130,000. As of 31 December 2019, the full amount of current loan, in the amount of €84,100 is classified as current liability.

Maturity dates of current financial liabilities as of 31 December 2018 were as following:

	Total	Overdue	Up to a month	From a month to three months	From three months to one year
Investment and trade payables and provisions	50,499	-	9,510	12,683	28,306
Current portion of long-term borrowing	121,894	-	1,057	40,407	80,430
VAT and other taxes payable	1,636	-	1,636	-	-
Deposits from tenants	1,307	-	95	352	860
Income tax payable	1,114	-	565	129	420
Derivatives	1,887	-	60	411	1,416
	178,337	-	12,923	53,982	111,432

Fair Value

As of 31 December 2019 and 2018, all bank loans bear floating interest rate (however, as of 31 December 2019 and 2018, 95% and 92% of loans are hedged). The fair value of the loans which is related to the floating component of the interest equals to the market rate.

Fair value of all other financial assets/liabilities is close to carrying value.

For fair value of investment property please refer to note 17 in the Consolidated Financial Statements for the year ended 31 December 2019.

Fair value hierarchy

As at 31 December 2019, the Group held several hedge instruments carried at fair value on the statement of financial position.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuations of hedges are considered as level 2 fair value measurements. During the year ended 31 December 2019 and 31 December 2018, there were no transfers among Level 1 and Level 3 fair value measurements.

Price risk

The Group is exposed to fluctuations of in the real estate markets in which it operates. These can have an effect on the Group's results. Further risks are detailed in the *Item 3 Key risk factors*.

Capital management

The primary objective of the Group's capital management is to provide for operational and value growth while prudently managing the capital and maintaining healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it to dynamic economic conditions. While observing the capital structure, the Group decides on leverage policy, loans raising and repayments, investment or divestment of assets, dividend policy and capital raise, if needed.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, (as defined in IFRS) divided by its real estate investment value. The Group's policy is to maintain the gearing ratio at the level not higher than 50%.

	31 December 2019	31 December 2018
(1) Loans, net of cash and deposits (*)	980,903	992,385
(2) Investment properties (exc. land leases), residential landbank, assets held for sale and building for own use	2,220,994	2,207,618
Gearing ratio [(1)/(2)]	44.2%	45.0%

(*) Excluding loans from non-controlling interest and deferred issuance debt expenses.

Corona virus

Just before signing the financial statements it became apparent that the economic disruptions caused by the Covid-19 virus and the increased uncertainty might be reflected in the future in lower asset valuations and increased volatility in the financial markets, as well as impact on the company's compliance with financial covenants. While the exact effect of the coronavirus is unknown and unknowable, it is clear that it poses substantial risks. The Company assesses the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

Item 12. Remuneration policy and human resources management

Item 12.1. Remuneration policy

Employees of the Group may receive the following remuneration components: base remuneration, bonuses for specific achievements and share based payment in a form of participation in phantom share plan.

Item 12.2. Number of employees as at 31 December 2019

As of 31 December 2019 and 2018 the number of full time equivalent working in the Group companies was 197 and 192 respectively.

Item 12.3. Incentive system

The Company has a remuneration and incentive system that consists of a bonus for meeting specific goals or objectives set by the Management Board or Supervisory Board (as the case may be) or achieving special achievements. The Company's key managers are also incentivized by participation in phantom share plan, according to which a certain number of phantom shares is vested to the employee once a year.

Item 12.4. Training policy

The Company offers its employees various forms to raise professional qualifications. The key strategic training and workshops are conducted by external companies. Such training opportunities focus mainly on market and product knowledge, marketing, processes and IT applications competencies, asset management, legal, tax and accounting. The Company believes that such training is increasing the employee's commitment to the performance of business tasks, improving his/her skills and maintaining high customer service quality.

Item 12.5. Benefits for Supervisory and Management Board members

Principles of remunerating the Management Board members

According to principles of remuneration of the Company's Management Board members which drew by the Supervisory Board, members of the Company's Management Board are entitled to: basic remuneration at an amount determined by the Company's Supervisory Board for each member of the Board, variable remuneration components as a result of meeting specific goals and achievements, severance payout related to the termination of the employment, and participation in phantom share plan according to which, every year a certain amount of phantom shares are vested to the member of the Board.

Management contracts with members of the Management Board setting out severance payouts as a result of their dismissal from their position without a material cause. Such payout is subject to 6-month prior notice and compensation according to the Polish law.

The contracts of the Company's Management Board members include provisions regarding severance package payouts as a result of their resignation or dismissal from their position without material cause.

Principles of remunerating the Supervisory Board members

Members of the Supervisory Board are entitled to a fixed monthly amount set by the shareholders meeting.

Item 12.6. Agreements concluded between GTC and Management Board members

The Company has concluded agreement with its two Members of the Board, providing for their basic compensation, performance related bonus, participation in phantom share plan, severance payment in the case of their dismissal. Furthermore, the agreements contain a non-competition clause and confidentiality clause.

Item 12.7. Evaluation of the remuneration policy for the realization of its objectives

The remuneration policy is consistent with the shareholders target to have a long-term increase in shareholder value. Furthermore it aims to provide stability in managing the Company and carrying out its policies by attracting and retaining highly skilled employees across the organization and operation countries of the Company. Such goals guarantee motivation for quality work and the good attitude of employees, stable financial results in the long run, sound and effective risk management, supporting the implementation of the business strategy and the reduction of conflict of interest.

Item 12.8. Remuneration of the Members of the Management Board and Supervisory Board

Management Board

The following table presents the remuneration of the members of the Management Board as of 31 December 2019 for the 12 months ended 31 December 2019:

Name	Fixed remuneration ¹ (€) (not in thousand)	Variable remuneration ¹	
		(€) (not in thousand)	Vested Phantom Shares (not in thousand)
Thomas Kurzmann	400,000	300,000	500,000
Erez Boniel	360,000	150,000	300,000

¹ Remuneration (or fees to entities in which the holder is a key personnel) consists of payment for 2019 and success fee amounts paid for present and past year in addition to Group's Phantom Shares program vested during 2019, as detailed in Item 12.9. Stock option plan. During the year none of the Phantom Shares were exercised.

Supervisory Board

The following table presents the remuneration of the members of the Supervisory Board as of 31 December 2019 for the 12 months ended 31 December 2019:

Name	Periods	Remuneration ¹ (€) (not in thousand)	Vested Phantom Shares (not in thousand)
Alexander Hesse	1 January - 31 December 2019	0	0
Olivier Brahini	1 January - 31 December 2019	0	0
Jan-Christoph Düdden	1 January - 31 December 2019	0	0
Mariusz Grendowicz	1 January - 31 December 2019	27,875	0
Patrick Haerle	1 January - 31 December 2019	0	0
Ryszard Koper	1 January - 20 December 2019	25,087	0
Marcin Murawski	1 January - 31 December 2019	29,268	0
Katharina Schade	1 January - 31 December 2019	0	0
Ryszard Wawryniewicz	1 January - 31 December 2019	22,300	0

¹ Remuneration (or fees to entities in which the holder is a key personnel) consists of payment for 2019 and success fee amounts paid for present and past year in addition to Group's Phantom Shares program vested during 2019, as detailed in Item 12.9. Stock option plan. During the year none of the Phantom Shares were exercised.

During 2019, the following changes in the composition of the supervisory board took place:

- on 8 May 2019, the AVIVA Otwarty Fundusz Emerytalny Aviva Santander appointed Mr. Marcin Murawski as a Supervisory Board member, effective 14 May 2019 (see current report no 6/2019);
- on 14 May 2019, the Annual Shareholders Meeting approved Mr. Mariusz Grendowicz as an Independent Supervisory Board member (see current report no 10/2019);
- on 14 May 2019, the Otwarty Fundusz Emerytalny PZU „Złota Jesień” appointed Mr. Ryszard Koper as a Supervisory Board member (see current report no 10/2019);
- on 20 December 2019, the mandate of Mr. Ryszard Koper as a Supervisory Board expired pursuant to Article 9 point 2 of the Company's Articles of Association (see current report no 18/2019).

Item 12.9. Stock option plan

Certain key management personnel of the Group are entitled to specific payments resulting from phantom shares in the Group (the “**Phantom Shares**”).

The Phantom Shares grant to the entitled persons a right for a settlement from the Group in the amount equal to the difference between the average closing price for the Company's shares on the Warsaw Stock Exchange during the 30-day period prior to the date of delivery to the Company of the exercise notice, and settlement price (“strike”) amount per share (adjustable for dividend). The Phantom Shares are not securities convertible or exchangeable into shares in the Company, in particular, they are not options on such shares. The Phantom Shares are merely a means of calculation of deferred variable compensation of the entitled persons, which depends on the future market price of the shares on the regulated market.

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

Strike (PLN)	Blocked	Vested	Total
6.11	1,751,200	351,200	2,102,400
7.02	-	50,000	50,000
8.96	20,000	45,000	65,000
Total	1,771,200	446,200	2,217,400

As at 31 December 2019, phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2020	50,000
2021	1,837,400
2022	330,000
Total	2,217,400

As at 31 December 2018, phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2019	460,800
2020	150,000
2021	7,547,400
2022	1,248,000
Total	9,406,200

Number of phantom shares were changed as following:

Number of phantom shares as of 1 January 2019	9,406,200
Exercised during the year	(7,188,800)
Number of phantom shares as of 31 December 2019	2,217,400

Item 12.9.1. Stock option control system

Granting phantom shares to members of the Management Board and setting their condition is reviewed and approved by the Remuneration Committee and the Supervisory Board. Remuneration to other key personnel is set by the Management Board.

Item 12.10. Information on any liabilities arising from pension and *similar benefits for former members of the Management Board and the Supervisory Board*

There are no liabilities arising from pension and similar benefits for former members of the Management Board and the Supervisory Board.

Item 13. 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 19 March 2020, the date of publication of this annual report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three and nine-month period ended 30 September 2019) on 14 November 2019.

The information included in the table is based on information received from members of the Management Board.

Management Board Member	Balance as of 19 March 2020 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 14 November 2019 (not in thousand)
Thomas Kurzmann	55,000	5,500	No change
Erez Boniel	143,500	14,350	No change
Total	198,500	19,850	

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 19 March 2020, the date of publication of this annual report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three and nine-month period ended 30 September 2019) on 14 November 2019.

The information included in the table is based on information received from members of the Supervisory Board.

Members of Supervisory Board	Balance as of 19 March 2020 (not in thousand)	Nominal value of shares in PLN (not in thousand)	Change since 14 November 2019
Alexander Hesse	0	0	No change
Olivier Brahini	0	0	No change
Jan-Christoph Düdden	0	0	No change
Mariusz Grendowicz	10,158	1,016	No change
Patrick Haerle	0	0	No change
Ryszard Koper ¹	0	0	No change
Marcin Murawski	0	0	No change
Katharina Schade	0	0	No change
Ryszard Wawryniewicz	0	0	No change
Total	10,158	1,016	

¹Change until 20 December 2019

Item 14. Transactions with related parties concluded on terms other than market terms

The Group presents information on the material transactions that the Company, or its subsidiaries, concluded with a related party in the consolidated financial statements for the financial year ended 31 December 2019 in Note 35 *Related Party Transactions*.

Item 15. Information on signed and terminated loan agreements within a given year

On 11 March 2019, GTC SA repaid 1/3 of nominal value of bonds issued under ISIN code PLGTC0000177 (full redemption). The original nominal value was PLN 200,000.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of €20,000 (€3,500 top up after completion, subject to agreed conditions), for the construction of Advance Business Center II. The loan will be expired on 31 December 2024.

In March 2019, the Group and Raiffeisen Bank signed an agreement to refinance FortyOne office complex in Belgrade. The loan amounted €40,000. The loan will be expired on 31 December 2023. The Group repaid existing loan which was refinanced in the total amount of €26,539.

In April 2019, GTC SA issued three-year euro denominated bonds in the total amount of €9,440. ISIN code PLGTC0000292. The bonds bears a fixed interest and the maturity date is 18 April 2020.

In July 2019, the Company repaid loan to OTP bank in the total amount of €1,573.

In July 2019, the Group and OTP bank signed a loan agreement, which refinanced the existing loan of Duna Tower and Center Point in Budapest with a top-up of €27,000 to a total of €93,000. The loan will be expired on 30 June 2031. The Group repaid existing loan which was refinanced in the total amount of €66,000.

In August 2019, the Group repaid loan to ING bank in the total amount of €9,332.

In August 2019, the Group and Erste bank signed a new loan agreement to finance the construction of Matrix B in the amount of €11,700. The loan will be expired on 31 March 2026.

In September 2019, the Group sold GTC White House office building in Budapest and the bank loan related to this investment was fully repaid. The loan amounted €7,904.

In September 2019, the Group and Santander bank signed a loan agreement, which refinanced the existing loan of Globis Poznań with a top-up of €3,000 to a total of €17,700. The loan will be expired on 30 June 2022.

In October 2019, the Group and Erste bank signed a loan agreement, which refinanced the existing loan of GTC House with a top-up of €4,000 to a total of €15,600. The loan will be expired on 31 December 2024. The Group repaid existing loan which was refinanced in the total amount of €11,600.

On 30 October 2019, GTC SA repaid all bonds issued under ISIN code PLGTC0000219 (full redemption). The nominal value was €20,000.

In November 2019, the Group and Berlon Hyb bank signed a loan agreement, which refinanced the existing loan of UBP with a top-up of €17,100 to a total of €43,500. The loan will be expired on 30 June 2026. The Group repaid existing loan which was refinanced in the total amount of €28,442.

In November 2019, the Company issued new bonds denominated in PLN with a total amount of PLN 220,000 to be repaid in three equal tranches from November 2022 to November 2023. The Company hedged the bonds. The liabilities was swapped into Euro with a fixed interest rate.

In November 2019, the Group sold Neptun Office Center office building in Gdańsk and the bank loan related to this investment was fully repaid before sale. The loan amounted €19,900.

In November and December 2019, the Company repaid three year Schuldschein loan in the total amount of €15,000.

In December 2019, the Group and UniCredit signed a new loan agreement in the amount of €57,000, for the construction of Pillar office building. The loan will be expired on 30 June 2026.

All signed in year 2019 loan agreements are denominated in Euro and interest is based on margin plus Euribor. The Group pays interest on its long term debt and bonds on average 2.6% p.a.

Item 16. Information on contracts of which the Company is aware of (including those concluded after the balance sheet date) which could result in a change in the shareholding structure in the future

There are no contracts of which the Company is aware of (including those concluded after the balance sheet date) which could result in a change in the shareholding structure in the future.

However, on 2 April 2018 GTC SA received from the majority shareholder in the Company, LSREF III GTC Investments B.V. ("Lone Star"), a notification that Lone Star decided to review its options in relation to its investment in Globe Trade Center S.A. and appointed J.P.Morgan and UBS to assist them in this strategic review.

Item 17. 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.

Item 18. Material contracts signed during the year, including insurance contracts and co-operation contracts

There are no material contracts signed during 2019.

Item 19. Agreements with an entity certified to execute an audit of the financial statements

In August 2017, the Company entered into an agreement with Ernst & Young Audyt Polska Sp. z o.o. sp. k ("Ernst & Young ") for performance of the audit of the standalone financial statements of Globe Trade Centre S.A. and the consolidated financial statements of Globe Trade Centre Group for the financial year ended 31 December 2018 and 2019. Additionally to that agreement, the Group entered into various agreements with Ernst & Young in the countries of the relevant Group's subsidiaries.

The independent external auditor was selected by the resolution of the Company's Supervisory Board dated 17 August 2017.

Ernst & Young has previously reviewed and audited financial statements of the Company and Group in 2002-2018.

The following summary presents a list of services provided by Ernst & Young and remuneration for the services in the periods of 12 months ended on 31 December 2019 and 31 December 2018.

	For year ended	
	31 December 2019	31 December 2018
	€	€
Fee for audit and review of financial statements	570	570
Tax and other advisory services	-	-
Total	570	570

Thomas
Kurzmann

Digitally signed by
Thomas Kurzmann
Date: 2020.03.18
15:47:18 +01'00'

Erez
Boniel

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Erez Boniel
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Globe Trade Centre S.A.

**Report on application of the principles of corporate governance
for the financial year ended 31 December 2019**

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Part 1. The principles of corporate governance which the issuer is subject to and the location where the set of principles is publicly available

In July 2007, the Council of the Warsaw Stock Exchange adopted a set of principles for the corporate governance for joint-stock companies issuing shares, convertible bonds, or senior bonds that are admitted to trading on the stock exchange (the “WSE Best Practices”). The WSE Best Practices have been amended several times since then and were brought in line with recent legislative amendments, current international corporate governance trends, and the expectations of market participants. The last amendment took place on 13 October 2015, when the Warsaw Stock Exchange supervisory board adopted resolution approving a new code of corporate governance “Best Practice of GPW Listed Companies 2016” which came to force as at 1 January 2016 and is a base for this report on application of the principles of corporate governance for the financial year ended 31 December 2019.

The content of the WSE Best Practices is publicly available on the website of the Warsaw Stock Exchange dedicated to those issues at <https://www.gpw.pl/best-practice>.

Part 2. The principles of corporate governance that the issuer has waived, including the reasons for such waiver

We strive to make every possible effort to employ the corporate governance principles set out in the WSE Best Practices, and try to follow, in all areas of the Company’s business, all the recommendations regarding best practices of Warsaw Stock Exchange Listed Companies and all the recommendations directed to management boards, supervisory boards and shareholders.

Additionally, so as to implement a transparent and effective information policy the Company provides fast and safe access to information for shareholders, analysts and investors, employing both traditional and modern, technologies of publishing information about the Company to the greatest extent possible.

During almost the whole 2019, the Company complied with all the principles of the WSE Best Practice, however on 20 December 2019, the Company was notified that on 19 December 2019 PZU Otwarty Fundusz Emerytalny “Złota Jesień” reduced its shares in the total number of votes and shares of the Company below 10%. Due to the above mentioned, the mandate of Ryszard Koper as a Supervisory Board expired pursuant to Article 9 point 2 of the Company’s Articles of Association. Mr. Ryszard Koper was one of two members of the supervisory board, which meet the independence criteria at the level of Supervisory Board. As a result starting from 20 December 2019 the Company does not meet the “II.Z.3. principle (At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.)”

Part 3. The principal characteristics of the internal control and risk management systems used with respect to the procedure of preparing financial statements and consolidated financial statements

The management board is responsible for the Company’s internal control system and its effectiveness in the process of preparing financial statements and interim reports prepared and published in accordance with the provisions of the Decree of the Finance Minister of 29 March 2018 on current and interim information provided by issuers of securities and the conditions for accepting, as equivalent, information required by the provisions of a country not being a member state.

The Company draws on its employees' extensive experience in the identification, documentation, recording and controlling of economic operations, including numerous control procedures supported by modern information technologies used for the recording, processing and presentation of operational and financial data.

In order to ensure the accuracy and reliability of the accounts of the parent and subsidiary companies, the Company applies a series of internal procedures in the area of transactional control systems and processes resulting from the activities of the Company and the capital group.

An important element of the risk management, in relation to the financial reporting process, is ongoing internal controls exercised by main accountants on the holding and subsidiaries level.

The budgetary control system is based on monthly and annual financial and operational reporting. Financial results are monitored regularly.

One of the basic elements of control in the preparation of financial statements of the Company and the Group is verification carried out by independent auditors. An auditor is chosen from a group of reputable firms which guarantee a high standard of service and independence. The supervisory board approves the choice of the auditor. The tasks of the independent auditor include, in particular: a review of semi-annual stand-alone and consolidated financial statements and audit of annual stand-alone and consolidated financial statements.

An auditor's independence is fundamental to ensuring the accuracy of an audit of books. An audit committee, appointed to the Company's supervisory board, supervises the financial reporting process in the Company, in co-operation with the independent auditor, who participates in the audit committee meetings. The audit committee oversees the financial reporting process, in order to ensure sustainability, transparency and integrity of financial information. The audit committee includes one member of the supervisory board who meets the independence criteria set out in the Best Practices of WSE Listed Companies. The audit committee reports to the supervisory board.

Moreover, under Article 4a of the Act of 29 September 1994 on accounting, the duties of the supervisory board include ensuring that the financial statements and the report of the Company's operations meet the requirements of the law, and the supervisory board carries out this duty, using the powers under the law and the articles of association of the Company. This is yet another level of control exercised by an independent body to ensure the accuracy and reliability of the information presented in the separate and consolidated financial statements.

Part 4. Shareholders who, directly or indirectly, have substantial shareholding, including the number of shares held by them, the percentage share in the share capital, and the number of votes attached to their shares in the overall number of votes at the general meeting

The following table presents the Company's shareholders, who had no less than 5% of votes at the Ordinary Shareholders Meeting of GTC S.A., as of the date of 31 December 2019. The table is prepared based on information received directly from the shareholders.

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes
GTC Dutch Holdings B.V. ¹	298,575,091	61.49%	298,575,091	61.49%
OFE PZU Złota Jesień	48,555,169	10.00%	48,555,169	10.00%
AVIVA OFE Aviva BZ WBK	37,739,793	7.77%	37,739,793	7.77%
Other shareholders	100,685,069	20.74%	100,685,069	20.74%
Total	485,555,122	100.00%	485,555,122	100.00%

¹ GTC Dutch Holdings B.V. is 100% subsidiary of LSREF III GTC Investments B.V. and is related to Lone Star Real Estate Partners III L.P.

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178,900 (€41,600), PLN 0.37 per share and allowing the Company's shareholders to elect to receive the dividend in the form of newly issued shares or in cash depending on shareholders preferences. As a result in June 2019, the Company issued 2,018,126 series N to its shareholders who chose the dividend in the form of shares.

On 20 December 2019, the Company received a notification from Powszechne Towarzystwo Emerytalne PZU SA (PTE PZU S.A.) acting on behalf of Otwarty Fundusz Emerytalny PZU "Złota Jesień" (OFE PZU) stating that on 19 December 2019 the share of OFE PZU in the total number of votes in the Company has decreased and fallen below the 10% threshold of the total number of votes. The change was due to settlement of the sale transaction of 5,500 shares of the Company, concluded on 17 December 2019 on the Warsaw Stock Exchange.

Part 5. Holders of any securities that grant special rights of control, including a description of such rights

There are no special rights of control that would be attached to any securities in Globe Trade Centre S.A.

Part 6. Restrictions concerning the exercise of voting rights, such as restriction of the exercise of voting rights by holders of any specific part or number of votes, time restrictions concerning the exercise of voting rights or regulations whereunder, with the co-operation of the company, the equity rights related to the securities are separate from holding securities

There are no restrictions applicable to the exercise of voting rights such as restriction of the exercise of voting rights by holders of any specific part or number of shares, any time restrictions applicable to the exercise of voting rights or regulations whereunder, with the co-operation of Globe Trade Centre S.A., the equity rights related to securities would be separate from holding securities.

Part 7. Restrictions concerning transfer of the ownership title to securities in Globe Trade Centre S.A.

There are no limitations of transfer of ownership title to securities, except for those limitations that are resulting from the general provisions of the law, in particular contractual limitations regarding the transfer of the ownership rights to the securities issued by the Company.

Part 8. Rules concerning the appointment and dismissal of management and the rights thereof, specifically the right to make decisions concerning the issuance and redemption of shares.

Pursuant to Art. 10 the Company's statute the management board consist of one to seven members, appointed by the supervisory board for a three-year term.

Additionally, the supervisory board designates the president of the management board and deputy thereof.

The management board of the Company is responsible for the Company's day-to-day management and for its representation in dealing with third parties. All issues related to the Company's operations are in the scope of activities of the management board, unless they are specified as the competence of the supervisory board or the general meeting by the provisions of applicable law or the articles of association.

Members of the management board participate, in particular, in general meetings and provide answers to questions asked during general meetings. Moreover, members of the management board invited to a supervisory board meeting by the chairman of the supervisory board participate in such meeting, with a right to voice their opinion on issues on the agenda.

The general meeting takes decisions regarding the issuance or buying back of shares in the Company. The competencies of the management board in the scope are limited to execution of any resolutions adopted by the general meeting.

Part 9. Overview of the procedure of amending the Company's articles of association

A change to the Company's articles of association require a resolution of the general meeting and an entry into the Court register. The general provisions of law and the articles of association govern the procedure of adopting resolutions regarding changes to the articles of association.

Part 10. The bylaws of the general meeting and its principal rights and description of rights of shareholders and their exercise, in particular the rules resulting from the bylaws of the general meeting, unless information on that scope results directly from the provisions of law

The general meeting acts pursuant to the provisions of the Polish Commercial Companies Code and the articles of association.

The general meeting adopts resolutions regarding, in particular, the following issues:

- a) discussion and approval of reports of the management board and the financial statements for the previous year,
- b) decision about allocation of profits or covering of debts,
- c) signing off for the performance of duties for the supervisory board and the management board,
- d) determination of the supervisory board remuneration,
- e) changes to the articles of association of the Company,
- g) increase or decrease in the share capital,

- h) merger or transformation of the Company,
- i) dissolution or liquidation of the Company,
- j) issuance of bonds,
- k) sale or lease of the Company and the establishment of a right of use or sale of the Company's enterprise,
- l) all decisions regarding claims for damages upon establishment of the Company, or the performance of management or supervision.

A general meeting can be attended by persons who are shareholders of the Company sixteen days before the date of the general meeting (the day of registration for participation in the general meeting).

A shareholder who is natural person is entitled to participate in general meetings and execute voting rights in person or through a proxy. A shareholder which is a legal entity is entitled to participate in general meetings and execute voting rights through a person authorized to forward statements of will on their behalf or through a proxy.

A power of attorney to attend a general meeting and exercise voting rights must be in written or electronic form. For the purposes of identification of the shareholder who granted the power of attorney, a notice on the granting of such power of attorney electronically should contain (as a schedule):

- if the shareholder is an individual, a copy of an identity card, passport or any other official identification document confirming the identity of the shareholder; or
- if the shareholder is not an individual, a copy of an extract from a relevant register or any other document confirming the authorisation of the individual(s) to represent the shareholder at the general meeting (e.g. an uninterrupted chain of powers of attorney).

The general meeting may be attended by members of the management board and supervisory board (in a composition which allows for substantive answers to the questions asked during the general meeting) and by the auditor of the Company, if the general meeting is held to discuss financial matters.

At the general meeting each participant is entitled to be elected the chairman of the general meeting, and also nominate one person as a candidate for the position of chairman of the general meeting. Until election of the chairman the general meeting may not take any decisions.

The chairman of the general meeting directs proceedings in accordance with the agreed agenda, provisions of law, the articles of association, and, in particular: gives the floor to speakers, orders votes and announces the results thereof. The chairman ensures efficient proceedings and respecting of the rights and interests of all shareholders.

After the creation and signing of the attendance list, the chairman confirms that the general meeting has been called in the correct manner and is authorized to pass resolutions.

The chairman of the general meeting closes the general meeting upon the exhausting of its agenda.

Part 11. Personnel composition and changes in the previous business year and description of the functioning of the management, supervisory, or administrative bodies of the Company and its committees.

The management board

Currently, the management board is composed of two members. During 2019, there was no change in the composition of the management board.

Composition of the management board

The following table presents the names, surnames, functions, dates of appointment and dates of expiry of the current term of the members of the management board as at 31 December 2019:

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Thomas Kurzmann	President of the management board	2014	2017	2020
Erez Boniel	Member of the management board	1997	2018	2021

Description of operations of the management board

The management board runs the Company's business in a transparent and efficient way pursuant to the provisions of applicable law, its internal provisions and the "Best Practices of WSE Listed Companies". When taking decisions related to the Company's business, the members of the management board act within limits of justified business risk.

The two members of management board acting jointly are entitled to make representations on the Company's behalf.

All issues related to the management of the Company which are not specified by the provisions of applicable law or the articles of association as competences of the supervisory board or the general meeting are within the scope of competence of the management board.

Members of the management board participate in sessions of the general meeting and provide substantive answers to questions asked during the general meeting. Members of the management board invited to a meeting of the supervisory board by the chairman of the supervisory board participate in such meeting with the right to take the floor regarding issues on the agenda. Members of the management board are required to, within their scope of competence and the scope necessary to settle issues discussed by the supervisory board, submit explanations and information regarding the Company's business to the participants of a meeting of the supervisory board.

The management board makes any decisions considered (by the management board) to be important for the company by passing resolutions at meetings thereof. Such resolutions are passed by simple majority.

Moreover, the management board may adopt resolutions in writing or via a manner enabling instantaneous communication between the members of the management board by means of audio-video communication (e.g. teleconferencing, videoconferencing, etc).

The supervisory board

The composition of the supervisory board

As of 31 December 2019, the supervisory board comprises eight members. The following table presents the names, surnames, functions, dates of appointment and dates of expiry of the current term of the members of the supervisory board as at 31 December 2019:

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Alexander Hesse	Chairman of the supervisory board	2013	2018	2021
Olivier Brahın	Member of the supervisory board	2013	2018	2021
Jan-Christoph Dűdden	Member of the supervisory board	2014	2018	2021
Mariusz Grendowicz	Member of the supervisory board	2000	2019	2022
Patrick Haerle	Member of the supervisory board	2018	2018	2021
Marcin Murawski ¹	Independent member of the supervisory board	2013	2019	2022
Katharina Schade	Member of the supervisory board	2013	2018	2021
Ryszard Wawryniewicz	Member of the supervisory board	2017	2018	2021

¹ conforms with the independence criteria listed in the Best Practices of WSE Listed Companies.

Between 16 May 2014 - 22 February 2018 Mr Olivier Brahın was not a member of the supervisory board of the Company.

Between 11 July 2018 - 28 October 2018 Mr. Ryszard Wawryniewicz was not a member of the supervisory board of the Company.

During 2019, the following changes in the composition of the supervisory board took place:

- On 8 May 2019, the AVIVA Otwarty Fundusz Emerytalny Aviva Santander appointed Mr. Marcin Murawski as a Supervisory Board member, effective 14 May 2019 (see current report no 6/2019);
- On 14 May 2019, The Annual Shareholders Meeting approved Mr. Mariusz Grendowicz as an Independent Supervisory Board member (see current report no 10/2019);
- On 14 May 2019, the Otwarty Fundusz Emerytalny PZU „Złota Jesień” appointed Mr. Ryszard Koper as a Supervisory Board member (see current report no 10/2019);
- On 20 December 2019, the mandate of Mr. Ryszard Koper as a Supervisory Board expired pursuant to Article 9 point 2 of the Company's Articles of Association (see current report no 18/2019).

Description of the operations of the supervisory board

The supervisory board acts pursuant to the Polish Commercial Companies Code and also pursuant to the articles of association of the Company and the supervisory board regulations dated 16 May 2017.

Pursuant to the articles of association of the Company, the supervisory board performs constant supervision over activities of the enterprise. Within the scope of its supervisory activities, the supervisory board may demand any information and documents regarding the Company's business from the management board.

Members of the supervisory board are required to take necessary steps to receive regular and full information from the management board regarding material matters concerning the Company's business and risks involved in the business and the strategies of risk management. The supervisory board may (while not infringing the competencies of other bodies of the Company) express their opinion on all the issues related to the Company's business, including forwarding motions and proposals to the management board.

In addition to the matters defined in the Polish Commercial Companies Code the following are the competencies of the supervisory board:

- a) The establishment of remuneration and commissions for the members of the Company's Management Board and representing the Company when executing agreements with Management Board members and in any disputes with Management Board members
- b) Giving consent for the Company or one of its Subsidiaries to execute an agreement or agreements with an Affiliate or with a member of the Company's management board or supervisory board or with a member of the management or supervisory authorities of an Affiliate. Such consent is not be required for transactions with companies in which the Company holds, directly or indirectly, shares entitling it to at least 50% of votes at shareholders' meetings, if such transaction results in obligations of the other shareholders of such companies proportional to their stake in that company, or if the difference between the financial obligations of the Company and the other shareholders does not exceed EUR 5 million. In the articles of association indirect ownership of shares entitling the holder thereof to at least 50% of the votes at a shareholders' meeting means possession of such number of shares that entitles the holder thereof to at least 50% of votes in each of the indirectly held companies in the chain of subsidiaries.
- c) Giving approval to any change of the auditor selected by the Company's management board to audit the Company's financial statements.
- d) Expressing consent for the Company or one of its Subsidiaries to: (i) execute transaction comprising the acquisition or sale of investment assets of any kind the value of which exceeds EUR 30million; (ii) issue a guarantee for an amount exceeding EUR 20 million; or (iii) execute any transaction (in the form of a single legal act or a number of legal acts) other than those set forth in preceding points (i) or (ii) where the value of such transaction exceeds EUR 20 million. For the avoidance of doubt, consent is required for the Company's management board to vote on the Company's behalf at a meeting of the shareholders of a Company's Subsidiary authorizing transactions meeting above criteria.

For the purposes of this competencies and articles of association:

- a) an entity is an "Affiliate", if it is (i) a Dominating Entity with respect to the Company, or (ii) a Subsidiary of the Company; or (iii) a Subsidiary of a Dominating Entity of the Company; or (iv) a Subsidiary of the Company's Dominating Entity other than the Company's Subsidiary; or (v) a Subsidiary of any member of managing or supervisory authorities of the Company or any of the entities designated in (i) through (iii);
- b) an entity is a "Subsidiary" of any other entity (the "Dominating Entity") if the Dominating Entity: (i) has the right to exercise the majority of votes in the governing bodies of the Subsidiary, including on the basis of understandings with other authorised entities, or (ii) is authorised to take decisions regarding financial policies and current commercial operations of the Subsidiary on the basis of any law, statute or agreement, or (iii) is authorised to appoint or dismiss the majority of members of managing authorities of the Subsidiary, or (iv) more than half of the members of the Subsidiary's management board are also

members of the management board or persons performing any management functions at the Dominating Entity or any other Subsidiary.

The supervisory board consists of five to twenty members, including the Chairman of the supervisory board. Each shareholder who holds individually more than 5% of shares in the Company's share capital (the "Initial Threshold") is entitled to appoint one supervisory board member. Shareholders are further entitled to appoint one additional supervisory board member for each block of held shares constituting 5% of the Company's share capital above the Initial Threshold. Supervisory board members are appointed by a written notice of entitled shareholders given to the chairman of the general meeting at the general meeting or outside the general meeting delivered to the management board along with a written statement from the selected person that he/she agrees to be appointed to the supervisory board.

The number of supervisory board members is equal to the number of members appointed by the entitled shareholders, increased by one independent member, provided that in each case such number may not be lower than five.

Under the Company's articles of association, the supervisory board should consist of at least one member meeting the criteria of an independent member of the supervisory board as set out in the corporate governance regulations included in the Best Practices of Warsaw Stock Exchange listed Companies.

The chairman of the supervisory board calls meetings of the supervisory board. The chairman calls meetings of the supervisory board upon the request of a member of the management board or a member of the supervisory board therefore. A meeting of the supervisory board must take place within 14 days of the date of filing a written application therefore with the Chairman.

The supervisory board may convene meetings both within the territory of the Republic of Poland and abroad. Supervisory board meetings may be held via telephone, provided that all the participants thereof are able to communicate simultaneously. All resolutions adopted at such meetings are valid, provided that the attendance register is signed by the supervisory board members who participated in such meeting. The place where the Chairman attends such meeting is considered as the place where the meeting was held.

Unless the articles of association provide otherwise, resolutions of the supervisory board are adopted by absolute majority of votes cast in the presence of at least five supervisory board members. In the event of a tie, the Chairman has a casting vote.

Members of the supervisory board execute their rights and perform their duties in person. Members of the supervisory board may participate in general meetings.

Moreover, within the performance of their duties, the supervisory board is required to:

- a) once a year prepare and present to the general meeting a concise evaluation of the situation of the Company, taking into account the evaluation of the internal control system and the management system of risks that are important for the Company,
- b) once a year prepare and present to the annual general meeting an evaluation of its own performance,
- c) discuss and issue opinions on matters which are to be subject of the resolutions of the general meeting.

Committees of the supervisory board

The supervisory board may appoint committees to investigate certain issues which are in the competence of the supervisory board or to act as advisory and opinion bodies to the supervisory board.

Audit Committee

The supervisory board has appointed the Audit Committee, whose principal task is to make administrative reviews, to exercise financial control, and to oversee financial reporting as well as internal and external audit procedures at the Company and at the companies in its group.

The following table presents the details on the Audit Committee members as at 31 December 2019:

Member	Function	Conforms with independence criteria	Knowledge and skills in the field of accounting or auditing of financial statements	Knowledge and skills in the real estate
Mariusz Grendowicz	Member of the of the audit committee	No	Yes ¹	Yes ¹
Marcin Murawski	Chairman of the of the audit committee	Yes	Yes ²	No

¹ Mariusz Grendowicz studied at the University of Gdańsk and then graduated with a degree in banking in the United Kingdom. In 2013 - 2014 he was President and Chief Executive Officer of Polish Investments for Development SA. In 2008-2010, he was President of the Management Board and Chief Executive Officer of BRE Bank SA, and earlier, in 2001- 2006 was a Vice President of Bank BPH SA, responsible for Corporate Banking and Real Estate Division. During his career, he was also President and Deputy President of ABN AMRO in Poland (1997-2001), Deputy President of ING Bank in Hungary (1995-1997) and headed division of structured finance and capital markets in ING Bank in Warsaw (1992-1995). In 1983-1992 Mariusz Grendowicz worked in banks in London, including Australia and New Zealand Banking Group and Citibank

² Marcin Murawski graduated from the Faculty of Management of Warsaw University in 1997. He has also the following certificates: ACCA, ACCA Practicing Certificate, KIBR entitlement, CIA. Since 2012 he has been a member of the supervisory board of CCC S.A. Between 2005 and 2012 Mr Murawski was a director of the internal audit and inspection department at WARTA Group and secretary of the audit committee at TUIR WARTA S.A. and TUNŻ WARTA S.A. Between 1997 and 2005 he worked at PricewaterhouseCoopers Sp. z o.o., as manager of the audit department (2002-2005), senior assistant in the audit department (1999-2001), assistant in the audit department (1997-1999).

Additionally Mr. Ryszard Koper was a member of the audit committee between 31 January 2019 and 20 December 2019. On 19 December 2019 PZU Otwarty Fundusz Emerytalny "Złota Jesień" reduced its shares in the total number of votes and shares of the Company below 10%. Due to the above mentioned, the mandate of Ryszard Koper as a Supervisory Board expired pursuant to Article 9 point 2 of the Company's Articles of Association. Mr. Ryszard Koper was one of two members of the supervisory board, who meet the independence criteria.

In 2019, the Audit Committee meet 4 times in total.

Remuneration Committee

The supervisory board has appointed the Remuneration Committee of the Supervisory Board, which has no decision-making authority and which is responsible for making recommendations to the supervisory board with respect to the remuneration of the members of the management board and the policies for setting such remuneration. As of 31 December 2019, the members of the Remuneration Committee were Alexander Hesse, Marcin Murawski and Mariusz Grendowicz.

Part 12. Audit partner

The recommendation to select the audit firm to audit the financial statements met all the binding legal conditions required in the procedure for selection of the audit firm to audit the financial statements.

The audit firm selected to audit financial statements did not provide any other services for the Company in 2019.

Rules for selection of an independent auditor within an audit firm to audit GTC S.A.'s financial statements, as well as the rules for conducting authorised non-audit services by the audit firm.

On 20 October 2017, the supervisory board of GTC approved the rules for the selection of an independent auditor according to the Act on Registered Auditors, Audit Firms and Public Supervision dated 11th May 2017 which were adopted by the Audit Committee of the Company on 19 October 2017.

The selection of an audit firm to audit and review the financial statements of the Company is the responsibility of the supervisory board. Decisions are taken in the form of an official resolution of the supervisory board, taking into account the prior recommendations of the Audit Committee.

The Audit Committee assesses the independence of the statutory auditor and consents to the provision of authorised non-audit services to the Company. The consent referred to in the preceding sentence can be expressed after the assessment of the independence of the statutory auditor and after obtaining from the statutory auditor a confirmation that the provision of authorised non-audit services will be carried out in accordance with the independence requirements laid down for such services in the rules of professional ethics and standards of performing such services.

Main assumptions of the policy for selecting an audit firm for the purpose of conducting an audit:

- a) the Company's supervisory board selects an audit firm to audit the financial statements. based on the prior recommendation of the Audit Committee of the Supervisory Board. The selection decision is taken in the form of a resolution of the supervisory board.
- b) the Audit Committee, in its recommendation, shall:
 - recommend a preferred audit firm along with a justification of the preference of the Audit Committee;
 - state that the recommendation is free from third-party influence;

- state that the Company has not entered into any agreements containing clauses that restrict the ability of the supervisory board to select an audit firm for the purposes of the audit of the Company's financial statements to certain categories or lists of audit firms; and
 - indicate the proposed remuneration for conducting the audit.
- c) in the event that the selection conducted by the Audit Committee does not refer to the prolongation of the agreement for the purpose of the audit of the Company's financial statements, the recommendation of the Audit Committee must contain at least two options for the selection of an audit firm, along with justifications for each option as well as an explanation of the reasons of the Audit Committee's preferred option.
- d) the Audit Committee shall cooperate with the Company's management board in obtaining, analysing and evaluating the audit offers, and will be assisted by the management board in drafting the respective recommendation.
- e) in the course of the selection procedure, the Supervisory Board and the Audit Committee shall consider:
- the principles of impartiality and independence of the audit firm. This shall include an analysis of other work carried out by the audit firm in the Company that extends beyond the scope of the auditing of the financial statements in order to avoid any conflict of interest;
 - the experience and track record of the audit team in auditing financial statements of similar companies, its competencies and financial criteria;
 - the maximum allowed duration of continuous engagements of statutory audits carried out by the same audit firm under any applicable law;
 - the proposed remuneration for the audit; and
 - the assessment of the relation between the criteria specified in points 2 and 3 above.

Part 13. Diversity policy in terms of the management, supervisory, or administrative bodies of the Company.

The strategic objective of our diversity policy is to recruit and retain such workforce as to ensure delivery of the GTC Group's business objectives. The priority of diversity policy is to build a sense of trust between the management and other employees, and to treat everyone fairly regardless of their position.

The Company's diversity policy is centered on respecting the employees as an element of diversity-oriented culture regardless of gender, age, education and cultural heritage. It includes integrating employees in their workplace and ensuring that all employees are treated equally at work. The Company supports various social initiatives, which promote equal opportunities. Additionally, the Company joins charitable activities initiated by the employees. The principles of equal treatment at the workplace have been reflected in the company's bylaws, which are available to all employees. The Company values its enriched diversity policy in pursuing its goals.

Management Board's representations

Pursuant to the requirements of the Regulation of the Council of Ministers of 29 March 2018 on ongoing and periodical information reported by issuers of securities and conditions of recognizing as equivalent information required by the law of a country not being a member state the Management Board of Globe Trade Centre S.A. represented by:

Thomas Kurzmann, President of the Management Board

Erez Boniel, Member of the Management Board

hereby represents that:

- to the best of its knowledge the consolidated financial statements for twelve months ended 31 December 2019 and the comparable data were prepared in accordance with the prevailing accounting principles, and they truly, reliably, and clearly reflect the asset and financial standing of the Group and its financial result in all material respects, and the annual Management Board's activity report contains a true image of the Group's development and achievements and its standing, including the description of basic risks and threats;

- the entity authorized to audit the financial statements, which has audited the consolidated financial statements, was selected in accordance with the regulations of law. That entity as well as the auditor who has carried out the audit fulfilled the conditions for expressing an unbiased and independent opinion about the audit pursuant to relevant provisions of the national law and industry norms.

Warsaw, 18th March 2020

Thomas Kurzmann
President of the Board

Erez Boniel
Member of the Board

Information of the Globe Trade Centre S.A. prepared on the basis of the Supervisory Board's statement on appointment of the audit company for the audit of the yearly financial statements
(pursuant with § 70 section 1 item 7 and § 71 section 1 item 7 of the Regulation of the Ministry of Finance dated 29th March 2018 in respect of the current and periodical information given by the securities issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union)

The Management Board of the Globe Trade Centre S.A. („Company”), on the basis of statement of the Supervisory Board of the Company on appointment of the audit company for audit of the yearly financial statements dated 17th August 2017 hereby informs that the selection of an auditor to audit yearly consolidated and standalone financial statements for the year 2019 was performed due to the binding laws and within the relevant internal regulations of Globe Trade Centre S.A. related to the selection policy of the audit company.

The Management Board informs that:

- audit company and members of the audit team performing audit of yearly consolidated and standalone financial statements for the financial year ended 31 December 2019 have met the criteria to prepare impartial and independent report on the yearly financial statements assessment due to the binding laws, standards of profession and professional ethics;
- the Company conforms with the rules of binding law regarding rotation of the audit company and key chartered auditor and obligatory grace periods;
- the Company has the policy for selecting an audit company for the purpose of conducting an audit and the policy for conducting authorised non-audit services for the benefit of the security issues by the audit company, entity connected with this audit company or member of its affiliate conducting non-audit services including services conditionally dismissed from the prohibition of performing services by the audit company.

Warsaw, 18th March 2020

Thomas Kurzmann
President of the Board

Erez Boniel
Member of the Board

**Statement of the Supervisory Board of Globe Trade Centre S.A. in the matter of appointment,
composition and functioning of audit committee**

(pursuant with the § 70 section 1 item 8 and § 71 section 1 item 8 of the Regulation of the Ministry of Finance dated 29th March 2018 in respect of the current and periodical information given by the securities issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union)

The Supervisory Board states that within Globe Trade Centre S.A.:

- a) the rules on appointment, composition and functioning of audit committee are fulfilled, including meeting criteria of independence by its members and standards of having sufficient knowledge and skills in area of industry of operations of the issuer and accounting standards and the rules for audit of financial statements,
- b) audit committee has acted in accordance with the binding provisions of law reserved for audit committee.

Warsaw 18th March 2020

Alexander Hesse
President of the Supervisory Board

**Statement of the Supervisory Board of Globe Trade Centre S.A. in the matter of assessment
of the report on activities of the issuer and financial statements and its compliance with the books,
documents and state of facts**

(pursuant with the § 70 section 1 item 14 and § 71 section 1 item 12 of the Regulation of the Ministry of Finance dated 29th March 2018 in respect of the current and periodical information given by the securities issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union)

The Supervisory Board, as the supervising body of Globe Trade Centre S.A. ("**Company**" or "**GTC**") has made assessment of the report on activities of the issuer and financial statements of the issuer in the aspect of its compliance with the books, documents and state of facts. In particular the Supervisory Board has verified:

- report on issuer's activity for year 2019,
- standalone financial statements of the issues for year 2019,
- consolidated financial statements of the capital group of the issuer for the year 2019.

The Supervisory Board in the effect of the performed assessment has stated that report on the Company's activities and report on activities of the Company's capital group for the year 2019 remains compliant in all material aspects with article 49 and 55 section 2a of Accounting Act and in the Regulation of the Ministry of Finance dated 29th March 2018 in respect of the current and periodical information given by the securities issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union and the information contained therein remains in compliance with the audited by certified auditor standalone and consolidated financial statements of the Company and the Company's capital group for the year 2019.

The Supervisory Board assesses that the presented by the Management Board of the Company standalone and consolidated financial statements of the Company and the Company's capital group for the year 2019 and report on activities of the Company and the Company's capital group for the year 2019 illustrates genuinely and clearly all the information inevitable and significant for the assessment of the financial standing of the Company and the Company's capital group prepared as at 31st December 2019, as well as it remains in compliance with the books, documents and state of facts.

The Supervisory Board has made a positive assessment of the standalone financial statements for the financial year 2019 and the report on activities of the Company and the Company's capital group for the year 2019 based on:

- content of the above statements, submitted by the Company's Management Board;
- report of the independent certified auditor i.e. Ernst & Young Audyt Polska sp. z o.o. sp. k. with its registered office in Warsaw made upon audit of the standalone financial statements of the Company and consolidated financial statements of the Company's capital group prepared as at 31st December 2019 as well as an additional report prepared for Audit Committee on the basis of article 11 Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, derogating the EU Commission Decision no. 2005/909 and according to the rules of Act of 11th May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- meetings with the audit firm representatives, including the key certified auditor;
- information from Audit Committee regarding the process, effects and meaning of an audit for the clarity of financial reporting in the Company and also the role of the Committee in the process of audit of financial statements;

- results of other verifying activities in selected operational and financial areas.

Warsaw, 18th March 2020

Alexander Hesse
President of the Supervisory Board

GLOBE TRADE CENTRE S.A.

**IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
WITH THE INDEPENDENT AUDITOR'S REPORT**

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2019
(in thousands of Euro)

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment property	17	2,247,030	2,113,068
Residential landbank	18	13,388	12,698
Property, plant and equipment	16	8,159	6,712
Blocked deposits	22	11,137	9,068
Deferred tax asset	15	-	52
Derivatives		265	-
Other non-current assets		109	129
		2,280,088	2,141,747
Loan granted to non-controlling interest partner	29	10,976	10,282
Total non-current assets		2,291,064	2,152,009
Assets held for sale		-	76,196
Current assets			
Accounts receivables		10,269	4,449
Receivables related to expropriation of land	28	-	4,917
Accrued income		2,180	1,066
VAT receivable	27	3,296	5,156
Income tax receivable		1,079	1,233
Prepayments and deferred expenses		2,187	1,401
Short-term deposits	22	33,031	30,041
Cash and cash equivalents	23	179,636	80,456
		231,678	128,719
TOTAL ASSETS		2,522,742	2,356,924

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2019
(in thousands of Euro)

	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	32,9	11,007	10,960
Share premium	9	550,522	546,711
Capital reserve	32	(43,098)	(36,054)
Hedge reserve		(4,994)	(4,542)
Foreign currency translation		943	1,680
Accumulated profit		530,242	496,996
		1,044,622	1,015,751
Non-controlling interest	29	14,040	5,044
Total Equity		1,058,662	1,020,795
Non-current liabilities			
Long-term portion of long-term borrowing	30	980,872	993,453
Deposits from tenants	25	11,137	9,068
Long term payable	26	2,648	3,045
Provision for share based payment	33	1,446	4,533
Lease liability	31	46,222	-
Derivatives	20	2,611	3,736
Provision for deferred tax liability	15	147,232	139,120
		1,192,168	1,152,955
Current liabilities			
Investment and trade payables and provisions	21	37,290	50,499
Deposits from tenants	25	1,605	1,307
Current portion of long-term borrowing	30	225,350	121,894
VAT and other taxes payable		1,817	1,636
Income tax payable		1,542	1,114
Derivatives	20	3,739	1,887
Current portion of lease liabilities	31	208	-
Advances received	19	361	4,837
		271,912	183,174
TOTAL EQUITY AND LIABILITIES		2,522,742	2,356,924

Globe Trade Centre S.A.
Consolidated Income Statement
for the year ended 31 December 2019
(in thousands of Euro)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Rental revenue	10,14	127,811	110,530
Service charge revenue	10	41,951	38,853
Residential revenue	10,14	-	4,578
Service charge costs	14	(41,876)	(38,510)
Residential costs	14	-	(3,868)
Gross margin from operations		127,886	111,583
Selling expenses	11	(2,017)	(2,148)
Administration expenses	12	(14,410)	(10,236)
Profit from revaluation/ impairment of assets	17	16,190	40,125
Other income		1,160	1,567
Other expenses	24	(1,932)	(4,885)
Profit from continuing operations before tax and finance income / expense		126,877	136,006
Foreign exchange differences gain/(loss), net		(437)	(240)
Finance income	13	380	376
Finance cost	13	(34,634)	(30,184)
Profit before tax		92,186	105,958
Taxation	15	(16,765)	(13,938)
Profit for the year		75,421	92,020
Attributable to:			
Equity holders of the Company		74,825	91,202
Non-controlling interest	29	596	818
Basic earnings per share (in Euro)	34	0.15	0.19

Globe Trade Centre S.A.
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019
(In thousands of Euro)

	Year ended 31 December 2019	Year ended 31 December 2018
Profit for the period	74,825	92,020
<i>Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods</i>		-
Gain (loss) on hedge transactions	(462)	(2,625)
Income tax	10	448
Net gain on hedge transactions	(452)	(2,177)
Foreign currency translation	(737)	(643)
<i>Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</i>	(1,189)	(2,820)
Total comprehensive income for the period, net of tax	73,636	89,200
Attributable to:		
Equity holders of the Company	73,040	88,382
Non-controlling interest	596	818

Globe Trade Centre S.A.
Consolidated Statement of Changes in Equity
for the year ended 31 December 2019
(In thousands of Euro)

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2019	10,960	546,711	(36,054)	(4,542)	1,680	496,996	1,015,751	5,044	1,020,795
Other comprehensive income				(452)	(737)		(1,189)		(1,189)
Profit / (loss) for the year ended 31 December 2019						74,825	74,825	596	75,421
Total comprehensive income / (loss) for the period				(452)	(737)	74,825	73,636	596	74,232
Acquisition of non-controlling interest			(7,044)				(7,044)	8,829	1,785
Dividend distribution of non-controlling interest								(429)	(429)
Distribution of dividend	47	3811				(41,579)	(37,721)		(37,721)
Balance as of 31 December 2019	11,007	550,522	(43,098)	(4,994)	943	530,242	1,044,622	14,040	1,058,662

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2018	10,651	520,504	(36,054)	(2,365)	2,323	441,977	937,036	4,226	941,262
Other comprehensive income	-	-	-	(2,177)	(643)	-	(2,820)	0	(2,820)
Profit / (loss) for the year ended 31 December 2018	-	-	-	-	-	91,202	91,202	818	92,020
Total comprehensive income / (loss) for the period	-	-	-	(2,177)	(643)	91,202	88,382	818	89,200
Distribution of dividend	309	26,207	-	-	-	(36,183)	(9,667)		(9,667)
Balance as of 31 December 2018	10,960	546,711	(36,054)	(4,542)	1,680	496,996	1,015,751	5,044	1,020,795

Globe Trade Centre S.A.
Consolidated Statement of Cash Flow
for the year ended 31 December 2019
(In thousands of Euro)

		Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		92,186	105,958
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets and residential projects		(16,190)	(40,125)
Foreign exchange differences loss/(gain), net		437	240
Finance income	13	(380)	(376)
Finance cost	13	34,634	30,184
Provision for share based payment loss/(profit)	12	(3,087)	(1,211)
Depreciation	16	660	558
Operating cash before working capital changes		108,260	95,228
Decrease (increase) in accounts receivables and prepayments and other current assets		(3,364)	674
Decrease in residential inventory		-	3,755
Increase in advances received		(910)	(2,788)
Increase in deposits from tenants		2,812	725
Increase (decrease) in trade payables		842	(1,399)
Cash generated from operations		107,640	96,195
Tax paid in the period		(6,233)	(7,897)
Net cash from operating activities		101,407	88,298
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property	17	(144,688)	(112,462)
Purchase of completed assets and land		-	(16,450)
Decrease in short term deposits designated for investment		5,579	17,944
Increase (decrease) in escrow accounts for purchase of assets		-	777
Sale (including advances) of investment property		80,504	13,613
Proceeds related to expropriation of land		4,917	-
VAT/tax on purchase/sale of investment property		857	1,303
Sale of subsidiary		42,834	-
Purchase of subsidiary		-	(37,846)
Sale of shares in associates		-	1
Interest received		115	130
Loans repayments from associates		-	1,300
Net cash used in investing activities		(9,882)	(131,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividend		(37,992)	(9,752)
Proceeds from long-term borrowings	30	292,962	191,224
Repayment of long-term borrowings	30	(200,918)	(162,104)
Interest paid		(30,430)	(28,093)
Repayment of lease liability		(1,739)	-
Loans origination payment		(2,390)	(2,132)
Dividend granted to non-controlling interest		(429)	-
Loans granted to non-controlling interest		(429)	(10,036)
Decrease/(Increase) in short term deposits		(11,086)	(2,276)
Net cash from /(used) in financing activities		7,549	(23,169)
Net foreign exchange difference		106	(1,729)
Net increase/ (Decrease) in cash and cash equivalents		99,180	(68,290)
Cash and cash equivalents at the beginning of the period		80,456	148,746
Cash and cash equivalents at the end of the period		179,636	80,456

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2019
(In thousands of Euro)

1. Principal activities

Globe Trade Centre S.A. (the "Company", "GTC S.A." or "GTC") and its subsidiaries ("GTC Group" or "the Group") are an international real-estate corporation. The Company was registered in Warsaw on 19 December 1996. The Company's registered office is in Warsaw, Poland at Komitetu Obrony Robotników (previously 17 Stycznia) 45a Street. The Company owns through subsidiaries, commercial real estate companies in Poland, Budapest, Bucharest, Belgrade, Sofia and Zagreb.

The Group's main business activities are development and rental of office and retail space.

As of 31 December 2019 and 2018, the number of full time equivalent working employees in the Group companies was 197 and 192, respectively.

There is no seasonality in the business of the Group companies.

GTC is primarily listed on the Warsaw Stock Exchange and is inward listed on Johannesburg Stock Exchange.

The major shareholder of the Company is GTC Dutch Holdings B.V., controlled by Lone Star, a global private equity firm, which held 298,575,091 shares 61.49% of total share as of 31 December 2019.

2. Functional and presentation currencies

The functional currency of GTC S.A. and most of its subsidiaries is Euro. The functional currency of some of GTC's subsidiaries is other than Euro (Spiral/Hungary/HUF, Europort/Ukraine/USD).

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 *The Effects of Changes in Foreign Exchange Rates*. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as "Foreign currency translation" without effecting earnings for the period.

3. Basis of preparation and statement of compliance

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by the Polish accounting regulations. The companies outside Poland maintain their books of account in accordance with local GAAP. The consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRS.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU („EU IFRS"). At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

4. Going concern

The Group's policies and processes are aimed at managing the Group's capital, financial and liquidity risks on a sound basis. The Group meets its day to day working capital requirements through generation of operating cash-flows from rental income. Further details of liquidity risks and capital management processes are described in note 37.

As of 31 December 2019, the Group's net working capital (defined as current assets less current liabilities) was negative and amounted to Euro 40.2 million as some loans that are expected to be refinanced were temporary classified as current liabilities. In February 2020, GTC CTWA signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million. As of 31 December 2019, the full amount of current loan, in the amount of Euro 84.1 is classified as current liability.

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

With reference to the Covid-19 outbreak, the management has prepared and analysed cash flow budget based on certain hypothetical defensive assumptions, to assess the reasonableness of the going concern assumption in view of the current developments on the market. This analysis assumed certain loans 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 prepared cash flow budget assumptions, the 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 ultimate short, medium and long-term impact on the macroeconomic conditions, the financial markets and the Company's activities but the expected impact may be significant.

Please refer to note 37 for further information.

5. Changes in accounting policies

The accounting policies adopted in the preparation of the attached consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made except of the information specify in note 38.

Standards issued and effective for financial years beginning on or after 1 January 2019:

- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) – effective for financial years beginning on or after 1 January 2019.

The Company's assessment is that above changes (new standards/amendments) has no material impact, except of the impact of IFRS 16, as described below.

IFRS 16 Leases

In January 2016, the IASB issued the final version of International Financial Reporting Standard 16 *Leases* ("IFRS 16"). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessor provide relevant information that faithfully represents those transactions:

- IFRS 16 requires lessees to recognise long term leases on their balance sheets. Lessor accounting is substantially unchanged to the existing accounting under IAS 17 *Leases*.
- Lessees have a single accounting model for all leases, with certain exemptions.
- It requires the disclosure of new information about leases that hasn't previously been required (see note 31).

5. Changes in accounting policies (continued)

There are two types of leases in GTC Group that are subject to IFRS 16 and affect the financial statements:

- Leasing property rented to tenants - primary activity of GTC Group.

For this leasing activity, GTC Group acts as a Lessor. As was mentioned previously, a lessor accounting under IFRS 16 is substantially unchanged, therefore it has no influence on the Group.

- Leases of lands under perpetual usufruct where the Group acts as Lessee.

Perpetual usage payments are payments, which are done in advance or in arrears on an annual or monthly basis within define period (from 33 to 87 years). Perpetual usage payments are done in Poland, Croatia, Romania and Serbia.

Due to the fact that perpetual usage payments, by substance, are treated as lease payments, payments are to be considered under IFRS 16.

In the consolidated financial position statements the Group recognized, on 1 January 2019, a Right-of-Use and Lease Liabilities in an amount of Euro 47 million as following:

Right of use of lands under perpetual usufruct in the amount of 46 million is presented as part of the Investment Property, with separate disclosure in a separate note.

Right of use of lands under perpetual usufruct in the amount of 1 million is presented as part of the residential landbank.

Lease Liabilities in the amount of 47 million is presented separately, as part of the Short term and Long term Liabilities, with a separate disclosure.

In the Consolidated Income Statement the Group used to present the lease payments for completed investment properties within the Operating expenses and for landbank within Other expenses. Under IFRS 16 the Group presents the amortization of Right-of-Use or the change in fair value of Right-of-Use within the profit (loss) on revaluations. Interest embedded within land leases is presented as Finance expenses.

5. Changes in accounting policies (continued)

The Right of Use of lands under perpetual usufruct is amortized over the lease period (for cost method) or valued using the fair value approach (for investment properties valued in fair value).

The Group transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior year figures were not adjusted.

The Group entered into several other leases (low value, short term), which are not treated in accordance with IFRS 16. Additionally, the Group has decided not to apply the new guidelines to leases whose term will end within twelve months of the date of initial application. In such cases the lease is accounted as short term lease.

6. New standards and interpretations that have been issued but have not yet become effective

Standards issued but not yet effective:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- *Amendments to References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IFRS 3 *Business Combinations* (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: *Definition of Material* (issued on 31 October 2018) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform* (issued on 26 September 2019) – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022.

6. New standards and interpretations that have been issued but have not yet become effective (continued)

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union. The Group plans to adopt all new standards on the required effective date and will not restate comparative information. The Group does not expect significant impact on its statement of financial position and equity.

7. Summary of significant accounting policies

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for completed investment properties, IPUC if certain condition described in note 7(c) ii are met, share based payments and derivative financial instruments that have been measured at fair value.

(b) Property, Plant and Equipment

Plant and equipment consist of vehicles and equipment. Plant and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Reassessment of the useful life and indications for impairment is done each quarter.

The following depreciation rates have been applied:

	Depreciation rates
Equipment	7-20 %
Buildings	2 %
Vehicles	20 %

Assets under construction other than investment property are shown at cost. The direct costs paid to subcontractors for the improvement of the property are capitalised into construction in progress. Capitalised costs also include borrowing costs, planning and design costs, construction overheads and other related costs. Assets under construction are not depreciated.

7. Summary of significant accounting policies (continued)

(c) Investment properties

Investment property comprises of a land plot or a building or a part of a building held to earn rental income and/or for capital appreciation and property that is being constructed or developed for future use as investment property (investment property under construction).

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognized in the profit or loss for the year in which it arose, after accounting for the related impact on deferred tax.

(i) Completed Investment properties

Investment properties are stated at fair value according to the fair value model, which reflects market conditions at the reporting date

Completed investment properties were externally valued by independent appraisers as of 31 December 2019 based on open market values. Completed properties are either valued on the basis of discounted cash flow or - as deemed appropriate – on basis of the Income capitalisation or yield method.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

7. Summary of significant accounting policies (continued)

(ii) Investment property under construction

The Group revalues IPUC, for which a substantial part of the development risks have been eliminated. IPUC, for which this is not the case, are presented at the lower of cost or recoverable amount.

Land is reclassified to IPUC at the moment, at which active development of this land begins.

The Group has adopted the following criteria to assess whether the substantial risks are eliminated with regard to particular IPUC:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letter of intents).

The fair values of IPUC were determined, as at their stage at the end of the reporting period. Valuations were performed in accordance with RICS and IVSC Valuation Standards using either the residual method approach, DCF or sales comparison approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The future assets' value is estimated based on the expected future income from the project, using yields that are higher than the current yields of similar completed property. The remaining expected costs to completion are deducted from the estimated future assets value.

For projects where the completion is expected in the future, also a developer profit margin of unexecuted works, was deducted from the value.

(d) Hierarchy of investment property

Fair value hierarchy is based on the sourced of input used to estimate the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All investment properties are categorized in Level 2 or Level 3 of the fair value hierarchy.

The Group considered all investment value under construction carried at fair value as properties categorized in Level 3.

The Group considered completed investment properties as properties categorize in Level 2 or Level 3, based on the liquidity in the market it operates.

7. Summary of significant accounting policies (continued)

(e) Investment in associates

Investment in associates is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the associate.

(f) Investment in joint ventures

Investment in joint ventures is accounted for under the equity method. The investment is carried in the statement of financial position at cost plus post acquisition changes in the Group share of net assets of the joint ventures.

(g) Lease origination costs

The costs incurred to originate a lease (mainly brokers' fees) for available rental space are added to the carrying value of investment property until the date of revaluation of the related investment property to its fair value. If as of the date of revaluation carrying value is higher than fair value the costs recognized in the profit or loss.

(h) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This requirement can be fulfilled only if the occurrence of a sale transaction is highly probable, and the item of assets is available for immediate sale in its present condition. The classification of an asset as held for sale assumes the intent of entity's management to realise the transaction of sale within one year from the moment of asset classification to the held for sale category. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

(i) Advances received

Advances received (related to pre-sales of residential units) are deferred to the extent that they are not reflected as revenue as described below in note 7(j).

(j) Rental revenue

Rental revenues result from operating leases and are recognised as income over the lease term on a straight-line basis.

(k) Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method that is the rate that exactly discounts estimated future cash flows through the expected life of financial instruments to the net carrying amount of the underlying financial asset or liability.

Dividend income is recognised when the shareholders' right to receive payments is established.

7. Summary of significant accounting policies (continued)

(I) Contract revenue and costs recognition

Group has the following revenue stream:

- **Rental income.** The main source of income of the Group, which is charged to tenants on monthly basis, based on rent fee rate, agreed in contract.
- **Service charge** represents income from charging of maintenance costs (cleaning, security costs, management fee etc.) to tenants. Service charge is billed on monthly basis, based on service fee rate, agreed in Contract, which represents the best estimate for particular project. Allocation of service charge to tenants is done based on leased area.

Heating, water and sewage are billed separately on monthly basis, based on leased area and rates, agreed in contract.

Service charge revenue under IFRS 15.

Service charge revenue is recognised under IFRS 15 when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Group recognizes two kind of performance obligations in the Group:

- **Acting as an agent.** Some tenants install counters for electricity. In this case the invoices for electricity are billed through GTC entities and addressed to the tenants directly. The Group recognizes cost and corresponding income at the same amount. For financial statement purpose such income and expenses are disclosed on net basis, as GTC acts as an agent.
- **Acting as a principal.** In the other cases, all service charges are billed to GTC entities on monthly basis. The Group bills the tenants based on the rates in the contract on monthly basis. By the end of the year, the Group does reconciliation of actual service charges costs vs. billed one, and then bill for deficit or return the overpayment to the tenant if it is required. For financial statement purpose such expenses are disclosed on gross basis, as GTC acts as an principal.

7. Summary of significant accounting policies (continued)

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(n) Share issuance expenses

Share issuance costs are deducted from equity (share premium), net of any related income tax benefits.

(o) Income taxes & other taxes

The current provision for corporate income tax for the Group companies is calculated in accordance with tax regulations ruling in particular country of operations and is based on the profit or loss reported under relevant tax regulations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

7. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are measured using the tax rates enacted to taxable income in the years in which these temporary differences are expected to be recovered or settled.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which each company of the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

At each reporting date, the Group companies re-assess unrecognised deferred tax assets and the carrying amount of deferred tax assets. The companies recognise a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The companies conversely reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset that might be utilised.

Deferred tax relating to items recognised outside profit and loss is also recognized outside profit and loss: under other comprehensive income if relates to items recognised under other comprehensive income, or under equity – if relates to items recognized in equity.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes that are levied by the same taxation authority.

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables, which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

If according to the Group's assessment it is probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group determines taxable income (tax loss), tax base, unused tax losses and unused tax credits and tax rates, after considering in its tax return the applied or planned approach to taxation.

If the Group ascertains that it is not probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group reflects the impact of this uncertainty in determining taxable income (tax loss), unused tax losses, unused tax credits or tax rates. The Group accounts for this effect using the following methods:

- determining the most probable amount – it is a single amount from among possible results; or
- providing the expected amount – it is the sum total of the amounts weighted by probability from among possible results.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2019
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7. Summary of significant accounting policies (continued)

(p) Foreign exchange differences

For companies with Euro as functional currency, transactions denominated in a foreign currency (including Polish Zloty) are recorded in Euro at the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at period-end using period-end exchange rates. Foreign currency translation differences are charged to the income statement. The following exchange rates were used for valuation purposes in cases where certain lease is denominated in local currency.

	31 December 2019	31 December 2018
PLN/EURO	4.2585	4.3000
HUF/EURO	330.50	320.98
EUR/USD	1.1112	1.1383

(q) Interest bearing loans and borrowings and debt securities

All loans and borrowings and debt securities are initially recognized at fair value, net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings and debt securities are measured at amortised cost using the effective interest rate method, except for liabilities designated as hedged items, which are measured in accordance with hedge accounting policies, as described in Note 7 (w).

Debt issuance expenses are deducted from the amount of debt originally recognised. These costs are amortised through the income statement over the estimated duration of the loan, except to the extent that they are directly attributable to construction. Debt issuance expenses represent an adjustment to effective interest rates.

Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

7. Summary of significant accounting policies (continued)

(r) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (l) *Contract revenue and costs recognition*.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

7. Summary of significant accounting policies (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, loans to associate and short-term deposits under current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have such debt instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have such equity instruments.

7. Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group does not have such instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

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7. Summary of significant accounting policies (continued)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category applies to interest-bearing loans and borrowings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The table below presents the categorisation of financial assets and liabilities: Item, Category, and Measurement.

Item	Category	Measurement
	<u>Financial assets/liabilities</u>	
Cash and short-term deposits	Financial assets at amortised cost	Amortised cost
Debtors	Financial assets at amortised cost	Amortised cost
Trade and other payables	Financial liabilities at amortised cost	Amortised cost
Long and short term borrowings	Loans and borrowings	Amortised cost
Deposits from tenants	Financial liabilities at amortised cost	Amortised cost
Long term payables	Financial liabilities at amortised cost	Amortised cost
Interest Rate Swaps	Hedging (cash flow hedges)	Fair value – adjusted to other comprehensive income (effective portion) / adjusted to income statements (ineffective portion)
Cap	Financial liabilities at fair value through profit or loss	Fair value – adjusted to profit and loss
Forex forward	Financial liabilities at fair value through profit or loss	Fair value – adjusted to profit and loss

(s) Cash and cash equivalents

Cash comprises cash on hand and on-call deposits. Cash equivalents are short-term highly liquid investments that readily convert to a known amount of cash and which are subject to insignificant risk of changes in value.

7. Summary of significant accounting policies (continued)

(t) Accounts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *r) Financial instruments – initial recognition and subsequent measurement*. The carrying amount of accounts receivables is equal to its fair value.

(u) Impairment of non-current assets

The carrying value of assets is periodically reviewed by the Management Board to determine whether impairment may exist. In particular, the Management Board assessed whether the impairment indicators exist. Based upon its most recent analysis management believes that any material impairment of assets that existed at the reporting date, was reflected in these financial statements.

(v) Purchase of shares of non-controlling interest

If the Group increases its share in the net assets of its controlled subsidiaries the difference between the consideration paid/payable and the carrying amount of non-controlling interest is recognised in equity attributable to equity holders of the parent.

(w) Derivatives financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and cap, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently premeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

7. Summary of significant accounting policies (continued)

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly to net profit and loss of the year.

The fair value of FX forwards interest rate swaps and caps contracts is determined by reference to market values for similar instruments.

(x) Estimations

The preparation of financial statements in accordance with International Financial Reporting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at balance date. The actual results may differ from these estimates.

Investment property represents property held for long-term rental yields. Investment property is carried at fair value which is established at least annually by an independent registered valuer based on discounted projected cash flows from the investment property using the discounts rates applicable for the local real estate market and updated by the Management judgment. The changes in the fair value of investment property are included in the profit or loss for the period in which it arises.

The Group uses estimates in determining the amortization rates used.

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. In selecting the appropriate methods and assumptions, the Group applies professional judgment.

7. Summary of significant accounting policies (continued)

The Group recognises deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable.

(y) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Significant accounting judgements related to investment property under construction are presented in note 7 (c) (ii).

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

On the basis of the assessment made, the Group has reclassified part of inventory from current assets to residential landbank in non-current assets.

The Group determines whether a transaction or other event is a business combination by applying the definition of business in IFRS 3.

Deferred tax with respect to outside temporary differences relating to subsidiaries was calculated based on estimated probability that these temporary differences will be realized in the foreseeable future.

The Group also makes assessment of probability of realization of deferred tax asset. If necessary, the Group decreases deferred tax asset to the realizable value.

The Group uses judgements in determining the settlement of share based payment in cash.

(z) Basis of Consolidation

The consolidated financial statements comprise the financial statements of GTC and the financial statements of its subsidiaries for the year ended 31 December 2019.

The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company, using consistent accounting policies, and based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

7. Summary of significant accounting policies (continued)

Thus, the Group controls an investee if and only if it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate impairment.

(aa) Provisions

Provisions are recognised when the Group has present obligation, (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

(ab) Share-based payment transactions

Amongst others, GTC remunerates key personnel by granting them rights for payments based on GTC's share price performance in PLN, in exchanges for their services ("Phantom shares").

The cost of the phantom shares is measured initially at fair value at the grant date. The liability is re-measured to fair value at each reporting date up and including the settlement date, with changes in fair value recognised in administration expenses. Phantom shares are vested in annual tranches during the work/service period. Expenses are recognised in a straight line basis over the vesting period.

(ac) Earnings per share

Earnings per share for each reporting period is calculated as quotient of the profit for the given reporting period and the weighted average number of shares outstanding in that period.

(ad) Short term deposits

Short-term 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. Deposits related to loan agreements can be used anytime (for the defined purposes upon approval of the lender), as so, they are presented within current assets.

(ae) Deposits from tenants

Deposits from tenants include deposits received from tenants to secure the obligation of the tenants towards the landlord. The deposits are refundable in the end of the lease.

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(af) Residential inventory and residential landbank

Inventory relates to residential projects under construction is stated at the lower of cost and net realisable value. The realisable value is measured using the Discounted Cash Flow method, or Comparison method. Costs relating to the construction of a residential project are included in inventory.

Commissions paid to sales or marketing agents on the sale of real estate units, which are not refundable, are expensed in full when the contract to sell is secured.

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle in most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

(ag) Leases

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases.

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8. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	31 December 2019	31 December 2018
GTC Konstancja Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Neptune Gdansk Sp. z o.o. (4)	GTC S.A.	Poland	-	100%
GTC Sterlinga Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. z o.o.(1)	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a.	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o	GTC S.A.	Poland	100%	100%
Julesberg Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
Jowett Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. ("Riverside") (1)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
Spiral II Hungary. Kft.(3)	GTC Hungary	Hungary	-	100%
River Loft Apartmanok Ltd. (2)	GTC Hungary	Hungary	-	100%
SASAD Resort Kft. ("Sasad")	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft. ("formerly Szeremi Gate")	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft	GTC Hungary	Hungary	100%	100%
GTC White House Kft. ("formerly GTC Renaissance Plaza Kft.")	GTC Hungary	Hungary	100%	100%
VRK Tower Kft	GTC Hungary	Hungary	100%	100%
Amarantan Ltd.	GTC Hungary	Hungary	100%	100%

(1) Under liquidation

(2) Liquidated

(3) Merged into Centre Point I Kft

(4) Sold

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

Name	Holding Company	Country of incorporation	31 December 2019	31 December 2018
GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	80%	80%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o.	Croatia	80%	80%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Seven Gardens d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.") (1)	GTC S.A.	Romania	-	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L (3)	GTC S.A.	Romania	100%	71.5%
Cascade Building S.R.L	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Mablethompe Investitii S.R.L. (2)	GTC S.A.	Romania	-	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park SRL (previously Complexul Residential Colentina 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

(2) Liquidated

(3) NCI share was acquired

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

Name	Holding Company	Country of incorporation	31 December 2019	31 December 2018
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o	GTC S.A.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Europort Ukraine Holdings 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

Investment in Associates and Joint Ventures

Name	Holding Company	Country of incorporation	31 December 2019	31 December 2018
CID Holding S.A. ("CID") (1)	GTC S.A.	Luxembourg	-	35%

(1) Liquidated

9. Events in the period

Completion of investments

In April 2019, GTC Group has completed the construction of office building (Green Heart N2) in Belgrade.

In May 2019, GTC Group has completed the construction of shopping centre (Ada Mall) in Belgrade.

In June 2019, GTC Group has completed the construction of office building (ABC I) in Sofia.

In July 2019, GTC Group has completed the construction of office building (Matrix I) in Zagreb.

In July 2019, GTC Group has completed the construction of office building (Green Heart N1) in Belgrade.

Issuance of bonds and refinance

In December 2018, the Group repaid the loan for Artico office building in the amount of Euro 12.9 million and signed new loan agreement for the refinancing Artico office building in the amount of Euro 14.6 million with PKO BP. The loan was drawn in January 2019.

In March 2019, the Group and UniCredit signed a new loan agreement in the amount of Euro 20 million (including Euro 3.5 million top up after completion, subject to agreed conditions), for the construction of ABC II.

In March 2019, the Group refinanced Fortytone offices in Belgrade. The total loan amounted to Euro 40 million.

In April 2019, the Company issued new bonds denominated in Euro with a total amount of Euro 9.4 million to be repaid in April 2022.

In July 2019, the Group and OTP signed a loan agreement, which refinanced the existing loan of Duna Tower and Center Point in Budapest with a top-up of Euro 27 million, to a total of Euro 93 million.

In August 2019, the Group and Erste signed a new loan agreement to finance the construction of Matrix II, in the amount of Euro 11.7 million construction that was increased by Euro 2.8 million in 2020.

In September 2019, the Group and Santander signed a loan agreement, which refinanced the existing loan of Globis Poznan with a top-up of Euro 3 million, to a total of Euro 17.7 million.

In October 2019, the Group and Erste signed a loan agreement, which refinanced the existing loan of GTC House with a top-up of Euro 4 million, to a total of Euro 15.6 million.

In November 2019, the Group and Berlin Hyp signed a loan agreement, which refinanced the existing loan of UBP with a top-up of Euro 17.1 million, to a total of Euro 43.5 million.

In November 2019, the Company issued new bonds denominated in PLN with a total amount of PLN 220 million to be repaid in in three equal tranches from November 2022 to November 2023. The Company hedged the bonds. The liability was swapped into Euro with a fixed interest rate.

9. Events in the period (continued)

Sale of Assets

In September 2019, the Group sold GTC White House office building in Budapest for a total amount of Euro 70.7 million and the bank loan related to this investment was fully repaid.

In November 2019, the Company signed agreement for the sale of the company that holds Neptun Office Center, Gdansk (see note 17). The value of the building for the purpose of transaction was Euro 44.2 million. The bank loan in the amount of Euro 19.9 million was fully repaid before the sale.

Distribution of dividend

In May 2019, the Company's shareholders adopted a resolution regarding distribution of dividend in the amount of PLN 178.9 million (Euro 41.6 million). In June 2019, the Company issued 2,018,126 series N Shares to the Company's shareholders who elected to receive the dividend in shares (Euro 4 million), and paid dividend in cash in the amount of Euro 37.7 million to the remaining shareholders.

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10. Revenue from operations

Rental income includes rental revenue based on tenants' turnover for the year ended 31 December 2019 of Euro 2,450 thousand (2018: Euro 1,890 thousand). The remaining revenue is based on fixed contractual rental fees.

The Group has entered into various operational lease contracts on its property portfolio in Poland, Romania, Croatia, Serbia, Bulgaria and Hungary. The commercial property leases typically include clauses to enable periodic upward revision of the rental charge according to European CPI.

Future minimum rental receivables under operating leases from completed projects are, as follows (in **millions** of Euro):

	31 December 2019	31 December 2018
Within 1 year	130	122
After 1 year, but not more than 5 years	294	271
More than 5 years	22	23
	<u>446</u>	<u>416</u>

The majority of revenue from operations is earned predominantly on the basis of amounts denominated in, directly linked to or indexed by reference to the Euro.

Service charge revenue includes income from charging of maintenance costs to tenants. Service charge is billed on monthly basis, based on the agreed rate from the contract.

11. Selling expenses

Selling expenses comprise of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Advertising and marketing	606	848
Payroll and related expenses	1,411	1,300
	<u>2,017</u>	<u>2,148</u>

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12. Administration expenses

Administration expenses comprise of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Remuneration and fees (*)	12,701	6,872
Audit and valuations	819	1,041
Legal and tax advisers	1,633	1,057
Office and insurance expenses	731	924
Travel expenses	448	430
Supervisory board remuneration fees	105	98
Depreciation	660	558
Investors relations and other expenses	400	467
Total before share based payment	17,497	11,447
Share based payment (*)	(3,087)	(1,211)
Total	14,410	10,236

(*) Phantom shares in an amount of Euro 5.9 million were exercised during the year.

13. Financial income and financial expense

Financial income comprise of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Interest on deposits and other	115	130
Interest on loan granted to non-controlling interest	265	246
	380	376

Financial expense comprise of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Interest expenses (on financial liabilities that are not fair valued through profit or loss) and other charges	(30,541)	(27,925)
Change in fair value of financial instruments	-	396
Finance costs related to lease liability	(2,100)	-
Amortization of loan raising costs	(1,993)	(2,655)
	(34,634)	(30,184)

The average interest rate (including hedges) on the Group's loans as of 31 December 2019 was 2.6% p.a. (2.7% p.a. as of 31 December 2018).

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14. Segmental analysis

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

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

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

Segment analysis of rental income and costs for the year ended 31 December 2019 and 31 December 2018 is presented below:

Portfolio	Year ended 31 December 2019			Year ended 31 December 2018		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	75,793	(20,499)	55,294	78,531	(24,530)	54,001
Belgrade	29,542	(6,658)	22,884	19,619	(4,251)	15,368
Budapest	24,195	(5,792)	18,403	21,827	(5,166)	16,661
Bucharest	17,497	(3,103)	14,394	17,350	(3,594)	13,756
Zagreb	11,624	(3,893)	7,731	10,990	(3,736)	7,254
Sofia	11,111	(1,931)	9,180	5,644	(1,101)	4,543
Total	169,762	(41,876)	127,886	153,961	(42,378)	111,583

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14. Segmental analysis (continued)

Segment analysis of assets and liabilities as of 31 December 2019 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	978,398	38,399	5,062	1,021,859	516,539	70,600	10,506	597,645
Belgrade	404,219	18,427	5,625	428,271	216,805	13,570	19,545	249,920
Budapest	326,832	20,364	4,705	351,901	126,524	14,090	5,756	146,370
Bucharest	219,271	10,578	1,941	231,790	110,272	12,844	4,793	127,909
Zagreb	160,366	4,305	12,326	176,997	58,710	17,538	7,161	83,409
Sofia	166,070	8,825	1,733	176,628	79,321	8,940	5,360	93,621
Other	12,029	20	15	12,064	-	-	1,184	1,184
Non allocated		122,886	346	123,232	151,249	9,650	3,123	164,022
Total	2,267,185	223,804	31,753	2,522,742	1,259,420	147,232	57,428	1,464,080

Segment analysis of assets and liabilities as of 31 December 2018 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans and bonds	Deferred tax liability	Other	Total liabilities
Poland	1,003,436	13,557	6,544	1,023,537	493,664	72,078	16,555	582,297
Belgrade	359,089	11,984	2,468	373,541	142,242	14,279	17,486	174,007
Budapest	354,760	14,096	1,269	370,125	113,132	11,304	11,855	136,291
Bucharest	214,450	13,030	6,176	233,656	109,685	11,082	9,955	130,722
Zagreb	136,424	3,995	11,029	151,448	48,000	16,776	8,896	73,672
Sofia	128,547	3,920	1,665	134,132	64,044	7,213	3,225	74,482
Other	10,910	11	-	10,921	-	-	1,184	1,184
Non allocated		58,972	592	59,564	150,951	6,388	6,135	163,474
Total	2,207,616	119,565	29,743	2,356,924	1,121,718	139,120	75,291	1,336,129

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15. Taxation

The major components of tax expense are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Current corporate and capital gain tax expense	7,132	6,450
Previous year's tax	-	60
Deferred tax expense / (income)	9,633	7,428
	16,765	13,938

The Group companies are subject to taxes in the following jurisdictions: Poland, Serbia, Romania, Hungary, Ukraine, Bulgaria, Cyprus, and Croatia. The Group does not constitute a tax group under local legislation. Therefore, every company in the Group is a separate taxpayer.

The reconciliation between tax expense and accounting profit multiplied by the applicable tax rates is presented below:

	Year ended 31 December 2019	Year ended 31 December 2018
Accounting profit before tax	92,186	105,958
Taxable expenses at the applicable tax rate in each country of activity	11,778	15,410
Tax effect of expenses that are not deductible in determining taxable profit	1,738	3,355
Commercial property tax	764	-
Tax effect of foreign currency differences	(1,633)	2,441
Withholding tax	190	664
Previous year's tax	-	60
Unrecognised deferred tax asset on losses in current year	3,928	-
Unrecognised deferred tax asset in previous years	-	(6,765)
Impairment of assets	-	(2,340)
Other	-	1,113
Tax expense / (income)	16,765	13,938

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15. Taxation (continued)

The components of the deferred tax balance were calculated at a rate applicable when the Group expects to recover or settle the carrying amount of the asset or liability.

Net deferred tax assets comprise the following:

	As of 1 January 2018	Credit / (charge) to income statement	As of 31 December 2018	Credit / (charge) to income statement	As of 31 December 2019
Financial instruments (*)	3,948	354	4,302	998	5,300
Tax loss carried forwards	10,519	3,137	13,656	(3,459)	10,197
Basis differences in non-current assets	-	140	140	884	1,024
Accruals	446	264	710	79	789
Netting (**)	(14,913)	(3,843)	(18,756)	1,446	(17,310)
Net deferred tax assets	-	52	52	(52)	-

Net deferred tax liability comprises of the following:

	As of 1 January 2018	Acquisition of subsidiary	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2018	Disposal of subsidiary	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2019
Financial instruments (*)	(8,331)	(17)	(1,538)	447	(9,439)	(416)	(4,930)	10	(14,775)
Basis differences in non-current assets	(132,320)	(6,243)	(9,873)	-	(148,436)	1,875	(3,187)	-	(149,748)
Other	(89)	-	88	-	(1)	-	(18)	-	(19)
Netting (**)	14,913	-	3,843	-	18,756	-	(1,446)	-	17,310
Net deferred tax liability	(125,827)	(6,260)	(7,480)	447	(139,120)	1,459	(9,581)	10	(147,232)

(*) Mostly, unrealized interest and foreign exchange differences,

(**) within a particular company, deferred tax asset are accounted separately from deferred tax liabilities as they are independent in their nature. However, as they represent a future settlement between the same parties, they are netted off for the purpose of the presentation in financial statements.

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15. Taxation (continued)

The enacted tax rates in the various countries were as follows:

Tax rate	Year ended 31 December 2019	Year ended 31 December 2018
Poland	19%	19%
Hungary	9%	9%
Ukraine	18%	18%
Bulgaria	10%	10%
Serbia	15%	15%
Croatia	18%	18%
Russia	20%	20%
Romania	16%	16%
Cyprus	12.5%	12.5%

Future benefit for deferred tax assets have been reflected in these consolidated financial statements only if it is probable that taxable profits will be available when timing differences that gave rise to such deferred tax asset reverse.

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 Poland than in countries that have a more established taxation system.

On 15 July 2016, amendments were made to the Polish Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realizing tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realized or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realized by tax remitters as restructuring or reorganization.

Tax settlements may be subject to inspections by tax authorities. Accordingly the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The Group companies have tax losses carried forward as of 31 December 2019 available in the amount of Euro 315 million. The expiry dates of these tax losses as of 31 December 2019 are as follows: within one year - Euro 27 million, between 2-5 years - Euro 142 million, afterwards – Euro 146 million.

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16. Property, Plant and Equipment

The movement in property, plant and equipment for the periods ended 31 December 2019 and 31 December 2018 was as follows:

	Buildings and related improvements	Right of use	Equipment and software	Vehicles	Total
Gross carrying amount					
As of 1 January 2019	6,212	-	1,531	976	8,719
Additions	-	286	354	251	891
Transfer from investment property	2,347	-	-	-	2,347
Transfer to investment property	(1,008)	-	-	-	(1,008)
Disposals, impairments and other decreases	-	-	(84)	(293)	(377)
As of 31 December 2019	7,551	286	1,801	934	10,572
Accumulated Depreciation					
As of 1 January 2019	555	-	1,091	361	2,007
Charge for the period	274	37	129	220	660
Transfer to investment property	(43)	-	-	-	(43)
Disposals, impairments and other decreases	-	-	(12)	(199)	(211)
As of 31 December 2019	786	37	1,208	382	2,413
Net book value as of 31 December 2019	6,765	249	593	552	8,159

	Buildings and related improvements	Equipment and software	Vehicles	Total
Gross carrying amount				
As of 1 January 2018	6,205	1,350	816	8,371
Additions	7	204	281	492
Disposals, impairments and other decreases	-	(23)	(121)	(144)
As of 31 December 2018	6,212	1,531	976	8,719
Accumulated Depreciation				
As of 1 January 2018	301	922	301	1,524
Charge for the period	254	184	120	558
Disposals, impairments and other decreases	-	(15)	(60)	(75)
As of 31 December 2018	555	1,091	361	2,007
Net book value as of 31 December 2018	5,657	440	615	6,712

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17. 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 December 2019	31 December 2018
Completed investment property	2,003,188	1,791,910
Investment property under construction	84,080	190,051
Investment property landbank at cost	115,277	131,107
Right of use of lands under perpetual usufruct	44,485	-
Total	2,247,030	2,113,068

The movement in investment property for the periods ended 31 December 2019 and 31 December 2018 was as follows:

	Right of Use of land	Level 2	Level 3 and cost	Total
Carrying amount as of 1 January 2018	-	1,381,290	555,551	1,936,841
Hierarchy level reclassification	-	30,300	(30,300)	-
Capitalised subsequent expenditure	-	30,582	82,524	113,106
Purchase of completed buildings	-	6,799	9,649	16,448
Purchase of subsidiaries holding land plots	-	-	96,784	96,784
Adjustment to fair value / (impairment)	-	107	40,018	40,125
Land Disposals	-	-	(11,694)	(11,694)
Classified to assets held for sale	-	(70,000)	(6,884)	(76,884)
Foreign exchange differences	-	(1,761)	103	(1,658)
Carrying amount as of 31 December 2018	-	1,377,317	735,751	2,113,068
Capitalised subsequent expenditure		13,745	113,445	127,190
Recognition of right of use of lands under perpetual usufruct	45,362	-	-	45,362
Adjustment to fair value / (impairment)		1,246	14,559	15,805
Amortization of right of use of lands under perpetual usufruct	(441)	-	-	(441)
Classified to assets for own use, net		(899)	(301)	(1,200)
Disposals	(712)	(43,973)	(7,050)	(51,735)
Foreign exchange differences	276	(1,339)	44	(1,019)
Carrying amount as of 31 December 2019	44,485	1,346,097	856,448	2,247,030

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17. Investment Property (continued)

Reconciliation between capitalized subsequent expenditure and paid subsequent expenditure is presented below:

	Year ended 31 December 2019	Year ended 31 December 2018
Capitalized subsequent expenditure	<u>127,190</u>	<u>113,106</u>
Change in trade payables and provisions	14,148	784
Change in trade receivables	4,555	126
Accrued interest on long term loans	(1,205)	(1,554)
Paid subsequent expenditure	<u>144,688</u>	<u>112,462</u>

Fair value and impairment adjustment consists of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Adjustment to fair value of completed investment properties	(1,697)	(14,464)
Adjustment to fair value of investment properties under construction	16,652	52,252
Reversal of impairment/(Impairment) adjustment	850	2,337
Total adjustment to fair value / (impairment) of investment property	<u>15,805</u>	<u>40,125</u>
Reversal of impairment/(Impairment) of assets held for sale	1,437	-
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(471)	-
Impairment of residential landbank	(581)	-
Total	<u>16,190</u>	<u>40,125</u>

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17. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2019 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	497,370	113	94%	21.7	21.7	2
Poland office	398,888	196	92%	14.4	14.1	2
Belgrade office	263,081	117	98%	16.9	16.6	3
Belgrade retail	119,300	35	97%	20.8	21.5	3
Budapest office	259,419	125	97%	12.9	13.9	2
Bucharest office	190,418	67	96%	19.0	19.4	2
Zagreb retail	104,812	35	99%	20.7	20.1	3
Zagreb office	24,500	11	89%	13.3	14.6	3
Sofia office	36,800	16	99%	14.0	14.1	3
Sofia retail	108,600	33	98%	21.3	20.8	3
Total	2,003,188	748	95%	17.0	17.0	

Assumptions used in the valuations of completed assets as of 31 December 2018 are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV (*)	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	516,930	113	94%	21.1	22.0	2
Poland office	432,610	212	89%	14.2	14.1	2
Belgrade office	211,782	97	94%	16.0	16.5	3
Budapest office	237,740	126	98%	12.3	12.5	2
Bucharest office	190,036	67	94%	18.8	19.4	2
Zagreb retail	104,812	34	95%	20.6	20.3	3
Sofia retail	98,000	33	98%	19.8	20.4	3
Total	1,791,910	682	93%	16.3	16.6	

(*) ERV- Estimated Rent Value

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17. Investment Property (continued)

Information regarding investment properties under construction as of 31 December 2019 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Green Heart N3)	10,310	5
Sofia (ABC II)	20,670	18
Budapest (Pillar)	36,600	29
Zagreb (Matrix II)	16,500	11
Total	84,080	63

Information regarding investment properties under construction as of 31 December 2018 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Ada, Green Heart)	140,980	59
Sofia (ABC I, ABC II)	30,547	33
Zagreb (Matrix I, Matrix II)	18,524	21
Total	190,051	113

Information regarding book value of investment property landbank for construction as of 31 December 2019 and 31 December 2018 is presented below:

	31 December 2019	31 December 2018
	(audited)	(audited)
Poland	38,148	39,270
Serbia	7,052	5,510
Hungary	25,398	38,921
Romania	15,256	13,895
Croatia	14,097	12,600
Total	99,951	110,196

Information regarding book value of investment property landbank (long term pipeline) as of 31 December 2019 and 31 December 2018 is presented below:

	31 December 2019 (audited)	31 December 2018
		(audited)
Poland	7,969	12,351
Hungary	3,400	4,500
Bulgaria	1,900	1,800
Ukraine	2,057	2,260
Total	15,326	20,911
Grand Total	115,277	131,107

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18. Residential landbank

The movement in residential landbank and inventory for the period ended 31 December 2019 was as follows:

	Residential Inventory	Residential landbank	Total
Carrying amount as of 1 January 2018	3,755	12,698	16,453
Construction costs	113	-	113
Cost of units sold	(3,868)	-	(3,868)
Carrying amount as of 31 December 2018	-	12,698	12,698
Recognition of right of use	-	1,219	1,219
Amortization of right of use of lands under perpetual usufruct	-	(29)	(29)
Capitalised subsequent expenditure	-	81	81
Impairment of residential landbank	-	(581)	(581)
Carrying amount as of 31 December 2019	-	13,388	13,388

The carrying amount of residential landbank as of 31 December 2019 refers to two non-core land plots designated for residential development, in Marlera (Croatia) and in Bucharest.

19. Advances received

Advances received comprises the following amounts:

	31 December 2019	31 December 2018
Sale of investment properties landbank	-	3,817
Rental income received in advance	361	1,020
	361	4,837

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20. Derivatives

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

The movement in derivatives for the years ended 31 December 2019 and 31 December 2018 was as follows:

	31 December 2019	31 December 2018
Fair value as of beginning of the year	(5,623)	(3,394)
Charged to other comprehensive income	(462)	(2,625)
Charged to income statements	-	396
Fair value as of end of the year	(6,085)	(5,623)

For more information regarding derivatives, see note 37.

21. Trade and other payables

The balance of trade and other payables decreased from Euro 50.1 million to Euro 37.3 million in the year ended 31 December 2019.

The majority of the payables relates to development activity payables in Ada Mall, Green Heart, ABC, Pillar and Matrix. Amount is planned to be financed mostly by long term loans.

22. Short term deposits

Short-term 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.

Short-term 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.

23. Cash and cash equivalents

Cash balance consists of cash in banks. Cash at banks earns interest at floating rates based on periodical bank deposit rates. Save for minor amount, all cash is deposited in banks.

All cash and cash equivalents are available for use by the Group.

24. Other expenses

Other expenses relate mainly to costs of undeveloped landbank, one-off expenses as well as unrecoverable VAT.

25. Deposits from tenants

Deposits from tenants represent amounts deposited by tenants to guarantee their performance of their obligations under tenancy agreements. Deposits from tenants that shall be returned within a year are presented within current liabilities.

26. Long term payables

Long term payables consist of long term commitments related with purchase of land and development of infrastructure.

27. VAT and other tax receivable

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

28. Receivables related to expropriation of land

An amount of Euro 4.9 million was approved by the Romanian State to be paid to the Group as compensation for expropriated land in Bucharest and recognized as receivable as of December 31, 2018. The amount was paid to the Group on January 11, 2019.

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29. Non-controlling interest

Summarised financial information of the material non-controlling interest as of 31 December 2019 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	142,740	13,388	156,128
Current assets	3,268	92	3,360
Total assets	146,008	13,480	159,488
Equity	81,034	(37,992)	43,042
Non-current liabilities	61,711	51,225	112,936
Current liabilities	3,263	247	3,510
Total equity and liabilities	146,008	13,480	159,488
Revenue	10,953	-	10,953
Profit/(loss) for the year	4,546	(2,934)	1,612
NCI share in equity	24,310	(10,270)	14,040
Loan granted to NCI	(10,976)	-	(10,976)
NCI share in profit / (loss)	1,364	(768)	596

Summarised financial information of the material non-controlling interest as of 31 December 2018 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	139,625	12,698	152,323
Current assets	4,153	168	4,321
Total assets	143,778	12,866	156,644
Equity	77,917	(66,588)	11,329
Non-current liabilities	62,827	79,120	141,947
Current liabilities	3,034	334	3,368
Total equity and liabilities	143,778	12,866	156,644
Revenue	11,056	-	11,056
Profit/(loss) for the year	4,853	(2,360)	2,493
NCI share in equity	23,375	(18,331)	5,044
Loan granted to NCI	(10,282)	-	(10,282)
NCI share in profit / (loss)	1,456	(638)	818

In September 2019, the Company acquired the non-controlling interest in Aurora, Romania for Euro 1.

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30. Long-term loans and bonds

	31 December 2019	31 December 2018
Bonds mature in 2022-2023	52,140	-
Bonds mature in 2018-2019	-	15,799
Bonds 1019	-	28,959
Schuldschein 1219	-	15,023
Bonds 0320	18,671	18,673
Bonds 0620	40,070	40,070
Bonds 1220	10,117	10,117
Bonds 0321	20,737	20,737
Bonds 0422	9,515	-
Loan from OTP (GTC)	-	1,573
Loan from Santander (Globis Poznan)	17,579	15,084
Loan from Santander (Korona Business Park)	43,361	44,756
Loan from PKO BP (Pixel)	19,901	20,577
Loan from Santander (Globis Wroclaw)	22,061	22,754
Loan from ING (Nothus and Zephirus)	-	9,332
Loan from Berlin Hyp (Corius)	10,378	10,721
Loan from Pekao (Sterlinga)	15,663	16,188
Loan from Pekao (Neptun)	-	20,411
Loan from Pekao (Galeria Polnocna)	189,904	194,904
Loan from Pekao (Artico)	14,359	-
Loan from Pekao (Galeria Jurajska)	84,136	87,680
Loan from Berlin Hyp (UBP)	43,283	29,140
Loan from ING (Francuska)	21,577	22,117
Loan from OTP (Centre Point)	51,476	42,042
Loan from CIB (Metro)	14,437	15,554
Loan from Erste (Spiral)	20,593	22,586
Loan from Erste (White House)	-	7,904
Loan from OTP (Duna)	39,919	25,046
Loan from Erste (GTC House)	15,444	11,718
Loan from Erste (19 Avenue)	22,504	23,499
Loan from Societe General (BBC)	21,790	22,595
Loan from Intesa Bank (Green Heart)	53,642	31,812
Loan from Raiffeisen Bank (Forty one)	38,148	26,075
Loan from Intesa Bank (Ada)	61,571	26,543
Loan from Erste (City Gate)	75,113	78,204
Loan from Banca Transilvania (Cascade)	4,118	4,612
Loan from Alpha Bank (Premium)	15,873	17,101
Loan from OTP (Mall of Sofia)	57,125	59,582
Loan from UniCredit (ABC I)	19,800	4,462
Loan from UniCredit (ABC II)	2,217	-
Loan from Erste (Matrix)	11,485	-
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	46,000	48,000
Loans from NCI	8,283	9,768
Deferred issuance debt expenses	(6,768)	(6,371)
	1,206,222	1,115,347

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

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30. 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 December 2019	31 December 2018
Current portion of long term loans and bonds:		
Bonds mature in 2022-2023	479	-
Bonds mature in 2018-2019	-	15,799
Bonds 1019	-	28,959
Schuldschein 1219	-	15,023
Bonds 0320	18,671	175
Bonds 0620	40,070	70
Bonds 1220	10,117	13
Bonds 0321	243	243
Bonds 0422	75	-
Loan from OTP (GTC)	-	1,573
Loan from Santander (Globis Poznan)	449	15,084
Loan from Santander (Korona Business Park)	1,395	1,395
Loan from PKO BP (Pixel)	677	677
Loan from Berlin Hyp (UBP)	870	930
Loan from Pekao (Galeria Jurajska) (*)	84,136	3,544
Loan from Santander (Globis Wroclaw)	693	693
Loan from ING (Nothus and Zepirus)	-	9,332
Loan from Berlin Hyp (Corius)	342	342
Loan from Pekao (Sterlinga)	525	525
Loan from Pekao (Neptun)	-	662
Loan from Pekao (Artico)	510	-
Loan from Pekao (Galeria Polnocna)	5,000	5,000
Loan from ING (Francuska)	21,577	540
Loan from OTP (Centre Point)	1,807	2,033
Loan from Erste (White House)	-	476
Loan from OTP (Duna)	1,401	1,211
Loan from CIB (Metro)	14,437	1,115
Loan from Erste (Spiral)	1,446	1,415
Loan from Erste (GTC House)	624	781
Loan from Erste (19 Avenue)	994	994
Loan from Intesa Bank (Green Heart)	2,367	914
Loan from Societe General (BBC)	805	805
Loan from Raiffeisen Bank (Forty one)	1,853	1,302
Loan from Intesa Bank (Ada)	3,315	664
Loan from OTP (Mall of Sofia)	2,457	2,457
Loan from UniCredit (ABC I)	1,000	804
Loan from UniCredit (ABC II)	58	-
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	2,000	2,000
Loan from Erste (Matrix)	524	-
Loan from Alpha Bank (Premium)	1,025	1,025
Loan from Banca Transilvania (Cascade)	240	240
Loan from Erste (City Gate)	3,168	3,079
	225,350	121,894

(*) In February 2020, the Group signed with Erste and Raiffeisen a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million.

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30. Long-term loans and bonds (continued)

	31 December 2019	31 December 2018
Long term portion of long term loans and bonds:		
Bonds mature in 2022-2023	51,661	-
Bonds 0422	9,440	-
Bonds 0320	-	18,498
Bonds 0620	-	40,000
Bonds 1220	-	10,104
Bonds 0321	20,494	20,494
Loan from Santander (Globis Poznan)	17,130	-
Loan from Santander (Korona Business Park)	41,966	43,361
Loan from PKO BP (Pixel)	19,224	19,900
Loan from Santander (Globis Wroclaw)	21,368	22,061
Loan from Berlin Hyp (Corius)	10,036	10,379
Loan from Pekao (Sterlinga)	15,138	15,663
Loan from Pekao (Neptun)	-	19,749
Loan from Pekao (Galeria Polnocna)	184,904	189,904
Loan from Pekao (Artico)	13,849	-
Loan from Pekao (Galeria Jurajska)	-	84,136
Loan from Berlin Hyp (UBP)	42,413	28,210
Loan from ING (Francuska)	-	21,577
Loan from OTP (Centre Point)	49,669	40,009
Loan from CIB (Metro)	-	14,439
Loan from OTP (Duna)	38,518	23,835
Loan from Erste (Spiral)	19,147	21,171
Loan from Erste (White House)	-	7,428
Loan from Erste (GTC House)	14,820	10,937
Loan from Erste (19 Avenue)	21,510	22,505
Loan from Intesa Bank (Green Heart)	51,275	30,898
Loan from Intesa Bank (Ada)	58,256	25,879
Loan from Societe General (BBC)	20,985	21,790
Loan from Raiffeisen Bank (Forty one)	36,295	24,773
Loan from Erste (City Gate)	71,945	75,125
Loan from Banca Transilvania (Cascade)	3,878	4,372
Loan from Alpha Bank (Premium)	14,848	16,076
Loan from OTP (Mall of Sofia)	54,668	57,125
Loan from UniCredit (ABC I)	18,800	3,658
Loan from UniCredit (ABC II)	2,159	-
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	44,000	46,000
Loan from Erste (Matrix)	10,961	-
Loans from NCI	8,283	9,768
Deferred issuance debt expenses	(6,768)	(6,371)
	980,872	993,453

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30. Long-term loans and bonds (continued)

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

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

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

Loan received by Spiral is nominated in Hungarian Forint (HUF).

Bonds (series matures in 2022-2023) are nominated in PLN. All other bank loans and bonds are denominated in Euro.

As of 31 December 2019, there were no breach of loan and bonds covenants.

The movement in long term loans and bonds for the years ended 31 December 2019 and 31 December 2018 was as follows:

	31 December 2019	31 December 2018
Balance as of the beginning of the year (excluding deferred debt expenses)	1,121,718	1,040,979
Drawdowns	264,520	191,224
Repayments	(152,561)	(162,104)
First to be consolidated	-	53,052
Transactions with of non-controlling interest	(1,785)	-
Change in accrued interest	394	(169)
Deconsolidation of Neptune	(19,915)	-
Capitalization of interest	1,205	1,554
Foreign exchange differences	(586)	(2,818)
Balance as of end of the year (excluding deferred debt expenses)	1,212,990	1,121,718

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31. Lease liability and Right of Use of land

Lease liabilities includes 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 December 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total
Country						
Poland	11,648	-	22,247	-	-	33,895
Romania	6,884	-	-	-	-	6,884
Serbia	3,606	100	-	-	-	3,706
Croatia	-	-	-	1,197	-	1,197
Bulgaria	-	-	-	-	179	179
Hungary	-	-	-	-	70	70
Balance as of 31 December 2019	22,138	100	22,247	1,197	249	45,931

The balance of lease liability as of 31 December 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total	Discount rate
Country							
Poland	11,648	-	22,726	-	-	34,374	4.2%
Romania	6,884	-	-	-	-	6,884	5.7%
Serbia	3,606	100	-	-	-	3,706	7.6%
Croatia	-	-	-	1,225	-	1,225	4.4%
Bulgaria	-	-	-	-	179	179	4.5%
Hungary	-	-	-	-	62	62	3.9%
Balance as of 31 December 2019	22,138	100	22,726	1,225	241	46,430	

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

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

The movement in Right of Use of land for the year ended 31 December 2019 and 31 December 2018 was as follows:

	31 December 2019	31 December 2018
Balance as of 31 December 2018	-	-
Recognition of Right of Use asset for lands under perpetual usufruct (*)	46,580	-
Recognition of Right of Use for property plant and equipment during the year	273	-
Amortization of right of use	(498)	-
Disposals	(712)	-
Foreign exchange differences	288	-
Balance as of 31 December 2019	45,931	-

The movement in lease liability for the year ended 31 December 2019 and 31 December 2018 was as follows:

	31 December 2019	31 December 2018
Balance as of 31 December 2018	-	-
Recognition of lease liability for lands under perpetual usufruct (*)	46,580	-
Recognition of Right of Use for property plant and equipment during the year	273	-
Payments of leases	(1,739)	-
Change in provision for disputable amounts of perpetual usufruct	(352)	-
Change in accrued interest	1,817	-
Disposals	(712)	-
Foreign exchange differences	563	-
Balance as of 31 December 2019	46,430	-

(*) IFRS 16 was adopted on 1 January 2019

The group pays an annual amount of 2,283 as lease payment (principal and interest) for lands under perpetual usufruct.

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32. Capital and Reserves

Share capital

As at 31 December 2019, the shares structure was as follows:

Number of Shares	Share series	Total value in PLN	Total value in Euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
100,000,000	I	10,000,000	2,341,372
31,937,298	J	3,193,729	766,525
108,906,190	K	10,890,619	2,561,293
10,087,026	L	1,008,703	240,855
13,233,492	M	1,323,349	309,049
2,018,126	N	201,813	47,329
485,555,122		48,555,512	11,007,473

All shares are entitled to the same rights.

Shareholders who as at 31 December 2019 held above 5% of the Company shares were as follows:

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

Capital reserve

Capital reserve represents a loss attributed to non-controlling partners of the Group, which crystalized once the Group acquired the non-controlling interest in the subsidiaries of the Group.

Retained earning

On 14 May 2019, the Company held an ordinary shareholders meeting. It was decided that the profit for the year 2018 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the International Financial Reporting Standards shall be allocated as following: an amount of PLN 178.9 million shall be distributed to the Company's shareholders (PLN 0.37 per share). Remaining profit will remain within retained earnings (see note 9).

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33. Provision for share based payments

Phantom shares

Certain key management personnel of the Group are 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 the expiry date.

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

Strike (PLN)	Blocked	Vested	Total
6.11	1,751,200	351,200	2,102,400
7.02	-	50,000	50,000
8.96	20,000	45,000	65,000
Total	1,771,200	446,200	2,217,400

As at 31 December 2019, phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2020	50,000
2021	1,837,400
2022	330,000
Total	2,217,400

As at 31 December 2018, phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2019	460,800
2020	150,000
2021	7,547,400
2022	1,248,000
Total	9,406,200

Number of phantom shares were changed as following:

Number of phantom shares as of 1 January 2019	9,406,200
Granted during the period	-
Exercised during the year	(7,188,800)
Number of phantom shares as of 31 December 2019	2,217,400

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34. Earnings per share

Basic earnings per share were calculated as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Profit for the period attributable to equity holders (Euro)	74,825,000	91,202,000
Weighted average number of shares for calculating basic earnings per share	484,659,406	477,554,732
Basic earnings per share (Euro)	0.15	0.19

There have been no potentially dilutive instruments as at 31 December 2019 and 31 December 2018.

35. Related party transactions

The Group provides asset management services to subsidiaries controlled by Lone Star, which own real estate projects.

Transactions with the related parties are arm's length transactions.

The transactions and balances with related parties are presented below:

	Year ended 31 December 2019	Year ended 31 December 2018
Transaction		
Asset management services	21	570
Balances		
Receivables from related party	-	27

Management and Supervisory Board GTC S.A. remuneration for the year ended 31 December 2019, amounted to EUR 1.3 million, and 800,000 phantom shares were vested. Management and Supervisory Board GTC S.A. remuneration for the year ended 31 December 2018, amounted to EUR 1.2 million, and 800,000 phantom shares were vested.

36. Commitments, contingent liabilities and Guarantees

Commitments

As of 31 December 2019 (and as at 31 December 2018), the Group had commitments contracted for in relation to future building construction without specified date, amounting to Euro 77 million (Euro 92 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future instalments under already contracted sale agreements and yet to be contracted sale agreements.

Guarantees

GTC gave guarantees to third parties. As of 31 December 2019 and as at 31 December 2018 the guarantees granted amounted to Euro 2 million.

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

Croatia

In relation to the Marlera Golf project in Croatia, part of the land is held on a lease basis from the State. There is furthermore a Consortium agreement with the Ministry of Tourism of Croatia (Ministry) which includes a deadline for the completion of a golf course that has expired in 2014. If the deadline is not met, then the Ministry has the right to terminate the Consortium agreement which might automatically trigger the termination of the Land Acquisition Agreements, as well as collateral activation and damages claims. Prior to 2014, the Company has taken active steps to achieve an extension of the period for completing the project. In February 2014, the Company received a draft amendment from the Ministry expressing its good faith and intentions to prolong the abovementioned timeline however the amendment was not formalized since then. Since formalization of the amendment is not at the sole discretion of the Group, the Management has decided to revalue the freehold asset in assuming no development of the golf course project. Furthermore, as a prudential measure, the Management has also written off the related collateral in the amount of Euro 1 million provided to the Ministry as a guarantee for completing the golf course. As of 31 December 2019 the book value of the investment in Marlera Golf project was assessed by an independent valuer at €6.9 million.

With regards to the Marlera Golf LD d.o.o. that holds Marlera Golf project - GTC SA is registered as a 80% shareholder while a NCI is registered as a 20% shareholder. The relationship between the shareholders is strained and there are ongoing legal disputes. In 2018 both parties filed legal claims against each other. The NCI claims EUR 3,3 million for damages, statutory penalty interest and legal fees. GTC's legal advisors assessed that the chances for the NCI claim to prevail are remote. Consequently the Company has not made any provisions related to this claim.

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37. Financial instruments and risk management

The Group's principal financial instruments comprise bank and shareholders' loans, bonds, hedging instruments, trade payables and other long-term financial liabilities. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets such as trade receivables, loans granted, derivatives and cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

Interest rate risk

The Group exposure to changes in interest rates which are not offset by hedge relates primarily to the Group's long-term debt obligations and loans granted.

The Group's policy is to obtain finance bearing variable interest rate. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps or cap transactions.

The majority of the Group's loans are nominated or swapped into Euro.

At 31 December 2019, 95% of the Group's borrowings are hedged.

A 50bp increase in EURIBOR rate would lead to Euro 1,879 thousand change in loss before tax.

Foreign currency risk

The Group enters into transactions in currencies other than the Group's functional currency. Therefore it hedges the currency risk by either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures.

Exchange rates as of 31 December 2019 and 2018 were as following:

	31 December 2019	31 December 2018
PLN/EURO	4.2585	4.3000

The table below presents the sensitivity of profit (loss) before tax due to change in foreign exchange:

	2019 PLN/Euro					2018 PLN/Euro		
Rate/Percentage of change	4.6844 (+10%)	4.4714 (+5%)	4.0456 (-5%)	3.8327 (-10%)	4.7300 (+10%)	4.515 (+5%)	4.085 (-5%)	3.8700 (-10%)
Cash and blocked deposits	8,105	4,053	(4,053)	(8,105)	3,128	1,564	(1,564)	(3,128)
Trade and other receivables	519	259	(259)	(519)	636	318	(318)	(636)
Trade and other payables	(818)	(409)	409	818	(1,394)	(697)	697	1,394
Land leases	(3,486)	(1,743)	1,743	3,486	-	-	-	-
Bonds	(5,214)	(2,607)	2,607	5,214	(1,580)	(790)	790	1,580

Exposure to other currencies and other positions in statement of financial position are not material.

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37. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation. To manage this risk the Group periodically assesses the financial viability of its customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that those will not meet their payment obligations.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and blocked deposits the Group's exposure to credit risk equals to the carrying amount of these instruments.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

Liquidity risk

As at 31 December 2019, the Group holds Cash and Cash Equivalent (as defined in IFRS) in the amount of approximately EUR 181.4 million. As described above, the Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to: (i) debt servicing of its existing assets portfolio; (ii) capex; and (iii) development of commercial properties. Such funding will be sourced through available cash, operating income, sales of assets and refinancing. The Management Board believes that based on its current assumptions, the Group will be able to settle all its liabilities for at least the next twelve months.

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

	31 December 2019	31 December 2018
First year	251	148
Second year	189	268
Third year	199	219
Fourth year	198	142
Fifth year	270	133
Thereafter	196	300
	1,303	1,210

The above table does not contain payments relating to market value of derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some of the repayment amounts.

All derivative instruments mature within 1-5 years from the balance sheet date.

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37. Financial instruments and risk management (continued)

Maturity dates of current financial liabilities as of 31 December 2019 were as following:

	Total	Overdue	Up to a month	From a month to three months	From three months to one year
Investment and trade payables and provisions	37,289		6,674	14,374	16,241
Current portion of long-term borrowing	225,350		1,965	111,172	112,213
VAT and other taxes payable	1,817		1,817	-	-
Deposits from tenants	1,605		117	433	1,055
Lease liabilities	208		-	52	156
Income tax payable	1,542		410	-	1,132
Derivatives	3,739		66	868	2,805
	271,550	-	11,049	126,899	133,602

Some loans that are expected to be refinanced were temporary classified as current liabilities. In February 2020, GTC CTWA signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million. As of 31 December 2019, the full amount of current loan, in the amount of Euro 84.1 is classified as current liability.

Maturity dates of current financial liabilities as of 31 December 2018 were as following:

	Total	Overdue	Up to a month	From a month to three months	From three months to one year
Investment and trade payables and provisions	50,499	-	9,510	12,683	28,306
Current portion of long-term borrowing	121,894	-	1,057	40,407	80,430
VAT and other taxes payable	1,636	-	1,636	-	-
Deposits from tenants	1,307		95	352	860
Income tax payable	1,114	-	565	129	420
Derivatives	1,887	-	60	411	1,416
	178,337	-	12,923	53,982	111,432

37. Financial instruments and risk management (continued)

Fair Value

As of 31 December 2019 and 2018, all bank loans bear floating interest rate (however, as of 31 December 2019 and 2018, 95% and 92% of loans are hedged). The fair value of the loans which is related to the floating component of the interest equals to the market rate.

Fair value of all other financial assets/liabilities is close to carrying value.

For fair value of investment property please refer to note 17.

Fair value hierarchy

As at 31 December 2019, the Group held several hedge instruments carried at fair value on the statement of financial position.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuations of hedges are considered as level 2 fair value measurements. During the year ended 31 December 2019 and 31 December 2018, there were no transfers among Level 1 and Level 3 fair value measurements.

Price risk

The Group is exposed to fluctuations of in the real estate markets in which it operates. These can have an effect on the Group's results. Further risks are detailed in the Management Report as of 31 December 2019.

Capital management

The primary objective of the Group's capital management is to provide for operational and value growth while prudently managing the capital and maintaining healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it to dynamic economic conditions. While observing the capital structure, the Group decides on leverage policy, loans raising and repayments, investment or divestment of assets, dividend policy and capital raise, if needed.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

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37. Financial instruments and risk management (continued)

The Group monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, (as defined in IFRS) divided by its real estate investment value. The Group's policy is to maintain the gearing ratio at the level not higher than 50%.

	31 December 2019	31 December 2018
(1) Loans, net of cash and deposits (*)	980,903	992,385
(2) Investment properties (exc. land leases), residential landbank, assets held for sale and building for own use	2,220,994	2,207,618
Gearing ratio [(1)/(2)]	44.2%	45.0%

(*) Excluding loans from non-controlling interest and deferred issuance debt expenses.

Corona virus

Just before signing the financial statements it became apparent that the economic disruptions caused by the Covid-19 virus and the increased uncertainty might be reflected in the future in lower asset valuations and increased volatility in the financial markets, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is unknown and unknowable, it is clear that it poses substantial risks. The Company assesses the situation and undertakes mitigating steps to reduce the impact that may be caused by the adverse market situation.

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38. Restatement

The Company changed the presentation of investment property in its statement of financial position as of 31 December 2018 as following:

	31 December 2018	31 December 2018
	(restated)	(reported)
Investment property	2,113,068	1,981,961
Investment property landbank	-	131,107

The Company changed the classification of blocked deposits and deposits from tenants in its statement of financial position as of 31 December 2018 as following:

	31 December 2018	31 December 2018
	(restated)	(reported)
Non-current assets		
Blocked deposits	9,068	-
Current assets		
Short-term deposits	30,041	39,109
Current liabilities		
Deposits from tenants	1,307	-
Non-current liabilities		
Deposits from tenants	9,068	10,375

39. Subsequent events

In February 2020, GTC CTWA signed with Erste and Raiffeisen banks a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million.

40. Approval of the financial statements

The financial statements were authorised for issue by the Management Board on 18 March 2020.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Globe Trade Centre S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of Globe Trade Centre S.A. Group (the 'Group'), for which the holding company is Globe Trade Centre S.A. (the 'Company') located in Warsaw at Komitetu Obrony Robotników 45A, containing: the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2019 to 31 December 2019 and notes to the consolidated financial statements, including a summary of significant accounting policies (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2019 to 31 December 2019 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Group and the Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 18 March 2020.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors')

and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report.

We are independent of the Group in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<i>Valuation of investment properties</i>	
Investment property constitutes more than 89% of total assets of GTC S.A. Group consolidated accounts as at 31 December 2019 and comprises mainly of two categories: completed investment property, which are measured at fair value and investment property under construction, measured either at cost or at fair value, if certain criteria specified in the Group's accounting policies are met.	During the course of audit of Capital Group consolidated financial statements we have documented our understanding of the valuation process. We have also discussed with the Management current market situation in various geographies where the Group operates in. We engaged our internal real estate and valuation specialists to analyze properties appraisals performed by the Group.

The fair value of the investment property depends typically on external valuations, which take into account the Management's judgements, assumptions and estimates such as current and future rents, occupancy levels, rent-free periods and expected market yields. Inputs used to measure fair value of the Group's investment properties are categorized into second and third levels of the fair value hierarchy.

The valuations are carried out by third party appraisers. The appraisers are engaged by the Group to carry out the valuations in accordance with applicable valuation and professional standards of the appraisers. Considering the significant impact on the Group's financial statements as well as high dependency on estimates and judgements of the Management and valuation experts, we consider valuation of investment properties as a key audit matter.

The disclosures and accounting policies relating to the assumptions used in the valuations are presented in notes 7c, 7d and 17 of the consolidated financial statements.

Our audit procedures covered, among others, the following:

- understanding of the process and control mechanisms related to valuation of both investment properties and investment properties under construction;
- analysis of the properties selected on a sample basis, including assets that are of the highest value, that have been recently acquired or those showing significant changes in carrying value, as well as properties with lower individual value, which have not been verified recently;
- review of the valuation reports and models for selected properties and evaluation of valuation approach used for determining the carrying value;
- substantive audit procedures, on a sample basis of valuations, to evaluate the accuracy of the property information provided to the appraisers by the Management, as well as verification of mathematical accuracy of the valuation models;
- evaluation of the objectivity and expertise of the external appraisers;
- evaluation of the appropriateness of the property related data for selected properties, including estimates as used by the external appraisers, in particular, comparison of the applied investment yields to an expected estimated range, including reference to published benchmarks;
- assessment of other assumptions that are not so readily comparable with published benchmarks, such as Estimated Rental Value, void rates and rent free periods. Where assumptions were outside the expected range or otherwise unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the external appraisers and the Management;
- analytical review, including the reasonableness of fair value movements in correspondence with expectations we have built on in relation to current

	market benchmarks and knowledge gained during the audit process. We also evaluated the adequacy and the scope of the disclosures relating to the assumptions used in the valuations presented in notes 7c, 7d and 17 of the consolidated financial statements.
<i>Financing and loan and bond covenants</i>	
As at 31 December 2019, the outstanding bonds, loans and borrowings in the Group consolidated financial statements amounted to 47,8% of total assets. As described in note 30 of the consolidated financial statements, for the vast majority of loans and bonds, the entities of the Group have to meet certain covenants specified in the loan and bond agreements. The availability of adequate funding, financing and the assessment whether the Group can continue to meet its financial covenants are significant aspects of our audit, due to possible impact on the Group's ability to continue as a going concern. Also, ability of the Group companies to meet debt covenants in the foreseeable future may depend also on events after balance sheet date, including effect of the COVID 19 virus epidemic. Moreover, covenants' calculation results may impact Group's liquidity, as well as short and long term liabilities presentation. Covenants calculation depends to a large extent on investment property valuations as described in "Valuation of investment properties" paragraph. These valuations are based on certain estimates and assumptions, including expectations of future economic and market developments which may be uncertain and, therefore, may change in the future. The disclosures regarding the covenants, loan and bond agreements, and amendments are disclosed in note 30 of the consolidated financial statements.	Our audit procedures in relations to the described key audit matter included, among others: - documentation of our understanding of the financing process; - understanding the Group's control mechanisms around the debt covenant compliance; - analysis of the Group's assessment of continued covenant compliance and performed recalculation for selected items; - analysis of debt covenant requirements resulting from the loan and bond agreements, including the covenant ratios and potential events of default; - understanding of the Management's calculation process of the covenant ratios in accordance with the loan and bonds agreements; - assessment of compliance of covenants estimated by the Management, with applicable financial covenants' requirements by performing recalculation of these covenants, as per 31 December 2019, on a sample basis of covenants; - consideration of the events after the balance sheet date, including refinancing transaction as well as potential impact of the COVID 19 epidemic, including decrease in shopping malls turnover on the future investment property valuations, which are subject to financing collaterals, on the uncertainty of meeting debt covenants and the Group liquidity in the foreseeable future and, consequently, the impact of this events on the going concern assumption assessment. Furthermore, we evaluated the adequacy of the Group's disclosure regarding the covenants, loan and bond agreements, which are disclosed in

	notes 4, 30 and 37 of the consolidated financial statements.

Other matters

We also reported separately on the consolidated financial statements of Globe Trade Centre S.A. for the same period prepared in accordance with International Financial Reporting Standards approved by the European Union, using Polish zloty as the presentation currency.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Company's Management is responsible for assessing the Group's (the holding company and significant components') ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Group (the holding company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these consolidated financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2019 to 31 December 2019 and the representation on the corporate governance (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the consolidated financial statements does not include the Other Information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have

performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Moreover, based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the representation on application of corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we declare that we have not provided services other than audits of the financial statements to the Company and its subsidiaries, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution from 19 December 2002 and reappointed based on the resolution of the Company's Supervisory Board from 17 August 2017. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2002, i.e. for the past 18 consecutive years.

Warsaw, 18 March 2020

Key Certified Auditor

Podpisany certyfikatem wystawionym dla
Jarosław Dac (Certyfikat kwalifikowany).
Utworzony w dniu: 2020-03-18 20:38:55 +0100

Jarosław Dac
certified auditor
no in the register: 10138

on behalf of:
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130

6. Annex - Reviewed Consolidated Financial Statement (EUR) of the Guarantor regarding the nine months ended on September 30 2020 and Supplementary Annex

GLOBE TRADE CENTRE S.A.

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

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

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

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

	Note	30 September 2020 (unaudited)	31 December 2019 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	18	11,007	11,007
Share premium		550,522	550,522
Capital reserve		(49,489)	(43,098)
Hedge reserve		(7,290)	(4,994)
Foreign currency translation		(3,114)	943
Accumulated profit		513,856	530,242
		1,015,492	1,044,622
Non-controlling interest	9	17,511	14,040
Total Equity		1,033,003	1,058,662
Non-current liabilities			
Long-term portion of long-term borrowing	14	1,025,796	980,872
Deposits from tenants		12,680	11,137
Long term payable		2,578	2,648
Provision for share based payment		387	1,446
Lease liability	15	43,702	46,222
Derivatives	11	9,082	2,611
Provision for deferred tax liability		145,189	147,232
		1,239,414	1,192,168
Current liabilities			
Investment and trade payables and provisions	13	19,901	37,290
Deposits from tenants		28	1,605
Current portion of long-term borrowing	14	149,918	225,350
VAT and other taxes payable		2,247	1,817
Income tax payable		1,090	1,542
Derivatives	11	2,729	3,739
Current portion of lease liabilities	15	187	208
Advances received		1,145	361
		177,245	271,912
TOTAL EQUITY AND LIABILITIES		2,449,662	2,522,742

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

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

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

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

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

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2020	11,007	550,522	(43,098)	(4,994)	943	530,242	1,044,622	14,040	1,058,662
Other comprehensive income	-	-	-	(2,296)	(4,057)	-	(6,353)	-	(6,353)
Profit / (loss) for the period ended 30 September 2020	-	-	-	-	-	(16,386)	(16,386)	(119)	(16,505)
Total comprehensive income / (loss) for the period	-	-	-	(2,296)	(4,057)	(16,386)	(22,739)	(119)	(22,858)
Acquisition of non-controlling interest	-	-	(6,391)	-	-	-	(6,391)	3,590	(2,801)
Balance as of 30 September 2020 (unaudited)	11,007	550,522	(49,489)	(7,290)	(3,114)	513,856	1,015,492	17,511	1,033,003

	Share Capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2019	10,960	546,711	(36,054)	(4,542)	1,680	496,996	1,015,751	5,044	1,020,795
Other comprehensive income	-	-	-	(4,254)	(1,448)	-	(5,702)	-	(5,702)
Profit / (loss) for the period ended 30 September 2019	-	-	-	-	-	62,575	62,575	333	62,908
Total comprehensive income / (loss) for the period	-	-	-	(4,254)	(1,448)	62,575	56,873	333	57,206
Transactions with non-controlling interest	-	-	(7,044)	-	-	-	(7,044)	8,830	1,786
Distribution of dividend	-	-	-	-	-	(41,579)	(41,579)	(429)	(42,008)
Issuance of shares	47	3,811	-	-	-	-	3,858	-	3,858
Balance as of 30 September 2019 (unaudited)	11,007	550,522	(43,098)	(8,796)	232	517,992	1,027,859	13,778	1,041,637

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

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

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

1. Principal activities

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

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

Events in the period

In February 2020, GTC CTWA signed with Erste Group Bank AG and Raiffeisenlandesbank Niederösterreich-Wien AG a loan agreement, which refinanced the existing loan of Galeria Jurajska with a top-up of Euro 46 million, to a total of Euro 130 million.

In March 2020, GTC Group has completed the construction of office building (Green Heart N3) in Belgrade.

On 16 April 2020, Mr. Yovav Carmi was appointed as member of the Management Board of the Company.

On June 23 2020 the Company received a notification from GTC HOLDING ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG (“GTC Holding Zmr”) registered in Budapest, Hungary, and LSREF III GTC INVESTMENTS B.V. with its registered office in Amsterdam, the Netherlands of 100% of shares of GTC Dutch Holdings B.V. (the “Majority Shareholder”) whereby the Majority Shareholder has sold all its shares, 298,575,091, representing 61.49% of the shares in the share capital of the Company to GTC Holding Zmr. After the abovementioned acquisition, GTC Holding Zmr (i.e. through the Majority Shareholder) holds indirectly 298,575,091 shares of the Company, representing 61.49% of the shares.

On 23 June 2020, Mr. Robert Snow was appointed as member of the Management Board of the Company.

On 23 June 2020, Mr. Thomas Kurzmann was dismissed from the Management Board of the Company.

On 1 July 2020, Mr. Gyula Nagy was appointed as member of the Management Board of the Company.

On 28 July 2020, Mr. Ariel Alejandro Ferstman was appointed as member of the Management Board of the Company.

On 28 July 2020, the Company and Mr. Erez Boniel have mutually agreed to terminate his appointment as a member to the Management Board of the Company.

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

Globe Trade Centre S.A.
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1. Principal activities (continued)

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

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

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

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

Covid- 19 Outbreak

From mid-March 2020 it became apparent that the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with an increased volatility in the financial markets might lead to a potential decrease in the Company assets' values, as well as impact on the Company's compliance with financial covenants. While the exact effect of the coronavirus is still to be determined, it is clear that it poses substantial risks (for further information please see note 16).

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2019, which were authorized for issue on 18 March 2020. The interim financial results are not necessarily indicative of the full year results.

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2. Basis of preparation (continued)

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

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

As of 30 September 2020, the Group's net working capital (defined as current assets less current liabilities) amounted to Euro 5.8 million.

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 (see Note 7 to the consolidated financial statements for 2019). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

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4. Investment in Subsidiaries, Associates and Joint Ventures

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

Subsidiaries

Name	Holding Company	Country of incorporation	30 September 2020	31 December 2019
Konstancja Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Sterlinga Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. z o.o.(2)	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanów Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. (2)	GTC S.A.	Poland	100%	100%
Glorine investments Sp. z o.o. s.k.a. (2)	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o.	GTC S.A.	Poland	100%	100%
Julesberg Sp. z o.o. (1)	GTC S.A.	Poland	-	100%
Jowett Sp. z o.o. (1)	GTC S.A.	Poland	-	100%
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. ("Riverside") (2)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%
Centre Point II. Kft.	GTC Hungary	Hungary	100%	100%
Spiral I.Kft.	GTC Hungary	Hungary	100%	100%
SASAD Resort Kft. ("Sasad") (3)	GTC Hungary	Hungary	-	100%
Albertfalva Üzletközpont Kft. ("formerly Szeremi Gate")	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft	GTC Hungary	Hungary	100%	100%
GTC White House Kft. ("formerly GTC Renaissance Plaza Kft.")	GTC Hungary	Hungary	100%	100%
VRK Tower Kft	GTC Hungary	Hungary	100%	100%
Amarantan Ltd. (4)	GTC Hungary	Hungary	-	100%

(1) Liquidated

(2) Under liquidation

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

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

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

Name	Holding Company	Country of incorporation	30 September 2020	31 December 2019
GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o. (1)	GTC S.A.	Croatia	100%	80%
Nova Istra Idaeus d.o.o. (1)	Marlera Golf LD d.o.o.	Croatia	100%	80%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Seven Gardens d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L.	GTC S.A.	Romania	100%	100%
Cascade Building S.R.L.	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L.	GTC S.A.	Romania	100%	100%
Fajos S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park SRL	GTC S.A.	Romania	100%	100%
Deco Intermed S.R.L.	GTC S.A.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GTC Medj Razvoj Nekretnina d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o.	GTC S.A.	Serbia	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Europort Ukraine Holdings 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Ukraine LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%
Europort Project Ukraine 1 LLC	Europort Investment (Cyprus) 1 Limited	Ukraine	100%	100%

(1) NCI share was acquired

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5. Segmental analysis

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

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

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

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

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

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

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

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

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5. Segmental analysis (continued)

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

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

Segment analysis of assets and liabilities for the years ended 31 December 2019 is presented below:

	Real estate	Cash and deposits	Other	Total assets	Loans, bonds and leases	Deferred tax liability	Other	Total liabilities
Poland	978,398	38,399	5,062	1,021,859	516,539	70,600	10,506	597,645
Belgrade	404,219	18,427	5,625	428,271	216,805	13,570	19,545	249,920
Budapest	326,832	20,364	4,705	351,901	126,524	14,090	5,756	146,370
Bucharest	219,271	10,578	1,941	231,790	110,272	12,844	4,793	127,909
Zagreb	160,366	4,305	12,326	176,997	58,710	17,538	7,161	83,409
Sofia	166,070	8,825	1,733	176,628	79,321	8,940	5,360	93,621
Other	12,029	20	15	12,064	-	-	1,184	1,184
Non allocated	-	122,886	346	123,232	151,249	9,650	3,123	164,022
Total	2,267,185	223,804	31,753	2,522,742	1,259,420	147,232	57,428	1,464,080

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6. Administrative expenses

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

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

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

7. Finance costs

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

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

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8. Investment Property

The investment properties that are owned by the Group are office and shopping centre space, including property under construction. (Please refer to note 16 regarding the uncertainty related to the assets' values due to Covid-19 impact):

Investment property can be split up as follows:

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

The movement in investment property for the periods ended 30 September 2020 (unaudited) and 31 December 2019 (audited) was as follows:

	Right of Use of land	Level 2	Level 3	Total
Carrying amount as of 1 January 2019	-	1,377,317	735,751	2,113,068
Capitalised subsequent expenditure	-	13,745	113,445	127,190
Recognition of right of use of lands under perpetual usufruct	45,362	-	-	45,362
Adjustment to fair value / (impairment)	-	1,246	14,559	15,805
Amortization of right of use of lands under perpetual usufruct	(441)	-	-	(441)
Classified to assets for own use, net	-	(899)	(301)	(1,200)
Disposals	(712)	(43,973)	(7,050)	(51,735)
Foreign exchange differences	276	(1,339)	44	(1,019)
Carrying amount as of 31 December 2019	44,485	1,346,097	856,448	2,247,030
Reclassification	-	(6,799)	6,799	-
Capitalised subsequent expenditure	-	5,714	42,600	48,314
Adjustment to fair value / (impairment)	-	(34,237)	(31,011)	(65,248)
Prepaid right of use of lands under perpetual usufruct	(133)	-	-	(133)
Amortization of right of use of lands under perpetual usufruct	(316)	-	-	(316)
Increase	96	-	-	96
Reclassified to assets held for sale (*)	-	(61,441)	-	(61,441)
Disposals (**)	-	-	(500)	(500)
Foreign exchange differences	(951)	(5,643)	(77)	(6,671)
Carrying amount as of 30 September 2020	43,181	1,243,691	874,259	2,161,131

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

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

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8. Investment Property (continued)

Fair value and impairment adjustments consist of the following:

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

Assumptions used in the valuations of completed assets as of 30 September 2020 (unaudited) are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	465,500	113	91%	21.4	21.2	2
Poland office	394,140	196	90%	14.5	14.3	2
Belgrade office	276,678	122	94%	16.9	16.7	3
Belgrade retail	103,800	35	94%	20.1	21.2	3
Budapest office	200,238	88	98%	13.8	13.8	2
Bucharest office	183,815	67	94%	19.2	17.5	2
Zagreb retail	102,612	35	98%	20.2	20.0	3
Zagreb office	24,500	11	94%	13.7	14.9	3
Sofia office	34,001	16	100%	14.1	14.1	3
Sofia retail	102,300	33	94%	19.5	20.8	3
Total	1,887,584	716	93%	17.1	16.9	

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8. Investment Property (continued)

Assumptions used in the valuations of completed assets as of 31 December 2019 (audited) are presented below:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m	
Poland retail	497,370	113	94%	21.7	21.7	2
Poland office	398,888	196	92%	14.4	14.1	2
Belgrade office	263,081	117	98%	16.9	16.6	3
Belgrade retail	119,300	35	97%	20.8	21.5	3
Budapest office	259,419	125	97%	12.9	13.9	2
Bucharest office	190,418	67	96%	19.0	19.4	2
Zagreb retail	104,812	35	99%	20.7	20.1	3
Zagreb office	24,500	11	89%	13.3	14.6	3
Sofia office	36,800	16	99%	14.0	14.1	3
Sofia retail	108,600	33	98%	21.3	20.8	3
Total	2,003,188	748	95%	17.0	17.0	

Information regarding investment properties under construction as of 30 September 2020 (unaudited) is presented below:

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

Information regarding investment properties under construction as of 31 December 2019 is presented below:

	Book value	Estimated area (GLA)
	'000 Euro	thousand sqm
Belgrade (Green Heart N3)	10,310	5
Sofia (ABC II)	20,670	18
Budapest (Pillar)	36,600	29
Zagreb (Matrix II)	16,500	11
Total	84,080	63

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8. Investment Property (continued)

Information regarding book value of investment property landbank for construction as of 30 September 2020 and 31 December 2019 is presented below:

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

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

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

(*) Sold.

9. Non-controlling interest

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

Summarised financial information of the material non-controlling interest as of 30 September 2020 (unaudited) is presented below:

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

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10. Short term deposits

Short-term deposits include deposits related to loan agreements, derivatives, and other contractual commitments and can be used only for certain operating activities as determined by underlying agreements.

11. Derivatives

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

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

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

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

12. VAT and other tax receivable

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

13. Investment and trade and other payables

The balance of trade and other payables decreased from Euro 37.3 million to Euro 19.9 million in the period ended 30 September 2020.

The majority of the payables relates to development activity payables in Ada Mall, Green Heart, ABC, Pillar and Matrix. Amount is planned to be financed mostly by long term loans.

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14. Long-term loans and bonds

	30 September 2020	31 December 2019
Bonds mature in 2022-2023	49,778	52,140
Bonds 0320	-	18,671
Bonds 0620	-	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,546	20,737
Bonds 0422	9,545	9,515
Loan from Santander (Globis Poznan)	17,108	17,579
Loan from Santander (Korona Business Park)	42,315	43,361
Loan from PKO BP (Pixel)	19,393	19,901
Loan from Santander (Globis Wroclaw)	21,541	22,061
Loan from Berlin Hyp (Corius)	10,122	10,378
Loan from Pekao (Sterlinga)	15,361	15,663
Loan from Pekao (Galeria Polnocna)	176,654	189,904
Loan from PKO BP (Artico)	13,976	14,359
Loan from Erste and Raiffeisen (Galeria Jurajska)	126,344	-
Loan from Pekao (Galeria Jurajska)	-	84,136
Loan from Berlin Hyp (UBP)	42,630	43,283
Loan from ING (Francuska)	21,172	21,577
Loan from OTP (Centre Point)	50,121	51,476
Loan from CIB (Metro)	13,570	14,437
Loan from Erste (Spiral)	17,550	20,593
Loan from UniCredit Bank (Kompakt)	7,417	-
Loan from OTP (Duna)	38,868	39,919
Loan from Erste (GTC House)	14,976	15,444
Loan from Erste (19 Avenue)	21,759	22,504
Loan from OTP (BBC)	21,187	21,790
Loan from Intesa Bank (Green Heart)	56,626	53,642
Loan from Raiffeisen Bank (Forty one)	36,758	38,148
Loan from Intesa Bank (Ada)	59,124	61,571
Loan from Erste (City Gate)	72,747	75,113
Loan from Banca Transilvania (Cascade)	3,857	4,118
Loan from Alpha Bank (Premium)	14,743	15,873
Loan from OTP (Mall of Sofia)	55,282	57,125
Loan from UniCredit (ABC I)	19,062	19,800
Loan from UniCredit (ABC II)	14,605	2,217
Loan from Erste (Matrix)	14,065	11,485
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	44,500	46,000
Loans from NCI	8,471	8,283
Deferred issuance debt expenses	(6,264)	(6,768)
	1,175,714	1,206,222

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14. Long-term loans and bonds (continued)

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

	30 September 2020	31 December 2019
Current portion of long term loans and bonds:		
Bonds mature in 2022-2023	1,178	479
Bonds 0320	-	18,671
Bonds 0620	-	40,070
Bonds 1220	10,205	10,117
Bonds 0321	20,546	243
Bonds 0422	105	75
Loan from Santander (Globis Poznan)	629	449
Loan from Santander (Korona Business Park)	1,395	1,395
Loan from PKO BP (Pixel)	19,393	677
Loan from Berlin Hyp (UBP)	870	870
Loan from Erste and Raiffeisen (Galeria Jurajska)	4,875	-
Loan from Pekao (Galeria Jurajska) (*)	-	84,136
Loan from Santander (Globis Wroclaw)	693	693
Loan from Berlin Hyp (Corius)	342	342
Loan from Pekao (Sterlinga)	15,361	525
Loan from PKO BP (Artico)	510	510
Loan from Pekao (Galeria Polnocna)	8,000	5,000
Loan from ING (Francuska)	21,172	21,577
Loan from OTP (Centre Point)	1,807	1,807
Loan from OTP (Duna)	1,401	1,401
Loan from CIB (Metro)	1,172	14,437
Loan from Erste (Spiral)	17,550	1,446
Loan from Erste (GTC House)	624	624
Loan from Erste (19 Avenue)	994	994
Loan from Intesa Bank (Green Heart)	2,873	2,367
Loan from OTP (BBC)	805	805
Loan from Raiffeisen Bank (Forty one)	1,853	1,853
Loan from Intesa Bank (Ada)	3,473	3,315
Loan from OTP (Mall of Sofia)	2,457	2,457
Loan from UniCredit (ABC I)	862	1,000
Loan from UniCredit (ABC II)	1,680	58
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	2,000	2,000
Loan from Erste (Matrix)	580	524
Loan from Alpha Bank (Premium)	1,025	1,025
Loan from Banca Transilvania (Cascade)	240	240
Loan from Erste (City Gate)	3,248	3,168
	149,918	225,350

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14. Long-term loans and bonds (continued)

	30 September 2020	31 December 2019
Long term portion of long term loans and bonds:		
Bonds mature in 2022-2023	48,600	51,661
Bonds 0422	9,440	9,440
Bonds 0321	-	20,494
Loan from Santander (Globis Poznan)	16,479	17,130
Loan from Santander (Korona Business Park)	40,920	41,966
Loan from PKO BP (Pixel)	-	19,224
Loan from Santander (Globis Wroclaw)	20,848	21,368
Loan from Berlin Hyp (Corius)	9,780	10,036
Loan from Pekao (Sterlinga)	-	15,138
Loan from Pekao (Galeria Polnocna)	168,654	184,904
Loan from PKO BP (Artico)	13,466	13,849
Loan from Erste and Raiffeisen (Galeria Jurajska)	121,469	-
Loan from Berlin Hyp (UBP)	41,760	42,413
Loan from OTP (Centre Point)	48,314	49,669
Loan from CIB (Metro)	12,398	-
Loan from OTP (Duna)	37,467	38,518
Loan from Erste (Spiral)	-	19,147
Loan from UniCredit Bank (Kompakt)	7,417	-
Loan from Erste (GTC House)	14,352	14,820
Loan from Erste (19 Avenue)	20,765	21,510
Loan from Intesa Bank (Green Heart)	53,753	51,275
Loan from Intesa Bank (Ada)	55,651	58,256
Loan from OTP (BBC)	20,382	20,985
Loan from Raiffeisen Bank (Forty one)	34,905	36,295
Loan from Erste (City Gate)	69,499	71,945
Loan from Banca Transilvania (Cascade)	3,617	3,878
Loan from Alpha Bank (Premium)	13,718	14,848
Loan from OTP (Mall of Sofia)	52,825	54,668
Loan from UniCredit (ABC I)	18,200	18,800
Loan from UniCredit (ABC II)	12,925	2,159
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	42,500	44,000
Loan from Erste (Matrix)	13,485	10,961
Loans from NCI	8,471	8,283
Deferred issuance debt expenses	(6,264)	(6,768)
	1,025,796	980,872

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14. Long-term loans and bonds (continued)

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

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

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

Loan received by Spiral is nominated in Hungarian Forint (HUF).

Bonds (series matures in 2022-2023) are nominated in PLN. All other bank loans and bonds are denominated in Euro.

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

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

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

	30 September 2020 (unaudited)	31 December 2019 (audited)
First year	175	251
Second year	147	189
Third year	294	199
Fourth year	138	198
Fifth year	343	270
Thereafter	170	196
	1,267	1,303

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

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15. Lease liability and Right of Use of land

Lease liabilities includes lease payments for land under perpetual usufruct for land under investment property and residential landbank.

The balance of Right of Use of land as of 30 September 2020 was as follows:

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

The balance of Right of Use as of 31 December 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Fixed assets	Total
Country						
Poland	11,648	-	22,247	-	-	33,895
Romania	6,884	-	-	-	-	6,884
Serbia	3,606	100	-	-	-	3,706
Croatia	-	-	-	1,197	-	1,197
Bulgaria	-	-	-	-	179	179
Hungary	-	-	-	-	70	70
Balance as of 31 December 2019	22,138	100	22,247	1,197	249	45,931

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

The balance of lease liability as of 30 September 2020 was as follows:

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

The balance of lease liability as of 31 December 2019 was as follows:

	Completed investment property	Investment property under construction	Investment property landbank at cost	Residential landbank	Fixed assets	Total	Discount rate
Country							
Poland	11,648	-	22,726	-	-	34,374	4.2%
Romania	6,884	-	-	-	-	6,884	5.7%
Serbia	3,606	100	-	-	-	3,706	7.6%
Croatia	-	-	-	1,225	-	1,225	4.4%
Bulgaria	-	-	-	-	179	179	4.5%
Hungary	-	-	-	-	62	62	3.9%
Balance as of 31 December 2019	22,138	100	22,726	1,225	241	46,430	

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

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

The movement in Right of Use of land for the years ended 30 September 2020 and 31 December 2019 was as follows:

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

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

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

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

16. Covid-19

The COVID- 19 pandemic has developed rapidly in 2020, with a significant number of cases. Local governments in the six countries of our operations have implemented rigorous measures to contain the spread of COVID-19, including, among others, the closure of all stores except those selling essential goods (such as groceries, other food stores and pharmacies). The first closures were in the spring 2020 and now the Polish government decided to close the shops in shopping mall for an initial period between 7 to 29 November 2020.

Governments across the Group's CEE region have adopted laws implementing measures to assist tenants, ranging from allowing the ability to defer rental payments for businesses impacted by COVID-19, to providing state financial aid covering part of their costs for the duration of the restrictions.

The Company, just as many other landlords in the market, has an ongoing active dialogue with its tenants regarding their business performance and ability to pay.

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

The asset management team is committed to working together with tenants to maintain sustainable, long-term relationships. Any discounts will be agreed on case-by-case basis, based on a thorough analysis of the tenants' financial situation, occupancy cost ratio and other factors, and will be focused on maintaining a functioning retail environment for the long term.

The Group is committed to its prudent financial policy, focused on a conservative gearing ratio of (45.3% as at 30 September 2020) and robust liquidity. In response to the recent events, the Company actively implemented various measures focused on optimizing the costs, including:

- reducing non-critical operating expenses, especially for the period in which most of the retailers in the shopping centres were not trading and allocating capital;
- deferring non-committed development projects;
- deferring non-essential capital expenditure;
- retaining all the profits earned by the Company in 2019, and proposed not to distribute dividend for 2019

16. Covid-19 (continued)

The Group plans to be compliant with debt-service obligation. As of 30 September 2020 the Company holds cash in the amount of Euro 139.0 million.

Valuations

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

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

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

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

With respect to a EUR 59.1 million loan from Banka Intesa ad Beograd, Vseobecna Uverova Banka a.s. and Privredna Banka Zagreb d.d. granted to a subsidiary of GTC operating the Ada Mall project, the DSCR covenant which would not have been met was waived by the banks as of 30 June 2020 until the end of June 2021.

With respect to a EUR 126.3 million loan from Erste Group Bank AG and Raiffeisenlandesbank Niederösterreich-Wien AG granted to a subsidiary (Galeria Jurajska), the DSCR covenant was waived as of 30 June 2020 until the end of June 2021.

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

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

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17. Taxation

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

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

18. Capital and Reserves

Shareholders who as at 30 September 2020 held above 5% of the Company shares were as follows:

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

Phantom shares

Certain key management personnel of the Company are entitled to specific payments resulting from phantom shares in the Company (the "Phantom Shares").

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

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

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

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

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18. Capital and Reserves (continued)

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

Last year of exercise date	Number of phantom shares
2020	600,000
2021	501,200
2022	330,000
2023	2,050,000
Total	3,481,200

19. Earnings per share

Basic and diluted earnings per share were calculated as follows:

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

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

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20. Subsequent events

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

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

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

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

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

21. Release date

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



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

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of the Globe Trade Centre S.A. Group ("the Group"), where the parent company is Globe Trade Centre S.A. with its registered office in Warsaw at Komitetu Obrony Robotników 45A ("the Company", "the Parent Company"), comprising the consolidated statement of financial position prepared as at 30 September 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 January 2020 to 30 September 2020, as well as notes and explanatory information ("interim condensed consolidated financial statements").

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

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

Scope of Review

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

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

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

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

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

Conclusion

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

Explanatory Paragraph - significant uncertainty relating to the valuation of investment property

We draw your attention to Note 16 "Covid-19" to the interim condensed consolidated financial statements, in which the Company presents among others the uncertainties related to the valuation of Group's investment property. In particular, the Company received the valuations of investment property as of 30 September 2020 that in accordance with the external valuers are subject to material uncertainty. Our conclusion has not been modified in this respect.

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

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



Signed by /
Podpisano przez:

Krzysztof
Maksymik

Date / Data:
2020-11-23 16:12

Krzysztof Maksymik
Certified Auditor No. 11380



Signed by /
Podpisano przez:

André Helin

Date / Data: 2020-
11-23 17:24

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

Warsaw, 23 November 2020

7. Annex - Guarantee Undertaking

GUARANTEE UNDERTAKING

(the „Guarantee”)

This Guarantee is issued by **Globe Trade Centre S.A.** (registered office: PL-02 Warsaw, Komitetu Obrony Robotnikow 45A., Poland; registration number: 0000061500) (the „**Guarantor**”), based on the decision of its supervisory board of no. 5 (date: November 5, 2020) with the following terms and conditions:

1. The purpose of the Guarantee

- 1.1. This Guarantee purports to create security to certain creditors of GTC Magyarország Zrt. (registered seat: 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.; registration number: 01-10-043913; tax number: 12398155-2-41; the “**Debtor**”). This Guarantee is primarily made in connection with the envisaged issuance of the GTC 2030/A bonds in the total amount of HUF 39,600,000,000 (thirty nine billion six hundred million Hungarian forints) (HUF 36,000,000,000 offered value and a maximum of 10% oversubscription amount which the Debtor is ready to accept) (the “**Bonds**”) by the Debtor on the basis of an information memorandum dated 26 November, 2020 (the “**Information Memorandum**”) in order to secure (i) any indebtedness stemming from the Bonds as set out in Clause 2.1, however, this Guarantee also secures (ii) certain other financial indebtedness of the Debtor, as specified in Clauses 2.2 and 2.4.
- 1.2. This Guarantee is unilaterally made by the Guarantor, and it remains subject to the conditions set out herein.
- 1.3. The Guarantor undertakes this Guarantee without consideration, as the Debtor is its wholly owned subsidiary which it intends to support by undertaking this Guarantee.

2. The Guarantee and its term

- 2.1. The Guarantor hereby guarantees all capital, redemption (in Hungarian: “*visszaváltás*”), interest (coupon) and default interest payment obligations of the Debtor under the Bonds in accordance with the terms and conditions of this Guarantee. The key financial terms of the Bonds are as follows:
 - (a) **maturity**: the tenth (10th) anniversary of the date of the issuance of the Bonds (the “**Final Maturity Date**”);
 - (b) **capital repayments**: in the following amounts, on the relevant anniversaries of the date of issuance of the Bonds: 10% on 2027, 10% in 2028, 10% in 2029 and 70% in 2030;
 - (c) **interest / coupon payments**: once a year, on the relevant anniversaries of the date of issuance of the Bonds, in an amount set out in the Information Memorandum;
 - (d) **default interest**: in accordance with Article 6: 155 of the Civil Code.
- 2.2. Furthermore, the Guarantor hereby guarantees any and all payment obligations of the Debtor stemming from the following financial obligations (“**Financial Indebtedness**”) provided that the conditions set out in Clause 2.4 are met:
 - (a) moneys borrowed;
 - (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
 - (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
 - (d) the amount of any liability in respect of any lease entered into primarily as a method of raising finance or financing the acquisition of the asset leased which would in accordance with GAAP be treated as a finance or capital lease;
 - (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
 - (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
 - (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
 - (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.
- 2.3. The undertaking set out in Clauses 2.1 and 2.2 above (the „**Guarantee Undertaking**”) shall be governed by the laws of Hungary with special regard to section 6:431 of Act V of 2013 on the Civil Code (the „**Civil Code**”).
- 2.4. This Guarantee Undertaking only covers due and payable, undisputed and unsettled obligations of the Debtor, irrespective whether such obligations stem from the Bonds or other Financial Indebtedness. This Guarantee only and exclusively covers the Financial Indebtedness that, either partly or fully, becomes due and payable:
- (a) on or following the date of issuance of the Bonds; and
 - (b) before or on the Final Maturity Date (provided that this Guarantee does cover default interest accruing on any amounts which became due and payable but were unpaid prior to or on the Final Maturity Date).
- 2.5. The Guarantor shall be liable to pay under this Guarantee solely and exclusively to: (i) the registered owner of the Bonds at the time of the request for payment under this Guarantee; or (ii) the duly evidenced beneficiary of the Financial Indebtedness at the time of the request for payment under this Guarantee. The Guarantor hereby excludes any liability vis-à-vis transferees and assignees of the Bonds or the Financial Indebtedness, in connection with any transfers or assignments of Bonds or Financial Indebtedness between the time of request of the payment under this Guarantee and the actual time of payment by the Guarantor.
- 2.6. For the avoidance of any doubt, the right to request payment from the Guarantor under this Guarantee Undertaking shall be automatically deemed transferred to any lawful transferee of any Bonds or Financial Indebtedness, and the Guarantor specifically provides its prior and irrevocable consent to such transfer (subject to the restriction set out in Clause 2.5 above regarding transfers following the provision of a payment request). However, this Guarantee Undertaking shall not cover any Bond or Financial Indebtedness that has been transferred by breaching any underlying agreement or other restriction either legal or contractual.
- 2.7. The Guarantee Undertaking set out herein shall become effective upon the issuance of this Guarantee. Should the first issuance of the Bonds fail to take place before 31 January 2021, this Guarantee shall cease to be effective.
- 2.8. This Guarantee cannot be revoked or terminated before the Final Maturity Date (save as set out in Clause 2.7 above). This Guarantee remains effective until all payment obligations under the Bonds have been duly fulfilled, and this Guarantee shall automatically cease to exist:
- (i) on the Final Maturity Date, provided that all payment obligations under the Bonds and under the Financial Indebtedness set out in Clause 2.4 have been duly settled; or
 - (ii) on the date when all payment obligations under the Bonds and the Financial Indebtedness set out in Clause 2.4 above have been duly settled.

Notwithstanding the provisions of section 6:437 of the Civil Code, this Guarantee shall not be deemed as a guarantee with an indeterminate term and cannot be terminated by the Guarantor.

3. Payment under the Guarantee

- 3.1. Subject to the limitations set out herein, the Guarantor agrees that if the Debtor fails to fulfil its payment obligations under the Bonds and / or the Financial Indebtedness within the due date, and any subsequent deadline declared, agreed, consented or set forth by the registered owner of the Bond or the beneficiary of the Financial Indebtedness in writing, the registered owner and the beneficiary may request payment under the Guarantee from the Guarantor in a written payment request served on the Guarantor (the "Payment Request") in form of a private deed with full certifying power, which shall contain the following:

3.1.1. in case of a Financial Indebtedness:

- 3.1.1.1. the amount of the Financial Indebtedness becoming due and payable and its original due date;
- 3.1.1.2. the number of any invoice issued;
- 3.1.1.3. the beneficiary's account number;
- 3.1.1.4. the beneficiary's contact details, where notices shall be sent.

3.1.2. in case of Bonds:

- 3.1.2.1. the identification details, the number and the ISIN code of the Bonds;
- 3.1.2.2. the number of the Bonds in the registered owner's possession;
- 3.1.2.3. the registered owner's account number;
- 3.1.2.4. the registered owner's contact details, where notices shall be sent,
- 3.1.2.5. a declaration of the registered owner that the amount of the interest / coupon / default interest payment and/or the capital / redemption repayment(s) has/have not been paid at its due date/original maturity;
- 3.1.2.6. a securities account statement evidencing the ownership of the Bonds.

- 3.2. The Payment Request can be sent to the Guarantor solely by way of registered mail with return receipt (in Hungarian: "értékvényes küldemény") or by hand delivery, via international courier services at the contact details specified below:

Globe Trade Centre S.A.
address: PL-02 Warsaw, Komitetu Obrony Robotników 45A., Poland,
to the attention of: Ariel Ferstman and Yovav Carmi

With a copy to: Vámosi-Nagy Ernst & Young Ügyvédi Iroda
address: Váci út 20., 1132 Budapest, Hungary
to the attention of: Iván Sefer

3.3. The Guarantor shall

- 3.3.1.1. make payment to the beneficiary in relation to the Guarantee within ten (10) business days as of the receipt of the Payment Request to the beneficiary's bank account designated in the Payment Request, or.
- 3.3.1.2. within ten (10) business days as of the receipt of the Payment Request dispute the claim in written notice delivered to the beneficiary.

A Payment Request shall be deemed received by the Guarantor if: (i) the Guarantor has rejected the acceptance of the delivery of a duly provided Payment Request; or (ii) if a Payment Request is returned to a sender with a notification of „addressee has moved to an unknown location” (in Hungarian: „a

címzett ismeretlen helyre költözött”), “not collected” (in Hungarian: “*nem kereste*”) or “unknown” (in Hungarian: “*ismeretlen*”) or any equivalent designation in any jurisdiction.

3.4. For the avoidance of any doubt, the Guarantor shall remain entitled to dispute the amount or the legal grounds of the claim presented in the Payment Request and refuse the performance of the Guarantee in the following cases:

3.4.1. the Payment Request does not contain the information or the documentation set out in clause 3.1 above;

3.4.2. the claim has been settled before the Payment Request has been received by the Guarantor; or

3.4.3. any other cases set out in section 6:436 of the Civil Code.

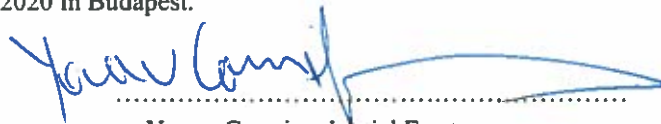
4. Other terms and provisions

4.1. This Guarantee is governed by the laws of Hungary and the courts of Hungary have exclusive jurisdiction.

4.2. For the avoidance of doubt, nothing in this Guarantee, expressed or implied, is intended to confer upon any person or entity, other than the registered owner of the Bond or the beneficiary of the Financial Indebtedness any rights or remedies of any nature whatsoever under this Guarantee.

4.3. This Guarantee has been issued in one original copy and the original is kept at the registered seat of the Debtor.

This Guarantee Undertaking was originally signed on November 5, 2020 in Budapest and was amended and restated on November 26, 2020 in Budapest.



Yovav Carmi and Ariel Ferstman
President of the Management Board and Member of the
Management Board
Globe Trade Centre S.A.
as Guarantor

8. Annex - Second-party opinion issued by Sustainalytics

Second-Party Opinion

Globe Trade Centre SA Capital Group Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Globe Trade Centre SA Capital Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11.



PROJECT EVALUATION / SELECTION Globe Trade Centre's (GTC) internal process in evaluating and selecting projects is managed by a dedicated Green Bond Committee (GBC), which is comprised of senior managerial officers from the Asset Management, Development, Finance, Legal and Investor Relations departments. The GBC will identify eligible assets and evaluate them against the Framework's eligibility criteria, internal policies, and local regulations. GTC's Board of Directors will give final approval of selected assets. If an asset ceases to meet the eligibility criteria the GTC will reallocate the proceeds to other eligible projects. Based on these elements, Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS GTC's process for management of proceeds is overseen by the Management Board. Proceeds will be allocated on a portfolio basis. GTC will track allocation using an Eligible Green Project Portfolio. GTC will strive to achieve a level of allocation within 12 months after issuance for the Eligible Green Project Portfolio which, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Any unallocated proceeds will be held and/or invested, at GTC's own discretion, in its liquidity portfolio, in cash or other short term and liquid instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.



REPORTING GTC intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as remaining balance of unallocated proceeds, the geographical distribution of Green Projects, the share of financing/refinancing, and the status of buildings included (e.g. standing or under construction). External verification will be provided for the final allocation report. Where feasible, GTC will report on relevant impact metrics recommended under the ICMA Harmonized Framework for Impact Reporting, which is viewed positively. Sustainalytics considers this process to be in line with market practice.

Evaluation Date	16 November, 2020

Issuer Location	Warsaw, Poland

Report Sections

Introduction	2
Sustainalytics' Opinion	3
Appendices	7

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Introduction

Globe Trade Centre SA Capital Group (“GTC”, or the “Group”) is a commercial and residential real estate investor and developer operating in Poland and capital cities in Eastern and Southern Europe: Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group was established in 1994 and is headquartered in Warsaw, Poland.

GTC has developed the Globe Trade Centre SA Capital Group Green Bond Framework (the “Framework”) under which it intends to issue multiple green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that promote buildings’ energy efficiency. The Framework defines eligibility criteria in one area:

1. Green Buildings

GTC engaged Sustainalytics to review the Globe Trade Centre SA Capital Group Green Bond Framework, dated November 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of GTC’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. GTC representatives have confirmed (1) they understand it is the sole responsibility of GTC to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and GTC.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Globe Trade Centre SA Capital Group Green Bond Framework is available on Globe Trade Centre SA Capital Group’s website at: http://ir.gtc.com.pl/en/bonds/green_bonds.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that GTC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Globe Trade Centre SA Capital Group Green Bond Framework

Sustainalytics is of the opinion that the Globe Trade Centre SA Capital Group Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of GTC's Green Bond Framework:

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
 - Within this category GTC may finance or refinance the acquisition, construction and/or refurbishment of green buildings in Poland and capital cities in Eastern and Southern Europe (CEE): Belgrade, Budapest, Bucharest, Zagreb and Sofia. New and existing buildings with the following minimum certification levels: BREEAM "Very Good" and LEED "Gold" are eligible. Sustainalytics recognizes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. In any case, Sustainalytics encourages the selection of BREEAM buildings that achieve a minimum score of 70% in the Energy category. For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1.
 - GTC has established a 36-month lookback period for refinancing.
- Project Evaluation and Selection:
 - GTC's internal process in evaluating and selecting projects is managed by a dedicated Green Bond Committee (GBC), which is comprised of senior officers from the Asset Management, Development, Finance, Legal and Investor Relations departments. The GBC will identify eligible assets and evaluate them against the Framework's eligibility criteria, internal policies, and local regulations. Based on the evaluation, the selected assets will be recommended to the Board of Directors of GTC for approval. If an asset ceases to meet the eligibility criteria the GTC will reallocate the proceeds to other eligible projects. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - GTC's process for management of proceeds is overseen by the Management Board. Proceeds will be allocated on a portfolio basis. GTC will track allocation using an Eligible Green Project Portfolio. GTC will strive to achieve a level of allocation within 12 months after issuance for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Any unallocated proceeds will be held and/or invested, at GTC's own discretion, in its liquidity portfolio, in cash or other short term and liquid instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - GTC intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as remaining balance of unallocated proceeds, the geographical distribution of Green Projects, the share of financing/refinancing, and the status of buildings included (e.g. standing or under construction). External verification will be provided for the final allocation report. Where feasible, GTC will report on relevant impact metrics recommended under the ICMA Harmonized Framework for Impact Reporting, which is viewed

positively. Impact reporting will include Annual GHG emissions reduced/avoided (t CO₂ eq pa) and Annual GHG emissions reduced/avoided (t CO₂ eq pa). For an exhaustive list of impact metrics, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Globe Trade Centre SA Capital Group Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of GTC

Contribution of framework to Globe Trade Centre SA Capital Group's sustainability strategy

GTC's business model focuses in promoting sustainable real estate development and improving existing building's energy efficiency performance.² GTC's sustainability efforts are centred on obtaining international certifications for energy efficiency and environmental design for its portfolio of properties, and reducing its impact on the environment.⁴ As such, while a formal sustainability strategy has not been disclosed, Sustainalytics considers that GTC has well-integrated environmental sustainability considerations within its business. GTC has delivered positive environmental impact through targeted strategic programs and investments model, which acknowledges the relevance of environmental performance to its business value.

GTC's investments target development and acquisition of properties with good environmental qualifications. Since 2010, GTC's office projects are built in compliance with the US Green Building Council, and are LEED certified.⁴ In 2015, GTC adopted a policy for environmentally responsible and resource-efficient buildings throughout their life-cycle.² Therefore, GTC is committed to, where possible, assess its standing and all new buildings portfolio by BREEAM or LEED certifications.² As a result, by 2019, approximately 88% of GTC's properties were green building certified,⁵ from 28% in 2014.²

Sustainalytics is of the opinion that the Globe Trade Centre SA Capital Group Green Bond Framework is aligned with the company's overall business model and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics encourages GTC to develop and make publicly available a sustainability strategy with quantitative, time-bound targets.

Well-positioned to address common environmental and social risks associated with the projects

Sustainalytics acknowledges that the Framework will be directed towards eligible projects that have positive environmental and social impact. However, Sustainalytics acknowledges that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations/stakeholder participation, land use and biodiversity issues associated with real estate development.

Sustainalytics is of the opinion that GTC is able to manage and/or mitigate potential risks through implementation of the following:

- All potential investments assets are subject to a General Sustainability Assessment Process to address environmental and social risks, and compliance with all applicable local regulations.²
- For investments that require development, re-development or refurbishment of a property, health, safety and environmental risks are monitored before and during the process.²
- The EU Environmental Impact Assessment (EIA) Directive applies to projects within the EU which are likely to have significant impact on the environment, to adequately assess them before approval. With respect to biodiversity, the Directive instructs that measures must be taken to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats." Concerning land use the Directive notes that the "EIA shall identify, describe and assess land use related impacts".⁶

⁴ GTC, "Ecological approach", at: <https://gtc.com.pl/sustainability-policy/>

⁵ GTC, "Consolidated Annual Report of Globe Trade Centre S.A. Capital Group for the Financial Year ended 31 December 2019", (2020), at: <http://ir.gtc.com.pl/~media/Files/G/Gtc-IR/reports/2020/2019/2019%20Consolidated%20annual%20report%20of%20the%20GTC%20Group.pdf>

⁶ EU, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

- Regarding worker health and safety, the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout Europe. Employers “have a duty to ensure the safety and health of workers in every aspect related to the work.” Necessary measures due to be taken by the employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means.”⁷
- In accordance with EU regulation on construction and demolition waste (CDW), GTC is required to follow the guidelines set out by each of the Member States that the company operates in. These regulations are aimed at ensuring waste management is carried out without endangering human health or causing harm to the environment.⁸

Based on these policies, standards and assessments, Sustainalytics is of the opinion that GTC has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on the impact relevant in the regional context.

Importance of investing in green and energy efficient buildings in Central and Eastern, and South Eastern Europe

The EU's real estate sector accounts for 40% of the European block's total energy consumption and 36% of its CO₂ emissions.⁹ This is particularly relevant in Central and Eastern Europe (CEE) and South Eastern Europe (SEE) regions, where the real estate sector can account for up to 50% of a countries' total energy consumption, such as in Hungary,¹⁰ followed by Poland 44%, Croatia and Romania 41%, Bulgaria 38%,¹¹ and 35% in Serbia.¹² At the same time, approximately 35% of the EU's building stock is over 50 years old, and approximately 75% of EU building stock is considered energy inefficient.⁹ According to the European Commission, the renovation and retrofit of existing buildings has the potential to reduce the EU's total energy consumption by 5-6% and lowering total CO₂ emissions by about 5%.⁹

Energy efficiency focused renovations are important in above mentioned countries. For example, in Hungary, only 1.7% of old buildings are replaced with new, more efficient buildings each year.¹³ Moreover, Hungary recently set the goal to become carbon neutral by 2050.¹⁴ Thus, retrofitting and energy efficiency interventions can be efficient solutions to achieve energy savings and support national climate goals. Other CEE and SEE countries are introducing measures and strategies to achieve potential energy gains from improving buildings energy performance. For example, Romania aims for a 37.5% improvement in energy efficiency by 2030, and in order to do so it is promoting green building construction and incentivising the real estate market for low energy performing units.¹⁵ In the case of Serbia, the Law on Planning and Construction may result in a 16% energy savings from buildings.¹⁶

Sustainalytics is of the opinion that GTC's green buildings projects will provide a meaningful contribution towards the CEE and SEE countries decarbonization efforts, and that GTC's focus on achieving sustainable

⁷ EU, “Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

⁸ EU, “Directive 2008/98/EC on waste”, (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

⁹ EU, “Energy Performance of Buildings in the European Union”, at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en?cookies=disabled

¹⁰ Corporate Leaders Group, “The Energy Transition in Central and Eastern Europe”, (2018) at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/cee-energy-transition-report.pdf>

¹¹ Enerdata, “Energy Efficiency Trends in Buildings in the EU”, (2012), at: https://energiatagud.ee/img_auth.php/6/68/Enerdata_Energy_Efficiency_Trends_in_Buildings_in_the_EU_2012.pdf

¹² Econstor, “The impact of energy efficiency on performance in service sector”, (2016), at: https://www.econstor.eu/bitstream/10419/178911/1/ees_16_2_01.pdf

¹³ Sugár, V. et al (2020), “Energy saving retrofit in a heritage district: The case of the Budapest”, Journal of Building Engineering, at: <https://www.sciencedirect.com/science/article/pii/S235271021930542X#bib2>

¹⁴ Hungarian government, “The government has set out determined strategic targets within the field of climate change and environmental protection”, 2020, at: <https://2015-2019.kormany.hu/en/ministry-for-innovation-and-technology/news/the-government-has-set-out-determined-strategic-targets-within-the-field-of-climate-change-and-environmental-protection>

¹⁵ Ministry of Energy, “Integrated National Energy and Climate Change Plan for 2021 - 2030”, at: https://ec.europa.eu/energy/sites/ener/files/documents/romania_draftnecp_en.pdf

¹⁶ Ministry of Mining and Energy of Serbia, “Energy Sector Development Strategy of the Republic of Serbia for the period by 2025 with projections by 2030”, (2016), at: <https://www.mre.gov.rs/doc/efikasnost-izvori/23.06.02016%20ENERGY%20SECTOR%20DEVELOPMENT%20STRATEGY%20OF%20THE%20REPUBLIC%20OF%20SERBIA.pdf>

buildings certification for all its properties will contribute to improving transparency on energy performance in the market. Specifically, investments in more energy efficient buildings and the pursuit of green building certification will reduce energy demand and carbon intensity.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 Ensure inclusive and sustainable urbanisation, planning and management.

Conclusion

GTC has developed the Globe Trade Centre SA Capital Group Green Bond Framework under which it intends to issue green bonds and the use of proceeds to finance existing and/or future projects that promote buildings' energy efficiency. Sustainalytics expects that the projects funded by the green bond proceeds will provide positive environmental impact.

The Globe Trade Centre SA Capital Group Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Globe Trade Centre SA Capital Group Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 11. Additionally, Sustainalytics is of the opinion that GTC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Globe Trade Centre SA Capital Group is well-positioned to issue green bonds and that the Globe Trade Centre SA Capital Group Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Certification Schemes for Green Buildings

	BREEAM	LEED
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).
Certification levels	Pass Good Very Good Excellent Outstanding	• Certified • Silver • Gold • Platinum
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority
Requirements	Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item¹⁷ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
Performance display		
Qualitative Considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.

¹⁷ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Globe Trade Centre SA Capital Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Globe Trade Centre SA Capital Group Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 16, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒ Use of Proceeds	☒ Process for Project Evaluation and Selection
☒ Management of Proceeds	☒ Reporting

ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2 nd opinion)	☐ Certification
☐ Verification	☐ Rating
☐ Other (<i>please specify</i>):	

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11.

Use of proceeds categories as per GBP:

☐ Renewable energy	☐ Energy efficiency
☐ Pollution prevention and control	☐ Environmentally sustainable management of living natural resources and land use
☐ Terrestrial and aquatic biodiversity conservation	☐ Clean transportation
☐ Sustainable water and wastewater management	☐ Climate change adaptation
☐ Eco-efficient and/or circular economy adapted products, production technologies and processes	☒ Green buildings
☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐ Other (<i>please specify</i>):

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

GTC's internal process in evaluating and selecting projects is managed by a dedicated Green Bond Committee (GBC), which is comprised of senior managerial officers from the Asset Management, Development, Finance, Legal and Investor Relations departments. The GBC will identify eligible assets and evaluate them against the Framework's eligibility criteria, internal policies, and local regulations. GTC's Board of Directors will give final approval of selected assets. If an asset ceases to meet the eligibility criteria the GTC will reallocate the proceeds to other eligible projects. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

☒ Credentials on the issuer's environmental sustainability objectives	☒ Documented process to determine that projects fit within defined categories
☒ Defined and transparent criteria for projects eligible for Green Bond proceeds	☐ Documented process to identify and manage potential ESG risks associated with the project
☒ Summary criteria for project evaluation and selection publicly available	☐ Other (<i>please specify</i>):

Information on Responsibilities and Accountability

- ☐ Evaluation / Selection criteria subject to external advice or verification
 ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

GTC's process for management of proceeds is overseen by the Management Board. Proceeds will be allocated on a portfolio basis. GTC will track allocation using an Eligible Green Project Portfolio. GTC will strive to achieve a level of allocation within 12 months after issuance for the Eligible Green Project Portfolio which, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Any unallocated proceeds will be held and/or invested, at GTC's own discretion, in its liquidity portfolio, in cash or other short term and liquid instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☐ Allocations to future investments only
 ☐ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
 ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
 ☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

GTC intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as remaining balance of unallocated proceeds, the geographical distribution of Green Projects, the share of financing/refinancing, and the status of buildings included (e.g. standing or under construction). External verification will be provided for the final allocation report. Where feasible, GTC will report on relevant impact metrics recommended under the ICMA Harmonized Framework for Impact Reporting. Sustainalytics considers this process to be in line with market practice.

Use of proceeds reporting:

- ☐ Project-by-project
 ☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):
Information reported:
☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (please specify):
Frequency:
☒ Annual

☐ Semi-annual

☐ Other (please specify):
Impact reporting:
☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):
Information reported (expected or ex-post):
☒ GHG Emissions / Savings

☒ Energy Savings

☒ Decrease in water use

☒ Other ESG indicators (please specify):

Level of certification by property

Frequency
☒ Annual

☐ Semi-annual

☐ Other (please specify):
Means of Disclosure
☐ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☒ Other (please specify): Website

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

☒ Consultancy (incl. 2 nd opinion)	☐ Certification
☐ Verification / Audit	☐ Rating
☐ Other (<i>please specify</i>):	

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified
Climate Bonds of 2019

awarded to Sustainalytics



More information conference.climatebonds.net/awards



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



9. Annex – Special rights related to Class "A" preference shares

Schedule 1

Rights attached to Class A Preference Shares

The following matters may not be resolved without the simple majority of the affirmative votes of the holders of the Class A Preference Shares of the Company:

- (i) appointing, removing and replacing any member of the supervisory board (if any) of the Company nominated by the holders of the Class A Preference Shares;
- (ii) increasing the number of the members of the supervisory board (if any);
- (iii) initiating the merger, dissolution or winding-up of the Company, adopting the plan of liquidation, or causing any subsidiary to do the same;
- (iv) taking any action or causing any subsidiary to take any action to commence an insolvency proceeding or effecting a general assignment for the benefit of creditors;
- (v) amending, altering, changing or repealing any of the provisions of the Charter;
- (vi) declaring or paying dividends on shares in excess of current profits and retained earnings, or redeeming shares (except to the extent that such shares are subject to mandatory redemption provisions, and except pursuant to the agreement between the shareholders);
- (vii) entering into any joint venture, to which consent may not be unreasonably withheld;
- (viii) commencing any construction or refurbishment of any individual building in a project which represents 20% or more of the Company's assets (calculated based on historical cost);
- (ix) selling or otherwise transferring any shares in subsidiary companies, or any real estate which was originally intended to be leased;
- (x) issuing any form of convertible bonds or securities transformable into convertible bonds; provided, however, that the consent referred to above may not be reasonably withheld or delayed;
- (xi) incurring indebtedness for money borrowed or obligations in respect of capitalised leases to the extent that such indebtedness or obligations would result in the Company having a ratio of Total Liabilities (other than shareholder financing and debt incurred to finance construction of projects permissible under this Charter or otherwise agreed by the shareholders) to tangible net worth in excess of 5 to 1;
- (xii) approving investment criteria for any market other than Budapest, or amending any such investment criteria or the investment criteria for Budapest;
- (xiii) making any investment in a project located in a market other than Budapest, or commencing construction in any such project, unless such project conforms with investment criteria for the relevant market which have been approved as aforesaid, provided that such consent shall not be required for expenditures of up to the HUF equivalent of USD 75,000 (that is seventy-five thousand US dollars) per year in the aggregate (including similar amounts expended by GTC Poland Globe Trade Centre S.A. and its other Controlled Entities) relating to market research in such markets;
- (xiv) making any investment in a project located in Budapest, or commencing construction in any such project, other than in accordance with the investment criteria as agreed

by the shareholders from time to time and any amendment to such investment criteria;

- (xv) concluding any transaction with an Interested Party (other than shareholder financing as agreed by the shareholders from time to time);
- (xvi) pledging, mortgaging or otherwise encumbering any real property or shares in any controlled entity of the Company for purposes that are not in the Company's field of business, or in connection with any acquisition that does not meet with investment criteria for the relevant market;
- (xvii) any significant change in the nature of the business conducted by the Company or any of its controlled entities, or concluding any significant transaction not in the ordinary course of business;
- (xviii) appointing the new auditor to the Company, unless the new auditing firm is one of the 4 (four) biggest international auditing firms;
- (xix) approving of the By-laws or amended By-laws of the supervisory board (if any) or the Board of Directors or other governing or incorporation documents;
- (xx) deciding on any investment, unless the proposed funding will be used for a new project permitted in accordance with the agreement of the Shareholders;
- (xxi) appointing the Company's internal auditor;

Notwithstanding the above, the Company may expend up to an aggregate of USD 200,000 (that is two hundred thousand US dollars) (less similar amounts expended by GTC Poland Globe Trade Centre S.A. and its controlled entities) on options to secure the right to participate in new projects in Budapest and other markets for which investment criteria have been approved pursuant to (xiii) above, which projects the Company believes do or will meet all the relevant investment criteria. In the event that the Company (or GTC Poland Globe Trade Centre S.A. or another controlled entity thereof, as the case may be) participates in such a new project, any amount expended on options with regard to that project will not be included in the calculation of the aforementioned USD 200,000 (that is two hundred thousand US dollars) and the affirmative vote of the holders of the Class A Preference Shares is not required.