

CONSOLIDATED

ANNUAL REPORT

OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021



Place and date of publication:
Warsaw, 6 April 2022

LIST OF CONTENTS:

01. Letter of the management board
02. Management board's report on the activities of Globe Trade Centre S.A. Capital Group in the financial year ended 31 December 2021
03. Report on the application of the principles of corporate governance for the financial year ended 31 December 2021
04. Management board's representations
05. Management board's information on the appointment of the audit company
06. Supervisory board's statement
07. Assessment of the supervisory board
08. Consolidated financial statements for the year ended 31 December 2021
09. Independent auditor's report on the audit of the annual consolidated financial statements

Dear Stakeholders,

At the onset of 2021, we were reflecting on the impact that the COVID-19 pandemic had had on the real estate industry – the scale of challenges brought about by the pandemic that the global economy faced was hard to comprehend. However, we have remained resilient and managed to navigate through the ever-changing reality, adapting our operations accordingly, while staying true to our core strategy. As a result, we maintained a high occupancy level of 90% across our portfolio, while reporting stable financial results quarter to quarter. For every industry, including the real estate segment, growth in such an unstable health and economic environment has become a challenge and at the same time, an opportunity.

FIRST STEPS INTO THE NEW FINANCING STRATEGY

During 2020, the management board took a decision to swap from secured financing to predominantly unsecured financing. To be able to achieve that goal, we had our financials revised by Scope Ratings who rated us at BBB-/Stable in November 2020. As a result of that rating we issued EUR 164 million of unsecured bonds on the Hungarian market in two tranches: EUR 110 million in December 2020 and EUR 54 million in March 2021. Following this success and our strategy, we started the preparation of our debut Eurbond issue by applying for a rating from Fitch and Moody's – world most reputable rating agencies. We were very pleased with the outcome as they assigned a corporate family rating ("CFR") to GTC, highlighting the company's solid market performance, commitment to environment-friendly development and investors trust: Fitch Ratings ("Fitch") – BBB- with a stable outlook, Moody's Investors Service – Ba1 with a positive outlook. All three ratings, combined with the Green Bonds Framework we developed, allowed us to make great success of the landmark green Eurobonds issue of EUR 500 million in June 2021. The issue was 2.8x oversubscribed with a peak order book of more than €1.4bn. This was another demonstration of the fact that our commitment to sustainable development meets investors' interest. The funds accumulated through the bond issues have allowed to refinance EUR 493m of secured green project loans and increased unsecured debt above 50%. To complete the transformation to predominantly unsecured debt financing we are monitoring the market closely, looking for opportunities to rise additional sustainability linked bonds.

PORTFOLIO DEVELOPMENT

We put a lot of effort into optimizing our portfolio, focusing on sustainable investments in key CEE markets, while disposing of some of our assets, especially those in lower rated markets. 2021, was a year marked by a landmark sale of our standing office portfolio in Belgrade, including such properties as Green Heart, FortyOne, Belgrade Business Center, 19 Avenue and GTC House (in total, 122,175 sq m GLA). The transaction valued at EUR 267.6 million, represented one of the largest real estate transactions on the CEE market in the last 5 years. With that, we became one of the first companies to complete the development circle in Serbia – from land acquisition and construction, through years of enjoying the high rent levels and free cash flow, to the exit on respectable terms., above the book value, became one of the biggest transactions of its kind in the CEE region. Moreover, the funds were shifted towards higher rated countries as we invested over EUR 310 million in income producing assets in Hungary. Additionally, we acquired several land plots in Budapest, Belgrade and Sofia for the future expansion of our portfolio.

Not only did we buy and sell, but we also focused on our development activity. At the beginning of last year, we completed Matrix B office in Zagreb and commenced the construction of a brand-new development - GTC X project in Belgrade. We also made significant progress with two other developments: Pillar in Budapest, which we completed in early 2022 and Sofia Tower 2 which will be completed in Q3 2022.

What is more, GTC modernized its standing offices – Center Point 1 and 2 in Budapest -with full renovation of the ground floor areas, lifts, lobbies and exterior, and Aeropark in Warsaw and Globis Office in Poznań received innovative lobbies designed to respond to the changing tenants' needs and trends. Finally, we introduced a "Welcome GTC office building management app" for all our tenants in selected properties in Poland to take a tenant-centric approach to the new level.

TENANT MANAGEMENT

Our tenant-centric approach and long standing relationships combined with high quality of assets allowed us to leased/and prolong 180 thousand sq m over the year and keep our occupancy at a high level of 90% which was a great achievement in the COVID-19 environment. Our development properties are enjoying a great interest from potential tenants, although the decision-making process takes longer now.

Our office leasing teams are constantly working with the tenants, verifying their needs and changes in the working model. We also expect demand to polarise towards workspace, which is of high quality, modern and sustainable, and supports more flexible working patterns. However, it remains early days and we do not yet have clarity around what long term trends will emerge so we intend to remain alert as things develop, and be flexible in our approach, including evolving or adapting our strategy, as appropriate.

As the COVID-19 pandemic is not over yet, we spent a significant part of our time on the retail sector, where after the lockdowns and closures in the period between January and May, we saw a significant rebound in the second half of the year, with tenants' turnover coming almost to 2019 levels and footfall still slightly lagging behind, mostly on lack of special events which in the past lured customers to the shopping malls. In the longer-term, it is our view that many of the macro trends will accelerate. We continue to believe there are strong fundamentals for the right retail assets within our portfolio, especially assets that can play a key role for retailers in terms of fulfilment of online sales, returns and click-and-collect. This will particularly be the case for shopping malls located conveniently in and around residential districts.

Near term, it is clear that the management and maintenance of places and buildings are likely to become more important to businesses, their customers and their people, as they place an even greater focus on the safety and quality of their environments. As a result, our property management expertise is likely to become even more of a positive differentiator for our business.

SUSTAINABILITY FOR THE WIN

Invariably, sustainability is our priority. We actively strive to develop environmentally neutral buildings, equipped with the latest solutions that meet the strictest BREEAM or LEED criteria. While all our properties in Poland had been eco-certified, the major accomplishments in 2021 included LEED Gold certification for Advance Business Center I in Bulgaria and the Cascade office building in Romania as well as completion of the ABC II certification process, also achieving LEED Gold. In total, we have renewed or received green certificates for 18 buildings in 2021 and for an additional 7 at the beginning of 2022 – we take great pride in the fact that currently 88% of all GTC's office properties now bear an eco-friendly label.

What is more, we have been improving our operations to meet high ESG indicators. All our properties in Poland and Romania have switched to green energy sources, and local offices have also engaged in pro-environmental activities – such as the Earth Day in Poland. What is more, in 2021 we continued improving the lives of our immediate communities by cooperating with Virtuosa Foundation, helping improve medical facilities for children with cardiac conditions. All these and other activities have been summarized in our first-ever ESG report. In 2021, GTC became the first developer in CEE to publish a comprehensive ESG report, summarizing the Group's activity across 6 diverse real estate markets over 25 years.

CAPITAL INCREASE AND FINANCIAL RESULTS

The highlight of the very active year of 2021, was December's issue of shares when over the course of two days numerous Polish and international investors placed their demand declarations significantly oversubscribing the base offer comprising 55,000,000 new shares. On the back of strong demand, the Company decided to increase the offer size by more than 60% and finally allocate 88,700,000 shares at PLN 6.40 per share, raising approx. EUR 123 million, which will be used to strengthen the capital structure of the Group and fund future growth.

At the end of 2021, our property portfolio reached EUR 2.5 billion. Total revenues were at EUR 172 million and FFO reached EUR 74 million. The Group's EPRA Net Tangible Assets (NTA) now stands at EUR 1.3 billion, reflecting the high quality of our portfolio. Our leverage increased over the year as a result of strong investment activity to 53% at the year end, however, the finalization of the disposal of the Serbian portfolio and a capital increase in January 2022 will have a significant positive impact on LTV with pro form LTV coming down to 42%. GTC has a low cost of debt averaging 2.16% and a strong net interest coverage ratio (ICR) of 3.8.

Although, we have made a difficult recommendation on the decision to temporarily suspend the dividend payment for FY20. It was deemed to be an appropriate course of action given the circumstances and uncertainty of the outlook despite our financial resilience and performance during FY21. Going forward, the management board understands the importance of the dividend to shareholders. We will seek to resume dividends at an appropriate level as soon as there is a sufficient clarity of outlook.

CORPORATE GOVERNANCE

Our management board went through significant changes in the final months of 2021 and starting months of 2022. The recent departure of Robert Snow, Yovav Carmi and Gyula Nagy from the positions of members of the board were followed by two new board members joining the management board. Pedja Petronijevic was appointed to the position of the Chief Development Officer and János Gárdai joined the board as the Chief Operations Officer. The current management board structure allows to manage all aspect of our operations in a structured way by each of the board members being responsible for its activity being: finance and investor relations, development and operations.

During the year, we have been strengthening our team across all markets, with more colleagues taking over regional operations. Ede Gulyás was promoted to the position of Country Manager of GTC Hungary, following the resignation of Robert Snow,. Earlier, Ziv Gigi was promoted to the position of Country Manager of GTC Romania. Overall, 2021 has seen a lot of talented professionals accepting managerial positions to steer growth in local markets.

AWARDS & RECOGNITIONS

Continuous efforts to improve the environmental footprint of our properties have been awarded with several prizes and recognition. 2021 EPRA Sustainability Best Practices Recommendations has marked GTC's ESG report with Silver Award for the excellent reporting standards and comprehensive data provided. Besides, GTC's ESG report received a distinction for the best debut in the CSR Sustainable Development Competition in Poland. On the portfolio development side, GTC Poland received the Office Investor award at EuropaProperty CEE Investment & Manufacturing Awards and GTC Hungary won the Investment Deal of the Year award at the Portfolio Property Awards on the local market for the purchase of the Ericsson Headquarter and evosoft Headquarters office buildings. Big thank you and congratulations to everyone behind this amazing success!

IN RELATIONSHIPS WE TRUST

Another year with new waves of pandemic showed us the power of relationships. We would like to thank all our stakeholders and business partners for the trust and boundless faith in the GTC Group's performance. This intense, activity packed time has again proved the strength coming from our employees. Without their dedication, experience, and extensive sector knowledge, we would not have succeeded.

GTC Group is resilient, diversified and fully committed to facing the challenges and opportunities that 2022 holds for us. We look into the future with confidence and hope, believing that we could enhance the deal flow, mitigate risk and optimize performance effectively through our regional platform. Thank you for being a part of our journey – your trust in our mission and vision is what drives us towards new ambitious goals and projects.

Our success, and our ability to face future challenges, would not be possible without our employees, tenants, banks and bondholders. Whatever 2022 holds, we look forward to working together and believe the future is bright as we step in 2022 trusting that we could enhance the deal flow, mitigate risk and optimize performance effectively through our regional platform.

*Sincerely,
Members of the management board
Globe Trade Centre S.A.*



Zoltán Fekete
Chief Executive
Officer



Ariel A. Ferstman
Chief Financial
Officer



János Gárdai
Chief Operating
Officer



Pedja Petronijevic
Chief Development
Officer



MANAGEMENT BOARD'S REPORT
ON THE ACTIVITIES OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP
IN THE FINANCIAL YEAR ENDED **31 DECEMBER 2021**



TABLE OF CONTENT

1.	Introduction	10
2.	Selected financial data	14
3.	Key risk factors	16
4.	Presentation of the Group	42
4.1	General information about the Group	42
4.2	Main events of 2021	43
4.3	Structure of the Group	50
4.4	Changes to the principal rules of the management of the Company and the Group ..	51
4.5	The Group's Strategy	52
4.6	Business overview	60
4.6.1	Overview of the investment portfolio	62
4.6.1.1	Overview of income generating portfolio including real estate assets held for sale	62
4.6.1.1.1	Overview of the office portfolio	64
4.6.1.1.1.1	Office portfolio in Hungary	65
4.6.1.1.1.2	Office portfolio in Poland	65
4.6.1.1.1.3	Office portfolio in Belgrade (assets held for sale)	66
4.6.1.1.1.4	Office portfolio in Sofia	67
4.6.1.1.1.5	Office portfolio in Bucharest	68
4.6.1.1.1.6	Office portfolio in Zagreb	68
4.6.1.1.2	Overview of the retail portfolio	69
4.6.1.1.2.1	Retail portfolio in Poland	69
4.6.1.1.2.2	Retail portfolio in Belgrade	70
4.6.1.1.2.3	Retail portfolio in Zagreb	70
4.6.1.1.2.4	Retail portfolio in Sofia	71
4.6.1.1.2.5	Retail portfolio in Budapest	71
4.6.1.2	Overview of properties under construction	72
4.6.1.3	Overview of investment property landbank	72
4.6.1.4	Right of use	73
4.6.2	Residential landbank	73
4.7	Overview of the markets on which the Group operates	74
4.7.1	Office market	74
4.7.2	Retail market	80
4.7.3	Investment market	85
4.8	Information on the Company's policy on sponsorship, charity, and other similar activities	87
5.	Operating and financial review	89
5.1	General factors affecting operating and financial results	89
5.2	Specific factors affecting financial and operating results	93
5.3	Presentation of differences between achieved financial results and published forecasts	97
5.4	Statement of financial position	97
5.4.1	Key items of the statement of financial position	97
5.4.2	Financial position as of 31 December 2021 compared to 31 December 2020	98

5.5	Consolidated income statement.....	100
5.5.1	Key items of the consolidated income statement	100
5.5.2	Comparison of financial results for the year ended 31 December 2021 with the result for the corresponding period of 2020.....	102
5.6	Consolidated cash flow statement.....	107
5.6.1	Key items from consolidated cash flow statement.....	107
5.6.2	Cash flow analysis.....	108
6.	Information on the use of proceeds from the issuance of shares and bonds	111
7.	Information on loans granted with a particular emphasis on related entities.....	112
8.	Information on granted and received guarantees with a particular emphasis on guarantees granted to related entities.....	112
9.	Off balance liabilities.....	112
10.	Major investments, local and foreign (securities, financial instruments, intangible assets, real estate), including capital investments outside the Group and its financing method	113
11.	Information on risk management.....	113
12.	Remuneration policy and human resources management.....	118
12.1	Remuneration policy	118
12.2	Incentive system	119
12.2.1.1	Phantom Shares program control system.....	121
12.3	Agreements concluded between GTC and management board members	121
12.4	Evaluation of the remuneration policy for the realization of its objectives	121
12.5	Remuneration of the Members of the management board and supervisory board.....	122
12.6	Number of employees	124
12.7	Training policy	124
12.8	Information on any liabilities arising from pension and similar benefits for former members of the management board and the supervisory board.....	124
13.	Shares in GTC held by members of the management board and the supervisory board.....	124
14.	Transactions with related parties concluded on terms other than market terms	126
15.	Information on signed and terminated loan agreements within a given year	127
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.....	129
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.....	130
18.	Material contracts signed during the year, including insurance contracts and co-operation contracts.....	130
19.	Agreements with an entity certified to execute an audit of the financial statements	131

1. Introduction

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

GTC GROUP:

Poland,
Hungary,
Belgrade,
Bucharest,
Sofia
and Zagreb

As of 31 December 2021, the book value of the Group's total property portfolio was €2,542,334. The breakdown of the Group's property portfolio was as follows:

- 54 completed commercial buildings, including 48 office buildings and 6 retail properties with a total combined commercial space of approximately 854 thousand sq m of GLA, an occupancy rate at 90% and a book value of €2,196,742 (including 11 assets held for sale) which accounts for 86% of the Group's total property portfolio;
- three office buildings under construction with a total GLA of approximately 54 thousand sq m and a book value of €132,410, which accounts for 5% of the Group's total property portfolio;
- investment landbank intended for future development (including part of land in Croatia held for sale in amount €1,352) with the book value of €141,195, which accounts for 6% of the Group's total property portfolio;
- residential landbank, including assets held for sale account for €28,733 which accounts for 1% of the Group's total property portfolio; and
- right of use of lands under perpetual usufruct, including assets held for sale with value of €43,254 which accounts for 2% of the Group's total property portfolio.

54 ¹	854 200 ¹	3	landbank for
completed	sq m of	buildings	future
buildings	GLA	under	development
		construction	

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

¹ Including 11 assets held for sale (122,100 sq m)

TERMS AND ABBREVIATIONS

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

the Company or GTC	are to Globe Trade Centre S.A.;
the Group or the GTC Group	are to Globe Trade Centre S.A. and its consolidated subsidiaries;
Shares	is to the shares in Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and later and are marked under the PLGTC0000037 code and inward listed on Johannesburg Stock Exchange in August 2016 and are marked under the ISIN PLGTC0000037 code;
Bonds	is to the bonds issued by Globe Trade Centre S.A. and introduced to alternative trading market and marked with the ISIN codes PLGTC0000276, PLGTC0000292, PLGTC0000318, HU0000360102, HU0000360284 and XS2356039268;
the Report	is to the consolidated annual report prepared according 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 the law of a country not being a member state;
CEE	is to the Group of countries that are within the region of Central and Eastern Europe (Poland, Hungary);
SEE	is to the Group of countries that are within the region of South-Eastern Europe (Bulgaria, Croatia, Romania, and Serbia);
Net rentable area, NRA, or net leasable area, NLA	are to the metric of the area of a given property as indicated by the property appraisal experts to prepare the relevant property valuations. With respect to commercial properties, the net leasable (rentable) area is all the office or retail leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators, and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to different methodologies and standards applicable in the various geographic markets on which the Group operates;

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

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

PLN or zloty are to the lawful currency of Poland;

HUF is to the lawful currency of Hungary;

JSE is to the Johannesburg Stock Exchange.

PRESENTATION OF FINANCIAL INFORMATION

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

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

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

PRESENTATION OF PROPERTY INFORMATION

Information on properties is presented pro-rata to the Group’s consolidation method in each of the properties. The properties’ valuation 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 2021.

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 Group’s markets 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 prepared by Jones Lang LaSalle IP, Inc („JLL”). It is based on material that JLL believes to be reliable. While every effort has been made to ensure its accuracy, GTC cannot offer any warranty that contains no factual errors.

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 examining 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 this Report's date.

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

The Group discloses essential risk factors that could cause its actual results to differ materially from its expectations under Item 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.

2. Selected financial data

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

Selected financial data presented in PLN is derived from the consolidated financial statements for the year ended 31 December 2021 presented in accordance with IFRS and prepared in the Polish language and Polish zloty as a presentation currency.

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

	For the 12-month period ended 31 December			
	2021		2020	
(in thousands)	€	PLN	€	PLN
Consolidated Income Statement				
Revenues from operations	171,951	785,369	160,121	711,706
Cost of operations	(44,356)	(202,592)	(41,527)	(184,579)
Gross margin from operations	127,595	582,777	118,594	527,127
Selling expenses	(1,652)	(7,545)	(1,307)	(5,809)
Administration expenses	(14,145)	(64,606)	(11,712)	(52,057)
Loss from revaluation/impairment of assets, net	(12,867)	(59,493)	(142,721)	(649,116)
Finance income/(cost), net	(42,977)	(196,294)	(34,913)	(155,182)
Net profit / (loss)	42,736	194,644	(70,861)	(328,741)
Basic and diluted earnings per share (not in thousands)	0.09	0.39	(0.14)	(0.67)
Weighted average number of issued ordinary shares (not in thousands)	487,742,245	487,742,245	485,555,122	485,555,122
Consolidated Cash Flow Statement				
Net cash from operating activities	106,427	486,095	100,325	445,925
Net cash used in investing activities	(366,652)	(1,674,644)	(30,298)	(134,631)
Net cash from financing activities	84,906	387,799	27,713	123,178
Cash at banks and on hand	87,468	402,300	271,996	1,255,207
Cash at banks related to assets held for sale	9,165	42,154	-	-
Cash and cash equivalents at the end of the period	96,633	444,454	271,996	1,255,207
Consolidated statement of financial position				
Investment property (completed and under construction)	2,062,389	9,485,752	1,942,082	8,962,320
Investment property landbank	139,843	643,194	140,367	647,766
Right of use (investment property)	38,428	176,746	42,679	196,955
Residential landbank	27,002	124,193	10,094	46,582
Assets held for sale	292,001	1,343,029	1,580	7,291
Cash and cash equivalents	87,468	402,300	271,996	1,255,207
Receivables from shareholders	123,425	567,681	-	-
Others	73,193	336,643	71,959	332,077
Total assets	2,843,749	13,079,538	2,480,757	11,448,198
Non-current liabilities	1,487,683	6,842,449	1,274,363	5,880,931
Current liabilities	84,246	387,480	232,246	1,071,769
Total Equity	1,116,989	5,137,479	974,148	4,495,498
Share capital	11,007	48,556	11,007	48,556
Unregistered share capital increase	120,295	557,939	-	-

3. Key risk factors

RISK FACTORS RELATING TO THE GROUP'S BUSINESS

THE IMPACT OF THE SARS-COV-2 VIRUS AND THE COVID-19 DISEASE ON THE OPERATIONS AND FINANCIAL STANDING OF THE GROUP

The Group is subject to risks related to the spread of the SARS-CoV-2 ("COVID-19") virus and the COVID-19 pandemic. The impact of the SARS-CoV-2 virus and the COVID-19 pandemic is largely dependent on factors over which the Group has no control. The COVID-19 pandemic, together with measures aimed at mitigating its further spread (including precautionary restrictions such as temporary closures of public spaces including shopping malls or a temporary ban on public gatherings introduced in countries in which the Group or its tenants operate), has significantly impacted the Group's business, and may have a further adverse effect on the operations of the Group. Such developments could have a number of effects on the Group's business, including the following:

- some tenants in the Group's properties could find it increasingly difficult to pay rent, thereby leading to an increase in late payments and a consequential reduction of the Group's cash flow;
- other tenants in the Group's properties may go bankrupt and/or may no longer be able to afford to pay rent at all and be forced to move out, thereby further reducing the Group's revenue streams. As a result, the Group may be confronted with having lower occupancy levels or having to lower rental prices at its properties;
- reduced demand for both office and retail space as a result of different and changing work patterns (a growing share of employees may work from home and not from the office) and habits (a growing number of customers may switch to shopping online rather than in person);
- delays in signing agreements relating to the sale of real estate projects or leases;
- delays in obtaining administrative decisions and approvals of key importance to real project development processes;
- delays in obtaining (or a failure to obtain) financing for current and planned real estate projects;
- delays in completing projects as a result of reduced access to building materials (as a result of disrupted supply chains) and a shortage of personnel, including subcontractors; and
- enforced quarantines or having to shut down its headquarters or other office buildings if any of the Group's employees (or individuals with whom the Group's employees may have come into contact) contract or test positive for COVID-19 (particularly, if a significant number of the Group's employees are affected).

As of the date of this Report, all of the Group's total property portfolio, including retail properties, are open and operating normally. Retail properties constitute approximately 33% of the Group's income generating property portfolio by value and 24% by GLA and include

shopping centres located in Poland, Budapest, Belgrade, Zagreb and Sofia. Although the Group has not experienced any significant delays or variations in rental collections from offices and retail units, the Group is working closely with tenants, many of whom are expected to take advantage of government measures which may support rental payments, even if on a delayed basis. In some cases, the Group has collected security deposits in lieu of rents. The Group has agreed to rental holidays or discounts in certain cases which together with levied rental rate payment in Poland during the lockdown of shopping centres had a negative impact of €14,700 on the Group's operating margin in the year ended 31 December 2020. The impact on gross margin for the year ended 31 December 2021 was significantly lower and amounted to €10,500.

The extent of the impact of the COVID-19 pandemic on the Group is uncertain at this time and depends on a number of factors, such as the duration and scope of the pandemic, and the suitability and effectiveness of measures adopted by authorities in response to the pandemic. The continued spread of the COVID-19 pandemic and the occurrence or escalation of one or more of the above developments may significantly negatively impact the Group's business, financial condition, prospects and results of operations.

THE GROUP IS EXPOSED TO GENERAL COMMERCIAL PROPERTY RISKS INCLUDING ECONOMIC, DEMOGRAPHIC AND MARKET DEVELOPMENTS.

The Group is exposed to all of the risks inherent in the business of owning, managing and using commercial real estate. Its performance may be adversely affected by an oversupply or a downturn in the commercial real estate market in general, or in the commercial real estate market in those cities in which the properties are located. For example, rental income and the market value for properties are generally affected by overall conditions in the EU and national and local economies, such as growth in gross domestic product ("GDP"), inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may affect tenants' ability to meet their rental obligations to the Group and impact the demand for premises generally. There can be no assurance that the Group will be able to maintain the current high occupancy rates, rental levels and lease terms of its properties in the future.

Other factors which could have an impact on the value of a property are more general in nature, such as national, regional or local economic conditions (including key business closures, industry slowdowns and unemployment rates, and any cyclical patterns relating to these trends); local property conditions from time to time (such as the balance between supply and demand); demographic factors; consumer confidence; consumer tastes and preferences; changes in governmental regulations including retrospective changes in building codes; planning/zoning or tax laws; potential environmental legislation or liabilities; the availability of refinancing; and changes in interest rate levels or yields required by investors in income producing commercial properties.

The demand for commercial properties and the ability of such properties to generate income and sustain market value is based on a number of factors, including:

- the economic and demographic environment;
- renovation work required on vacant units before they are re-let;
- tenant credit risk;

- workplace trends including growth rate, telecommuting and tenants' use of space sharing;
- local infrastructure and access to public transportation;
- the competitive environment; and
- tenant expectations of facility quality and upkeep.

Any deterioration in demand may result in increased pressure to offer new and renewing tenants financial and other incentives, which in turn may lead to an overall negative impact on net rental incomes as operating expenses increase. The occurrence of any one or a combination of the factors noted above may have a material adverse effect on the value of the properties, the potential to increase rent following rent reviews and the ability of the Group to sell its properties on favourable terms or at all. Any deterioration on net rental income, the value of the properties, or the Group's ability to sell its properties 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 AND THERE CAN BE NO ASSURANCE THAT THE SUCCESSFUL IMPLEMENTATION OF THE GROUP'S STRATEGY WOULD ACHIEVE ITS GOALS.

The Group's strategy aims to achieve growth by: (i) expanding the Group's property portfolio by acquiring and improving yielding properties in Poland and in capital cities in the countries in which the Group operates, supplemented by selected development projects in the Group's property portfolio; (ii) improving the efficiency of the Group's asset management activities to maximise operating performance; and (iii) selling the Group's non-core assets, which should allow the Group to reduce its financial leverage or obtain funds to be used for new investments.

The successful implementation of the Group's strategy may result in certain changes to the Group's property portfolio including, for example, the geographic composition of the Group's property portfolio, the ratio of the value of completed properties to the value of properties under construction, and the composition of the Group's property portfolio by asset classes (i.e. retail, office, residential and other properties). As a result, various measures of the Group's business and recurring cash flows derived from rental income may change. Moreover, no assurance can be given that the future performance of 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.

The success of the Group's strategy relies, in part, on various assumptions and contingencies, including assumptions with respect to the level of profitability of any acquisition targets to be completed in the future and investment criteria that have been developed by the Group to achieve an expected level of returns on acquired properties. Such assumptions may prove to be partially or wholly incorrect and/or inaccurate.

Furthermore, 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 and availability of properties for sale in 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.

As a consequence, the Group may be unable to implement its strategy in part or in full; it may decide to change, suspend or withdraw from its strategy or development programme, and it may be unable to achieve, or it could encounter delays in achieving, the planned outcomes of its strategy and development programme. This could have a material adverse effect on the Group's business, financial condition and results of operations.

THE VALUATION OF THE GROUP'S PROPERTIES IS INHERENTLY UNCERTAIN, MAY BE INACCURATE AND IS SUBJECT TO FLUCTUATION

The financial statements of the Group reflect property valuations performed by external valuation agents and are not guarantees of present or future value. One external valuation agent may reach a different conclusion to the conclusion that would be reached if a different external valuation agent were appraising the same property, and similarly the same external valuation agent may come to a different conclusion at different periods of time. The valuation of property is inherently subjective and uncertain as it is based on different methodologies, forecasts and assumptions. Any change to valuation methodology may result in gains or losses in the Group's consolidated income statement, based on the change to each property's valuation compared with prior valuations.

The fair value of the Group's investment properties and undeveloped landbank is assessed semi-annually (as of 30 June and 31 December of each year) by independent certified appraisers based on discounted projected cash-flows from investment properties using discount rates applicable for the relevant local real estate market or, in case of certain properties, by reference to the sale value of comparable properties. Such valuations are reviewed internally and, if necessary, confirmed by the Group's independent certified appraiser and, 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. Increased uncertainty and volatility in financial markets in the context of the COVID-19 pandemic has negatively affected the Group's investment properties and might have an effect on their future asset valuations (the valuation of the Group's investment properties in the year ended 31 December 2020 decreased by EUR 142,721 (6% of total portfolio value)). Forecasts may prove inaccurate as a result of the limited amount and quality of publicly available data and research regarding Poland and the other markets in which the Group operates, compared to mature markets. Moreover, a recent lack of comparable transactions during periods of lockdowns has forced valuation agents to rely on yields derived from theoretical models and estimates rather than actual market yields.

Additionally, the valuation and planning of projects is impacted by estimates of construction costs which are based on current prices and future price forecasts, whereas the actual costs involved may be different. Moreover, certain valuations are based on assumptions regarding future zoning decisions, which may prove to be inaccurate and, as a result, the Group may not

be able to develop certain properties in accordance with its plans. 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.

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 a minimum, a semi-annual basis in accordance with its accounting policy. In accordance with IAS 40 "Investment Property" as adopted by the European Union (the "EU"), any increase or decrease in the value of the Group's properties are 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 occurred. 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 is satisfied, a loss is recognised 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, in some years, the Group may recognise revaluation losses and impairment in respect of certain assets and residential projects, and profits for the same assets and residential projects 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 and 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 commercial properties, as well as achieving a desired tenant mix in the case of retail properties.

The active management of the Group's large-scale commercial properties is of particular importance. 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, or as a result of the uncertainty caused by the outbreak of the

COVID-19 pandemic, it is more challenging for developers to attract new tenants and to retain existing ones, and 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. Moreover, tenants that experience liquidity shortages may not pay their rent on time over prolonged periods, but, despite that, the Group may not be able to replace them with different tenants with a better financial standing.

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 the Group 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 and 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 realising the full potential of, and maximising returns 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 will not generate an income 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 realise 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 maximising the operating performance and efficiency 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 and 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 net operating income ("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 decisions 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 the Group to revise its 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. The Group may suffer financial loss if it is unable to learn 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 and 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 economies in which the Group operates, as well as the conditions of the Group's property portfolio itself (including future acquisitions of properties and the performance of the existing property portfolio), the development of the selected existing projects, their infrastructure condition, and vacancy rates. All of these elements are subject to various factors, many of which are outside of the Group's control.

In particular, due to increased competition and pressure on rents, amidst the general economic uncertainty arising from the COVID-19 pandemic, there can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take-up replacement leases. Moreover, the Group's property portfolio includes 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. For the year ended 31 December 2021, 3% of the Group's revenues from rental activity came from properties on which the rents were tied to the turnover of the tenants. In addition, the Group has no influence 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 reorganising its property portfolio and intends to acquire appreciating and value-added properties and to sell its non-core assets. The Group intends to integrate any newly acquired properties with the existing portfolio and rent them 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 realise its expected rates of return on the new acquisitions. Subdued or negative rental return and profits could have a material adverse effect on the Group's business, financial condition and results of operations.

ANY DECLINE IN OCCUPANCY LEVELS MAY HAVE A DIRECT IMPACT ON THE GROUP'S CASH FLOWS

The Group invests in real estate and derives a significant proportion of its cash flows from rental payments received from the tenants occupying its properties. Any significant decline in occupancy levels in respect of the properties could have a material adverse effect on the ability of the Group to generate cash flow at the earlier assumed values. Factors affecting occupancy may include, but are not limited to:

- demand for office and retail space
- the age, quality and design of a property relative to comparable properties in the local market;
- the property's location relative to public transportation;
- the standard of maintenance and upkeep of a property, including any work done by third-party service providers; and
- perceptions regarding the safety, convenience and attractiveness of the property.

There can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take-up replacement leases.

Any failure of the Group to sustain an adequate occupancy level 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 reflected in the valuation reports as of 31 December 2021. If a significant portion of the Group's property portfolio remains vacant for a prolonged period of time, the fixed costs for maintaining such 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 and 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 allows the Group to pass on certain of the costs related to the leased property to the tenant, including marketing costs, electricity costs on common space, real estate taxes, building insurance, and maintenance costs.

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 attractive conditions and terms to be able to compete with other office buildings or has to improve conditions offered to attract new tenants to its retail projects. 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 its tenants. The service charges of the Group's properties may increase due to a number of factors, including an increase in electricity costs or maintenance costs. Moreover, if vacancy rates increase, the Group must 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 to be paid by the tenant. In such cases, if the maintenance charges increase, the Group would be unable to pass on such increases to the tenants.

Any significant increases in property costs that cannot be compensated by increasing the level of costs passed on to its 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 role in generating customer traffic and attracting other tenants. The Group targets anchor tenants of varying sizes. A suitable anchor tenant typically depends on the size of the relevant shopping centre and the relative size, in GLA terms, of the anchor tenant unit in a given shopping centre. 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. Moreover, following the period of lockdowns, anchor tenants were among the first to demand renegotiations of their lease agreements. In order to maintain such tenants, the Group was required to implement several measures to support tenants and encourage consumer spending, such as reducing rent, allowing rent payment in instalments, and waiving late payment interest and service charges. The Group has agreed to rental holidays or discounts in certain cases which together with levied rental rate payment in Poland during the lockdown of shopping centres had a negative impact of €14,700 on the Group's operating margin in the year ended 31 December 2020. The impact on gross margin for the year ended 31 December 2021 was significantly lower and amounted to €10,500. Depending on the severity and length of the COVID-19 pandemic, the Group may have to extend further assistance to its tenants across the portfolio.

If the Group fails to renew the leases of anchor 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 rent their properties 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 depends on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on the best achievable market terms; (iii) the level of lease rent and rent collection; (iv) minimising property maintenance costs; and (v) the acquisition of real estate at the lowest available prices, 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 Group 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 Group considers attractive may become difficult to complete for a number of factors that may be beyond the Group's control including, for example, increased competition. Accordingly, the implementation of the Group's strategy to make suitable investments in prime locations may be delayed or may not be possible.

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 acquisition targets for the Group. Each of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MAY NOT BE ABLE TO SELL ITS PROPERTIES ON A TIMELY BASIS

As part of its strategy, the Group sells from time to time its real-estate properties to recycle its equity and reinvest in new projects. 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 flow as needed through the timely sale of its projects at favourable prices or to vary its property portfolio in response to economic or other conditions impacting the property value. It may be particularly difficult to sell real estate properties in an uncertain market environment caused by the COVID-19 pandemic. 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 and 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 and results of operations.

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

No assurances can be given 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 and 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 COMMERCIALY 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 reputable general contractors and 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.

Accordingly, the Group's failure to hire general contractors on commercially reasonable terms could result in increased costs and a failure to hire general contractors at all could result in project delays or cancellations. The failure of general contractors to meet accepted standards of quality and safety or to complete the construction within an agreed timeframe or within an approved budget may result in increased costs, project delays or claims against the Group. Additionally, such failure may damage the Group's reputation and affect the marketability of the completed properties. 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 and 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 Group's 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 or upon the insolvency of the general contractors. The Group requires general contractors to secure the performance of their obligations under their respective agreements through, for example, presenting bank guarantees. However, there can be no assurance that such

guarantees will cover the entirety of 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 and 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 the Group's 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 and 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, 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 and 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, as of the date of this Report, these projects do not 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;
- obligations relating to the preservation and protection of the environment and the historic and cultural heritage of jurisdictions in which the Group conducts its operations, as well as other social obligations;
- COVID-19 pandemic associated development costs.

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 and results of operations.

WITHOUT SUFFICIENT LOCAL INFRASTRUCTURE AND UTILITIES, THE CONSTRUCTION OF THE GROUP'S PROJECTS MAY BE DELAYED OR CANCELED, 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 necessary 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 Group's 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 and 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.

Additionally, in view of the increased spread of the COVID-19 pandemic, it cannot be excluded that key members of the Group's management will be subjected to quarantine and/or will test positive for COVID-19 pandemic what might result in such persons being subjected to isolation/hospitalization or not being able to devote sufficient time and resources to managing the Group's operations, and thus, could have an adverse effect on the Group's business, financial condition, and 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. The Group has in the past experienced delays in the completion of certain projects as a result of shortages of qualified employees and skilled professionals and, 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 and results of operations.

CLIMATE CHANGES MAY REQUIRE CHANGES IN THE OPERATION OF THE GROUP'S PROPERTIES, AND NOT ADAPTING TO THESE CHANGES IN TIMELY MANNER COULD CREATE A COMPETITIVE DISADVANTAGE AND DECREASE IN RENTAL REVENUE, WHILE ADAPTING TO CHANGES MAY REQUIRE ADDITIONAL CAPITAL EXPENDITURE

Over last several years the Group has observed changes in climate with significant changes in the average air temperature in the region in which the Group operates. As a result, the Group has invested to upgrade infrastructure in certain of its properties in order to address such increases in average air temperatures. The Group strives to prepare its properties for changing climate in the best possible way. However, it cannot be guaranteed that the Group will not suffer a competitive disadvantage or decrease in rental revenue as a result of not adapting to those changes in timely or appropriate manner. Additionally, the Group cannot assess at that stage what adjustments to its properties will be required going forward to adopt the properties to the changes in climate and what capital expenditure will be required to make those adaptations.

LEGAL AND REGULATORY RISKS

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 a number of countries the Group operates in, including Poland, are complex and they are subject to frequent changes. The approach of the tax authorities in the countries in which the Group operates is not uniform or consistent and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. No assurance may be given that tax authorities will not employ a different interpretation of the tax laws which apply to the Group, and which may prove unfavourable to the Group. No assurance may be given that the specific individual tax interpretations already obtained and applied by the Group will not be changed or challenged. There is also a risk that once new tax law regulations are introduced, the Group companies will need to take actions to adjust to these laws, 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 members 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.

GOVERNMENTS IN JURISDICTIONS IN WHICH THE GROUP OPERATES MIGHT INTRODUCE CHANGES IN LAWS (INCLUDING LAWS GOVERNING RENT COLLECTION, DEBT COLLECTION AND INSOLVENCY) IN RESPONSE TO THE COVID-19 PANDEMIC

In light of the expected payment difficulties of companies and private individuals as a result of the COVID-19 pandemic, a number of jurisdictions in which the Group operates have enacted legislative amendments and adopted tenant support packages, such as a rental payments holiday in Poland to for the period of lockdown (followed by an introduction on 23 July 2021 a statutory law on obligatory settlement between tenants and landlords, under which tenants will pay 20% of the rent in the lockdown period and 50% for the three months following such lockdown period) or rent support through subsidizing part of any rental discounts. The Group adopted a number of measures to support tenants in response and there can be no assurance that the governments in the jurisdictions in which the Group operates may not, in the future, introduce additional measures which could negatively impact the ability of the Group to collect its rental payments. Income from, and the market value of, the Group's portfolio would be adversely affected if, as a result of governmental measures, rental payments could not be collected.

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 Central and Eastern Europe ("CEE") and South Eastern Europe ("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 and 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 degree 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. The Group's possible rights of recourse towards the sellers of properties could fail for a variety of reasons, including due to the inability to establish that the persons in question 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. If this were to occur, the Group may suffer a financial loss.

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 levels of hazardous 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 such guarantees and/or for the existence of defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Conversely, 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 and results of operations

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 and results of operations.

THE GROUP MAY BE EXPOSED TO CERTAIN ENVIRONMENTAL LIABILITIES AND COMPLIANCE COSTS

The Group is subject to environmental laws in CEE and SEE, pursuant to which it is required 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 and 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 suffered 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 may lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group may 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 and results of operations.

RISK FACTORS RELATING TO THE GROUP'S FINANCIAL CONDITION

THE GROUP'S LEVERAGE AND DEBT SERVICE OBLIGATIONS ARE MATERIAL AND MAY INCREASE, ADVERSELY AFFECTING ITS BUSINESS, FINANCIAL CONDITION, OR RESULTS OF OPERATIONS

As of the date of this Report, the Group is leveraged and has 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 and results of operations. The Group's leverage could have material consequences for investors, including, but not limited 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 and results of operations.

THE GROUP MIGHT BE UNABLE TO RENEW OR REFINANCE LOANS OR OTHER DEBT AS THEY MATURE OR MIGHT BE ABLE TO RENEW OR REFINANCE SUCH LOANS OR DEBT ONLY ON LESS FAVORABLE TERMS

All of the Group's real estate developments have been financed through loans, which have been provided for a limited term. The Group may not be able to renew or refinance the remaining obligations in part or at all or may 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 FLUCTUATIONS 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 geographical markets in which the Group operates, including Polish zloty, Bulgarian leva, Croatian kuna, Hungarian forint, Romanian lei or Serbian dinar.

In making assumptions regarding the levels 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 are 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 proposed acquisitions. While 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 its exposure by, among other things, 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, among other things, 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 and 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 and results of operations.

RISK FACTORS RELATING TO THE MARKETS WHERE THE GROUP OPERATES

POLITICAL, ECONOMIC, AND LEGAL RISKS ASSOCIATED WITH COUNTRIES IN EMERGING MARKETS, INCLUDING CEE AND SEE COUNTRIES

Investors in emerging and developing markets such as the regions of CEE and SEE, in which the Group operates, should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable change. As a result, investing in the securities of issuers with substantial operations in emerging or developing markets generally involves a higher degree of risk than investing in the securities of issuers with substantial operations in the countries of Western Europe or other similar jurisdictions.

For year ended 31 December 2021, all of the Group's revenues were sourced from its operations in CEE and SEE countries, particularly Poland (37%), Hungary (20%), Serbia (19%), Romania (9%), Croatia (8%) and Bulgaria (7%). 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 in which the Group operates (such as Serbia) 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 the countries in which the Group operates and/or 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. For example, the armed conflict in the territory of Ukraine and uncertainties regarding the relationship of the CEE and SEE countries with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in the countries neighbouring with Ukraine and Russia, where the Group operates.

Additionally, the governments of the developing countries in the CEE and SEE region may not have sufficient resources necessary to provide fiscal stimuli in response to the economic downturn caused by the outbreak of the COVID-19 pandemic on par with the levels implemented in more mature economies, which may delay or hinder any economic recovery following the impact of the COVID-19 pandemic.

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

THE LAND AND MORTGAGE REGISTRY SYSTEMS IN CERTAIN OF THE CEE AND SEE JURISDICTIONS ARE OPAQUE 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 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 and 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 nationalisation 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 of the date of the 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 and 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 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 and results of operations.

RISK FACTORS RELATING TO THE SHAREHOLDING STRUCTURE OF THE COMPANY AND CORPORATE GOVERNANCE

THERE MAY BE POTENTIAL CONFLICT OF INTEREST BETWEEN THE GROUP AND THE GROUP'S CONTROLLING SHAREHOLDER

As of the date of this Report, GTC Dutch Holdings B.V. ("GTC Dutch"), which is fully owned by GTC Holding Zártkörűen Működő Részvénytársaság, is GTC S.A.'s majority shareholder. GTC Holding Zártkörűen Működő Részvénytársaság, is fully owned by Optimum Ventures Private Equity Funds which are managed by Optima Investment Fund Management Zrt ("Optima").

As of the date of this Report, Optima representatives constitute the majority of the supervisory board and may thus control the appointment of the management board. Consequently, Optima may influence the decision making process for the Group. Accordingly, in considering any investment, business and operational matters of the Group and the most appropriate uses for the Group's available cash, the interests of Optima may not be aligned with the interests of the Group or of its other stakeholders.

Moreover, Optima operates 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 and results of operations.

Furthermore, as in the case of any significant shareholder, all of the shares of the Group 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 Group's share in the market, or an offering of the Company's shares, if any.

THE RELATED-PARTY TRANSACTIONS CARRIED OUT BY THE GROUP COMPANIES COULD BE QUESTIONED BY THE TAX AUTHORITIES

The Group has carried out transactions with related parties. When concluding and performing related party transactions, the Group seeks to ensure that such transactions (i) comply with the applicable transfer pricing regulations and (ii) are completed following the issue of a fairness opinion. 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 condition and results of operations of the Group companies.

4. Presentation of the Group

4.1 General information about the Group

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

As of 31 December 2021, the book value of the Group's total property portfolio was €2,542,334. The breakdown of the Group's property portfolio is as follows:

- 54 completed commercial buildings, including 48 office buildings and 6 retail properties with a total combined commercial space of approximately 854 thousand sq m of GLA, an occupancy rate at 90% and a book value of €2,196,742 (including 11 assets held for sale) which accounts for 86% of the Group's total property portfolio;
- three office buildings under construction with a total GLA of approximately 54 thousand sq m and a book value of €132,410, which accounts for 5% of the Group's total property portfolio;

- investment landbank intended for future development (including part of land in Croatia held for sale in amount €1,352) with the book value of €141,195, which accounts for 6% of the Group's total property portfolio;
- residential landbank, including assets held for sale account for €28,733 which accounts for 1% of the Group's total property portfolio; and
- right of use of lands under perpetual usufruct, including assets held for sale with value of €43,254 which accounts for 2% of the Group's total property portfolio.

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

4.2 Main events of 2021

The COVID-19 pandemic has triggered a wave of substantial adverse effects on the global economy. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. During 2020 and 2021, the economic disruptions caused by the COVID-19 virus and the increased market uncertainty combined with increased volatility in the financial markets led to a decrease in rental revenues, a decrease in the Company assets' values, as well as impacted on the Company's compliance with financial covenants. (see item 5.2 in this Report and note 38 in the consolidated financial statements for the year ended 31 December 2021).

CORPORATE EVENTS

In April 2021, the Group commencement of construction of GTC X, an office building in Belgrade.

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

On 29 June 2021, Powszechne Towarzystwo Emerytalne PZU SA, with its registered seat in Warsaw, acting on behalf of Otwarty Fundusz Emerytalny PZU "Złota Jesień", has re-appointed Ryszard Wawryniewicz to the Company's supervisory board for a new 3-years term, effective 29 June 2021.

On 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the management board of the Company and other subsidiaries of the Company. The resignation was approved by the supervisory board on 28 October 2021.

On 13 December 2021, the supervisory board of the Company appointed Pedja Petronijevic to the management board of the Company (Chief Development Officer) effective as of 15 January 2022 and János Gárdai to the management board of the Company (Chief Operating Officer) effective as of 1 February 2022.

On 30 December 2021 Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. dismisses Ryszard Wawryniewicz and appoints Daniel Obajtek as a member of the supervisory board of the Company for a three-year term in office, starting as of 30 December 2021.

ACQUISITIONS

On 11 March 2021, GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, signed a sale purchase agreement to acquire a Napred company in Belgrade, holding a land plot of 19,537 sq m for a consideration of €33,800 from Groton Global Corp. The site has potential office development of ca 79,000 sq m. The transaction was completed on 11 February 2022.

On 30 April 2021, Globe Office Investments Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 15,700 sq m Class A office building on Váci corridor (Váci Green D) in Budapest for a consideration of €51,000. The transaction was partially financed by a bank facility in the amount of €25,000.

On 12 May 2021, GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, acquired 100% holding of Winmark Ingatlanfejlesztő Kft (“Winmark”), which owns the Ericsson Headquarter office building and the evosoft Hungary Headquarter (Siemens Group) office building, two class A office buildings in Budapest from WING Real Estate Group for a consideration of €160,300, which was financed partially by a bank facility in the amount of €80,000.

On 1 June 2021, GOC EAD, a wholly-owned subsidiary of the Company, acquired a land plot in Sofia with an area of 2,417 sq m for a total amount of €4,700. The Group plans to develop an office building in Sofia, Bulgaria with a leasable area of 9,200 sq m.

On 30 June 2021, GTC HBK Project Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 6,400 sq m mixed-used retail and office asset in Budapest for the total consideration of €21,000. The acquisition was partially financed by a bank facility in the amount of €10,800.

On 30 June 2021, GTC VI188 Property Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a

15,000 sq m Class A office building in Budapest for a consideration of €31,200. The acquisition was partially financed by a bank facility in the amount of €16,200.

On 22 July 2021, GTC FOD Kft, an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 24,000 sq m Class A Office Building in Debrecen, the second-largest city in Hungary, for a consideration of €46,700.

On 21 September 2021, GTC KLZ 7-10 Kft., an indirect wholly owned subsidiary of the Company, acquired from an investment fund related to the majority shareholder of the Company a land plot of 3,750 sq m for the total consideration of €12,800. The site has potential residential development ca. 17,000 sq m.

On 21 September 2021, GTC Origine Investments Pltd., a wholly owned subsidiary of the Company, acquired 100% holding of G-Delta Adrssy Kft. from an investment fund related to the majority shareholder of the Company, which owns an existing office building for a future refurbishment with a GLA of 3,600 sq m for a consideration of €10,800. The office building is located in the CBD of Budapest.

DISPOSALS

On 21 May 2021, GTC and GTC Hungary Real Estate Development Company Pltd signed a sale and purchase agreement, concerning the sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"). The purchase price under the Agreement shall be calculated on an enterprise value basis, based on a property value of aggregate €267,600. The transaction was successfully closed on 12 January 2022. Group has received an amount of €134,400 net proceeds before tax.

On 9 September 2021, Europort Investments (Cyprus) 1 Limited, a wholly-owned subsidiary of the Company, sold shares of all its subsidiaries holding two land plots in Ukraine (Odessa) for an amount of €600. Subsequently to the sale, the Company no longer has any assets or holds any entities in Ukraine.

On 2 December 2021, GTC Seven Gardens d.o.o., a wholly-owned subsidiary of the Company, entered into a preliminary sale agreement of land plot with an area of 3,406 sqm for a total amount of €1,400.

ISSUANCE OF BONDS, BANK LOAN REFINANCING AND OTHER CHANGES TO BANK LOAN AGREEMENTS

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

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

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

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

On 1 April 2021, GTC Corius Sp. z o.o., a wholly-owned subsidiary of the Company, signed a loan agreement prolongation with Berlin Hyp Bank for additional five years.

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

On 8 June 2021, two rating agencies assigned a corporate family rating ("CFR") to GTC: Moody's Investors Service ("Moody's") – Ba1 and Fitch Ratings ("Fitch") – BBB-. Outlook for the assigned ratings is positive (Moody's) and stable (Fitch). After the issue of €500,000 fixed-rate, senior unsecured green bonds due 2026, Moody's and Fitch assigned credit ratings for issued bonds on the same level as CFR. Bonds were issued by GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, and guaranteed by the Company.

On 23 June 2021, GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, issued 5-year unsecured green bonds with the total nominal value of €500,000 denominated in EUR to primarily refinance existing secured debt on its projects whose activities meet the eligibility criteria detailed in the GTC's Green Bond Framework, as well as for general corporate purposes. The bonds are guaranteed by the Company and were issued at a yield of 2.375% with an annual fixed coupon of 2.25%. The bonds are paid at the maturity on 23 June 2026.

On 29 October 2021, the Company signed the first unsecured revolving credit facility agreement in the amount of €75,000 with a club of four different banks.

On 29 December 2021, Euro Structor d.o.o., a partially-owned subsidiary of the Company, signed a prolongation for the existing credit facility for another five years with Zagrebačka banka. The new prolonged loan shall bear a fixed interest of 1.9% and the outstanding amount of €42,500 shall be paid as a balloon at the maturity date.

BONDS AND LOANS REPAYMENTS

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

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

On 25 June 2021, GTC Metro Kft., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with CIB bank in the amount of €13,000.

On 30 June 2021, Centrum Światowida Sp. z o.o., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Bank Polska Kasa Opieki S.A. and Commercial Bank of China (Europe) S.A. in the total amount of €174,100.

On 30 June 2021, GTC Korona S.A., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Santander Bank Polska S.A. in the amount of €41,600.

On 30 June 2021, GTC Matrix d.o.o., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Erste bank in the amount of €23,500.

On 30 June 2021, Advance Business Center EAD, a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with UniCredit bank in the amount of €41,100.

On 30 June 2021, City Gate Bucharest S.R.L. and City Gate S.R.L., a wholly-owned subsidiaries of the Company, repaid the full outstanding amount of the loan with Erste bank in the amount of €62,000.

On 30 June 2021, Venus Commercial Center S.R.L., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Alpha bank in the amount of €13,800.

On 15 July 2021, Cascade Building S.R.L., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Banca Transilvania S.A. in the total amount of €3,600.

On 31 August 2021, Dorado 1 EOOD, a wholly-owned subsidiary of the Company, operating Mall of Sofia, repaid the full outstanding amount of the loan with OTP Bank in the total amount of €53,400.

On 28 September 2021, Commercial Development d.o.o. Beograd, a wholly-owned subsidiary of the Company, operating Ada Mall, repaid the entire outstanding amount of the loan with Intesa Bank in the total amount of €29,300.

EVENTS THAT TOOK PLACE AFTER 31 DECEMBER 2021:

On 4 January 2022, National Court Register registered the amendment to the Company's articles of association regarding the increase of the Company's share capital through the issuance of ordinary series O bearer shares.

On 10 January 2022, the Company received notifications from GTC Holding Zrt and GTC Dutch Holdings B.V regarding a change in the total number of votes in the Company resulting from issue of 88,700,000 ordinary O series shares and registration of the increase in the Company's share capital. Before the abovementioned change, GTC Holding Zrt jointly held 320,466,380 shares in the Company, entitling to 320,466,380 votes in the Company, representing 66% of the share capital of the Company and carried the right to 66% of the total number of votes in the Company. After the abovementioned change, GTC Holding Zrt jointly holds 359,528,880 shares in the Company, entitling to 359,528,880 votes in the Company, representing 62.61% of the share capital of the Company and carrying the right to 62,61% of the total number of votes in the Company.

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

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

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

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

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

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

On 11 February 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired from Groton Global Corp a Napred company in Belgrade holding a land plot of 19,537 sqm for a consideration of EUR 33.8 million (see details in *Item 4.2 Main events of 2021*).

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

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

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

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

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

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

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

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

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

IMPACT OF THE SITUATION IN UKRAINE ON GTC GROUP

On 24 February 2022, Russian forces entered Ukraine and military conflict ensued. At the time this report and financial statements were prepared the extent of the conflict and its longer-term impact are unknown. The conflict caused immediate volatility in global stock markets and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. Significant economic sanctions have been imposed against Russia by the European Union. The direct impact on the real estate markets where the Company operates is yet unknown. At this stage, there is no evidence that transaction activity within the Markets that the Company operates and the sentiment of buyers or sellers has changed.

4.3 Structure of the Group

The structure of Globe Trade Centre S.A. Capital Group as of 31 December 2021 is presented in the consolidated financial statements for the year ended 31 December 2021 in Note 8 "Investment in subsidiaries."

The following changes in the structure of the Group occurred in the year ended 31 December 2021:

- sale of Europort Ukraine Holdings,
- sale of Europort Ukraine LLC,
- sale of Europort Project Ukraine 1 LLC,
- liquidation of Fajos S.R.L.,
- liquidation of Beaufort Invest S.R.L.,
- liquidation of Glorine Investments Sp. z o.o.,
- liquidation of Glorine Investments Sp. z o.o. SKA,

- GTC Konstancja is under liquidation,
- acquisition of GTC Investments Sp. z o.o. (previously Halsey Investments Sp. z o.o.),
- acquisition of GTC Univerzum Projekt Kft. (previously Winmark Kft.),
- acquisition of G-Delta Adrssy Kft.,
- establishment of wholly-owned subsidiary - Office Planet Kft.,
- establishment of wholly-owned subsidiary - GTC Origine Investments Pltd.,
- establishment of wholly-owned subsidiary - GTC HBK Project Kft.,
- establishment of wholly-owned subsidiary - GTC VI188 Property Kft.,
- establishment of wholly-owned subsidiary - GTC FOD Property Kft.,
- establishment of wholly-owned subsidiary - GOC EAD,
- establishment of wholly-owned subsidiary - GTC Aurora Luxembourg S.A.,
- establishment of wholly-owned subsidiary - GTC KLZ 7-10 Kft.,
- Companies which GTC S.A. holds 100% through Office Planet Kft., a fully owned by GTC S.A. and holding 70% of:
 - GTC BBC d.o.o.,
 - Atlas Centar d.o.o. Beograd,
 - Demo Invest d.o.o. Novi Beograd,
 - GTC Business Park d.o.o. Beograd,
 - GTC Medj Razvoj Nekretnina d.o.o. Beograd.

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.

During 2021, the following changes in the composition of the management board took place:

- on 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the management board of the Company and other subsidiaries of the Company. The resignation was approved by the supervisory board on 28 October 2021 (see current report no 16/2021 and 17/2021);

- on 13 December 2021, the supervisory board of the Company appointed Pedja Petronijevic to the management board of the Company (Chief Development Officer) effective as of 15 January 2022 and János Gárdai to the management board of the Company (Chief Operating Officer) effective as of 1 February 2022. (see current report no 18/2021).

Additionally, in 2022, further changes in the composition of the management board took place:

- on 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi former President of the management board. Subsequently Mr. Carmi resigned from his seat on the management board of the Company and other subsidiaries The resignation is effective immediately (see current report no 7/2022);
- on 28 January 2022, Mr. Gyula Nagy resigned from his seat on the management board of the Company. The resignation is effective immediately (see current report no 11/2022);
- on 17 March 2022, the supervisory board of the Company appointed Mr. Zoltán Fekete to the management board of the Company as the President of the management board (see current report no 21/2022).

4.5 The Group's Strategy

The Group's objective is to create value from an active management of a growing commercial real estate portfolio, supplemented by acquisitions and selected development activities; and

The Group aims to create and maximize shareholder value by continually adapting to changes in the markets in which it operates while maintaining the maximum performance of its core portfolio of assets, always taking into consideration the Group's prudent financing policy.

The Group implements the following elements, among others, to achieve its strategic objectives:

Achievement of continued portfolio and platform growth

One of the Group's primary strategic goals is the continued increase of the income-generating portfolio through acquisition of yielding properties, while completing 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. The Group will continue 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. The Group intends to develop its pipeline in accordance with its environmental and sustainability principles. The Group 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. The Group is well-positioned to benefit from (i) the exceptionally high yield spread in the current low-interest rate environment, allowing for highly accretive growth, (ii) the future growth potential in Poland, and capital cities in the Group's countries of operation if the macro environment improves, (iii) a selective approach by lenders that operate in the region, which limits competition from other potential purchasers, and limited offer of high-class office and retail space in some markets, which results in increased demand for renting space in "Class A" properties. The Group's acquisition strategy includes the acquisition of income generating office and retail assets located in Warsaw or regional cities in Poland or the capital cities of European countries that have cash generation ability (upon acquisition or shortly after) and demonstrate the potential for growth of net operating income, through re-leasing, optimizing occupancy, rental rates, and/or redevelopment and the potential to increase return on equity through active asset management.

Optimisation of operating and financial performance

The Group is committed to improving the efficiency of asset management activities and maximizing operating performance. This is achieved through 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. The Group's financial management strategies include 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, always taking into consideration the Group's prudent financing policy.

Strategic disposal of mature assets

The Group may sell certain of its mature assets from its portfolio (i.e., completed commercial properties that generate a stable flow of rental income and have reached their long-term value in the Group's view). Moreover, following the acquisition of existing income-generating properties and increasing their value, the Group may also sell such properties. In furtherance of this strategic objective, and based on the prevailing market conditions and Group's strict criteria, the Group in 2021 signed preliminary sale agreement and sold in Q1 2022 the office portfolio located in Belgrade, Serbia including 11 office buildings above their book value.

Continued successful project delivery

The Group is committed to developing high-quality commercial projects, with focus on the delivery of major projects in the next two to three years. The Group'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 (for example, continuing to develop Leadership in Energy and Environmental Design ("LEED") certified buildings). The Group is a real estate investor and developer and adjusts its development activities to 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 expanding portfolio.

The development of projects, which at the date of the Report were in the construction stage or the pre-construction stage, is an important value driver.

Currently, the Group has three projects consisting of 54 thousand sq m of office space under construction:

- Pillar - an office building in Budapest, Hungary with an intended GLA of approximately 29,200 sq m;
- Sofia Tower 2 - an office building (part of Mall of Sofia) in Sofia, Bulgaria, with an intended GLA of approximately 8,300 sq m; and
- GTC X - an office building in Belgrade, Serbia, with an intended GLA of approximately 16,800 sq m.

As of 31 December 2021, projects under construction represent approximately 5% of the Group's portfolio value.

Currently, another four buildings consisting of 152 thousand sq m in of office space and 1 residential project are ready to be launched in 24 months:

- Matrix C - an office building in Zagreb, Croatia, with an intended GLA of approximately 10,500 sq m.
- Advance Business Center 3 - an office building in Sofia, Bulgaria, with an intended GLA of approximately 9,500 sq m.
- Spatio - a residential project in Bucharest, Romania, with an intended area of approximately 23,300 sq m.
- Center Point 3 - an office building in Budapest, Hungary, with an intended GLA of approximately 36,400 sq m.
- Napred - an office building in Belgrade, Serbia, with an intended GLA of approximately 72,500 sq m.

We hold a number of landplots allowing for further development of commercial space. The Group's rich commercial landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

Maintaining a balanced mix of investments and adapting to changes in the real estate markets

The Group intends to continue its real estate management and development activities in Warsaw or regional cities in Poland and in capital cities of European countries, characterized 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 criteria. Simultaneously, specific performance requirements will be imposed on all assets in the Group's portfolio.

Maintaining sustainability measures (ESG - Environmental, social, and governance)

In 2015, the Group adopted the first iteration of its ESG policy. The Group undertook to develop 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 new projects are assessed by sustainability certification schemes such as DGNB, BREEAM or LEED.

In 2020, GTC implemented a policy of ESG reporting based on the Global Reporting Initiative's Sustainability Reporting Standards (GRI), designed to be used by organizations to self-report on their impact 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 on that formed the basis of its ESG report for 2020.

The guiding principles of the Group's evolving ESG policy 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 recognizes that the responsible management of urban areas is vital to achieving sustainable construction and development at industry level in the long-term. The Group seeks to use modern technological solutions in construction and modern architecture so as to reduce the negative environmental impact of the daily operation of entire communities. By implementing investments in a responsible manner, revitalizing post-industrial areas, and providing high-quality buildings. The Group believes it can continue to make a positive impact on:

- reducing energy consumption in cities;
- improving the efficiency of water consumption;
- reducing the consumption of non-renewable resources;
- reducing the level of pollution; and
- preserving green areas.

Sustainability and environmental and social responsibility continue to be a priority for the Group. The Group delivers modern buildings, equipped with technology solutions that meet the strict BREEAM or LEED criteria. The Group's ESG policy aims to allow the Group to increase its market share, improve financial results and reduce operational risk all while making a positive contribution to the environment and society.

Additionally, the Group subscribes to all 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 is at all times cognisant of the SDGs in operating its business.

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 gains practical insights into innovative solutions for effective, environmentally friendly property management and access to information on upcoming legislation and the regional transposition of EU law.

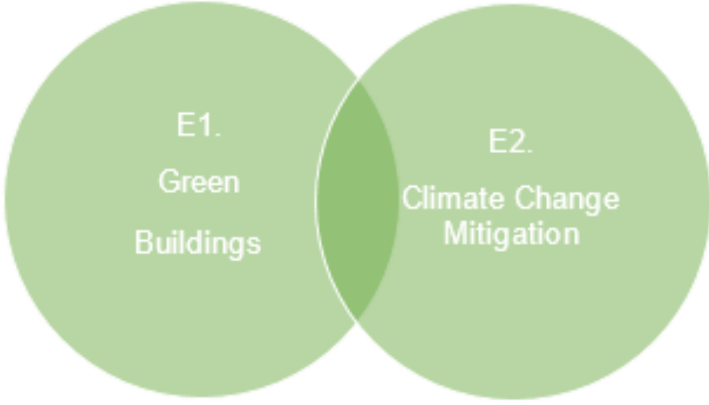
The Group acknowledges the importance of its real estate footprint to society and the environment, and the benefits of maintaining and operating of an efficient and high-quality portfolio.

ESG Policy Pillars

Environmental issues, including climate issues, are an important area of the Group management. They are included in our ESG Policy which base on 3 pillars and 8 focus areas:

<p style="text-align: center;">ENVIRONMENT: CONCERN FOR THE ENVIRONMENT</p> <p>” We are reduce our environmental footprint. We deliver and manage green-certified buildings (saving energy and resources, lowering carbon emissions). We contribute to circular economy.</p> <p>FOCUS AREAS OF THE PILLAR:</p> <ul style="list-style-type: none"> E.1. Green Buildings E.2. Climate Change Mitigation 	<p style="text-align: center;">SOCIAL: EMPOWERMENT, RESPECT AND DIVERSITY</p> <p>” We deliver office and retail space where our tenants can grow. We care about the employees who are our biggest asset. We are a good neighbour, investing in local communities.</p> <p>FOCUS AREAS OF THE PILLAR:</p> <ul style="list-style-type: none"> S.1. Tenants S.2. People S.3. Communities 	<p style="text-align: center;">GOVERNANCE: BEST GOVERNANCE PRACTICES</p> <p>” We act ethically and assure compliance of all our operations. We implement processes minimising ESG-related risks. We lead open and honest communication with all our stakeholders.</p> <p>FOCUS AREAS OF THE PILLAR:</p> <ul style="list-style-type: none"> G.1. Compliance G.2. Risk Management G.3. Transparency
---	---	--

Pillar I. Focus on Environmental issues (E)



Our main focus with regard to lowering the impact on the environment are:

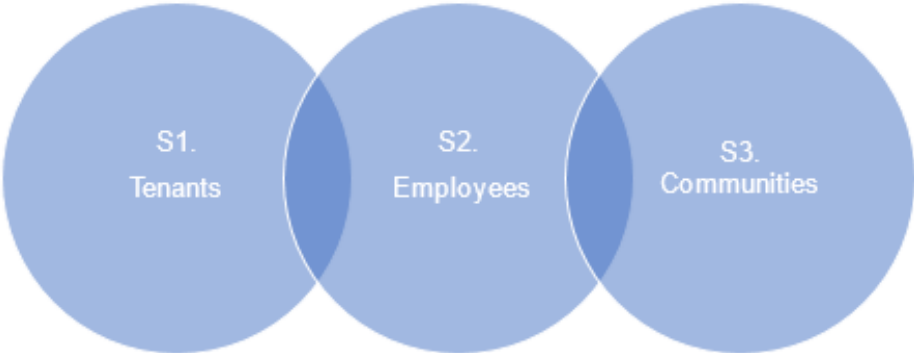
E1. Green Buildings

- Delivering sustainable buildings that operate with a reduced impact on the climate, use green energy and substantially fewer natural resources (like water), and focus on well-being of tenants,
- Reduction of our carbon footprint lever by thorough analysis of way to limits CO2 emission and development of proper low emission strategy,
- Conduct our business in a closed-loop system that minimises waste and resource consumption,
- Developing processes as a result of which sustainability of our portfolio is confirmed by relevant green certificates (LEED, BREEAM, DGNB and WELL),
- Contribution to circular economy through refurbishment, minimizing waste and making the most of resources,

E2. Climate Change Mitigation

- Developing new buildings, acquire and manage assets with focus on protecting the natural environment,
- Improving energy efficiency and lower carbon emissions in our buildings.

Pillar II Focus of Social Issues (S)



Our main focus with regard to our social issues are:

S1. Our Tenants

- Loyalty through a professional approach;
- Direct and effective cooperation through tenant relationship between leasing teams and tenants to resolve any arising issue and meet their current needs;
- Coordination by our asset management teams; the activities of other departments and/or external suppliers when they are involved in tenant-related activities. We cooperate with lawyers, public institutions, insurance companies, contractors, etc. acting on behalf of our tenant.
- Involving tenants through cooperation and raising awareness how to achieve meaningful results on the properties' impact on environmental and social issues.

S2. Our Employees:

- Creating a stable employment conditions in terms of respecting employees rights, adequate remuneration and benefits;
- Creating a good working atmosphere based on mutual trust and respect;
- Maintaining a rigorous approach and compliance to occupational health and safety;
- Employee's development through training and participation in industry events;
- Employee's involvement in social activities such as sports events and charity;
- Confirming, through our actions, that we are a reliable and competitive employer.

S3. Local Communities:

Our main focus with regard to execute investments in a responsible manner taking in the account local community's concern throught revitalization of post-industrial areas, and providing high-quality buildings, where we can make an impact on:

- building sustainable and accessible city spaces through our assets and local infrastructure;
- taking care of stimulating social growth and answering local needs in the neighbourhood where are our properties are located.

Pillar III. Focus on Governance Issues (G)



Our main focus with regard to governance issues are:

G1. Compliance

- Continuously working with the highest business ethics in a pro-active and open manner;
- The operations of GTC should always be made within the frame of good practices ;
- Zero tolerance for any forms of corruption, fraud, anti-competitive and monopoly behaviour;
- Considering legal compliance in every decision about our investments, developments, management practices and other processes;
- Maintaining very good relations with our partnetrs based on mutual trust.

G2. Risk management

- Conducting all the operations to assure sustained profitability of our business;

- Identify key risk factors and effective ways to mitigate risks before they materialise;
- annually revise the risk management framework, and update our business procedures;
- First and foremost, we constantly raise our employees' awareness of the importance of risk management and encourage them to actively report risky situations and threats related to environment, social and governance issues in their daily business work

ESG risks, including climate risks, challenges and trends in this area, company goals and progress in the implementation of major ESG initiatives – are discussed at least once a year at the meetings of the management board and the supervisory board.

The process of raising social and environmental awareness and ESG knowledge of the executives and employees of our organisation, developing and monitoring the implementation of the Policy is coordinated by the management board, with the support and assistance of local technical teams.

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 2021, the book value of the Group's investment property, residential landbank, and real estate assets held for sale amounted to €2,542,334. The Group's investment properties include income generating assets (completed properties including 11 office buildings held for sale), projects under construction, commercial landbank, and right of use as well as residential landbank.

INVESTMENT PORTFOLIO

COMPLETED INVESTMENT PORTFOLIO AND REAL ESTATE ASSETS HELD FOR SALE

As of 31 December 2021, the Group manages completed commercial properties with a combined gross rentable area of approximately 854² thousand sq m, including 48 office buildings and six shopping malls, which constituted 86% of the total property 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 multinational corporations and other prestigious institutions,

² Includes 11 office buildings held for sale with 122 thousand GLA

including ExxonMobil, IBM, Allegro, Budapest Bank, T-Mobile, Concentrix, UniCredit, CBRE, LOT, Deloitte, KPMG and others.

The Group's shopping centers are located in both capital cities as well as in secondary cities in Poland, Serbia, Bulgaria, Croatia and Budapest. They are always very highly ranked in the city of their location. The tenants include big multinationals as well as local brands like Carrefour, Cinema City, H&M and the Inditex Group, and others.

PROJECTS UNDER CONSTRUCTION

As of 31 December 2021, the Group had three office buildings classified as an investment under construction with a book value of €132,410, which constituted 5% of the Group's total property portfolio.

INVESTMENT PROPERTY LANDBANK

As of 31 December 2021 the Group had land of €141,195 classified as an investment property landbank designated for the future development (€139,843) and commercial land in Croatia classified for sale (€1,352), which constituted 6% of the Group's total property portfolio (by value). The landbank has been designated for projects that are on the Group's focus for the coming year, but that have not yet begun, including, Matrix C, Advance Business Center 3 Center Point 3 and Napred combined with land plots with a longer estimated development period.

The Group's rich investment property landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

RIGHT OF USE - INVESTMENT PROPERTY

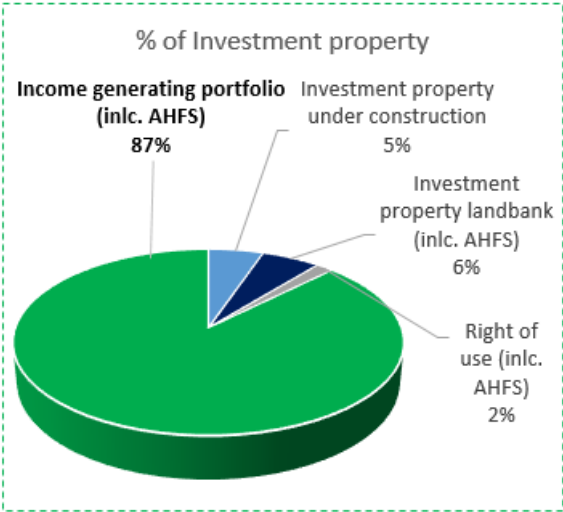
The Group recognized the right of use of lands under perpetual usufruct in the amount €42,152 which constituted 2% of the Group's total property portfolio. The right of use of lands under perpetual usufruct mainly includes right of use of: investment property landbank of €21,052, completed investment property of €17,376, completed investment property held for sale of €3,724.

RESIDENTIAL LANDBANK

As of 31 December 2021, the Group held a residential landbank (including land in Romania held for sale in amount €2,833 and right of use of residential landbank of €1,102) with a total value of €29,835 which constituted 1% of the Group's total property portfolio.

4.6.1 Overview of the investment portfolio

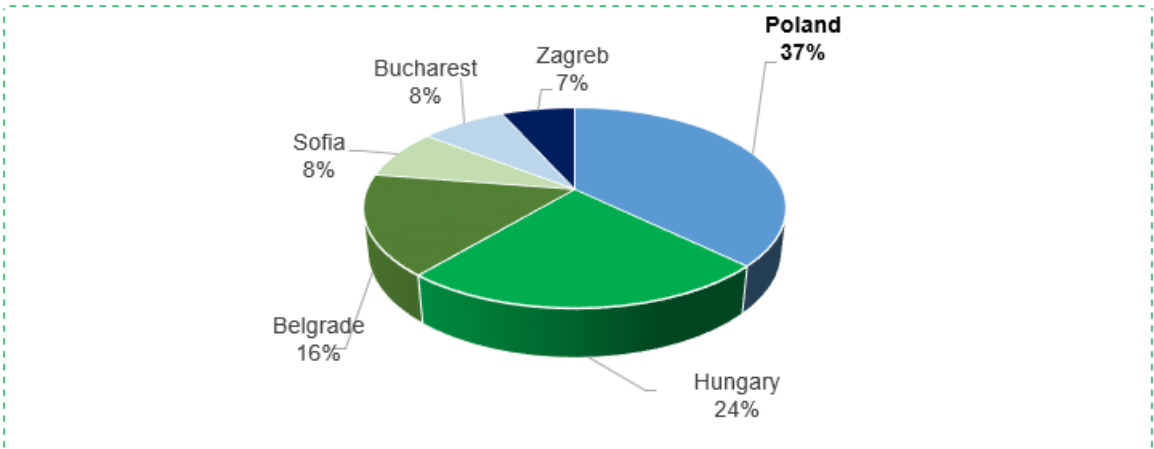
The Group’s strategy focuses on creating value from active management of a growing real estate portfolio in CEE and SEE. The Group has a presence in Poland, Hungary, Belgrade, Bucharest, Zagreb, and Sofia. The Group focused on commercial assets, mainly office buildings and office parks as well as retail and entertainment centers. The Group’s investment properties include income generating assets (completed properties and real estate assets held for sale excluding right of use), projects under construction, investment property landbank (including land held for sale) and right of use.



4.6.1.1 Overview of income generating portfolio including real estate assets held for sale

As of 31 December 2021, the Group had 54 income generating portfolio totaling 854 thousand sq m and valued at €2,196,742 including 11 office asstes held for sale valued at €266,763. The average occupancy rate within the income generating portfolio was 90% as of 31 December 2021. The portfolio was valued based on an average yield of 6.9% (6.7% excluding office buildings held for sale). The average duration of leases in the Group’s income generating portfolio was 3.5 years (3.6 years excluding office buildings held for sale), and the average rental rate was €16.6/sq m/month (€16.5/sq m/month excluding office buildings held for sale).

Approximately 37% of the income generating portfolio (by value) is located in Poland, 24% in Hungary, 16% in Belgrade, 8% in Bucharest, 8% in Sofia, and 7% in Zagreb.

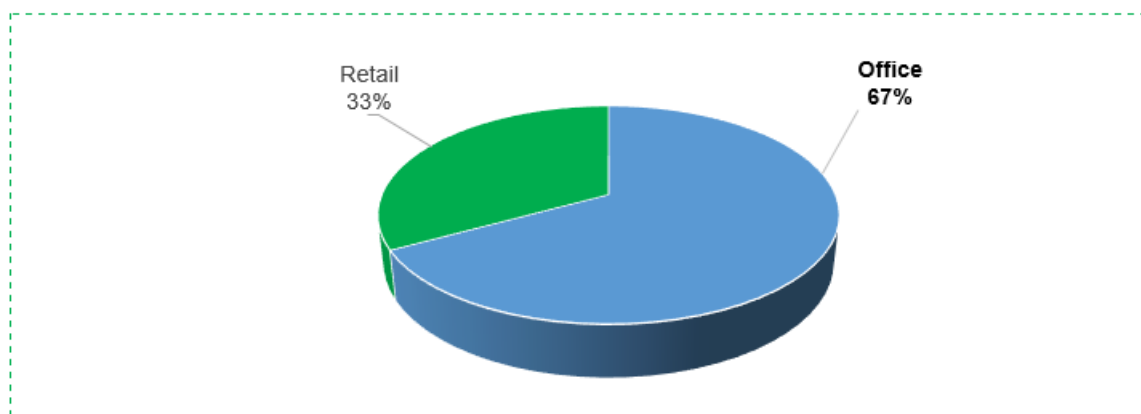


The following table presents income generating portfolio by country in which the Group operates as of 31 December 2021:

Location	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Poland	309,200	36%	89%	816,639	37%
Hungary	198,500	23%	97%	527,037	24%
Belgrade*	156,700	18%	91%	357,463	16%
Sofia	67,100	8%	88%	176,300	8%
Bucharest	66,700	8%	66%	171,985	8%
Zagreb	56,000	7%	96%	147,318	7%
Total	854,200	100%	90%	2,196,742	100%

*Includes 11 office assets held for sale.

The Group is focused on the office sector. As of 31 December 2021, office properties accounted for around 67%, and retail properties accounted for the remaining 33% of the book value of income generating portfolio.



The following table presents income generating portfolio by sector as of 31 December 2021:

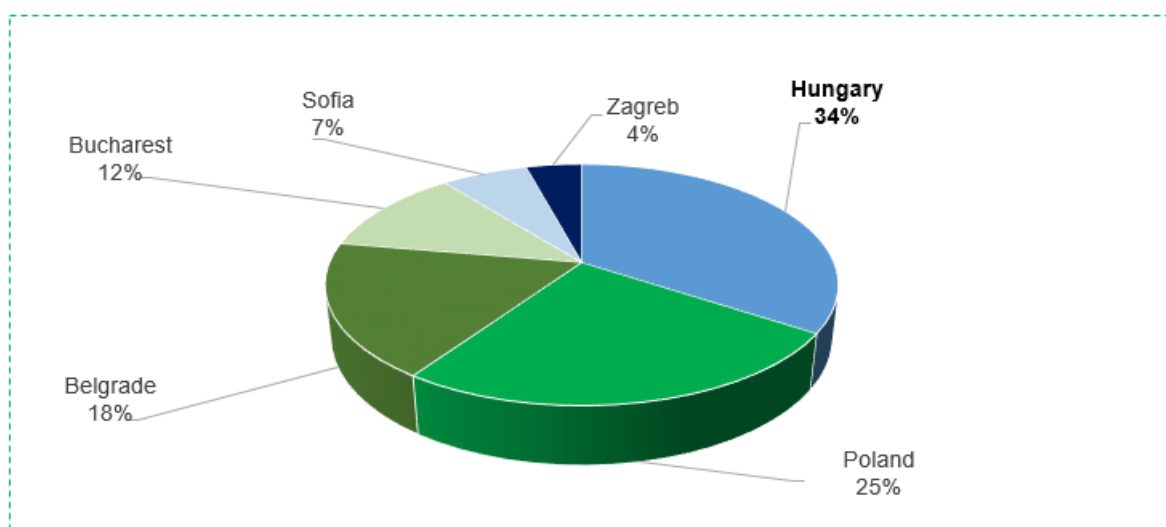
Usage type	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Office ¹	649,100	76%	89%	1,475,542	67%
Retail	205,100	24%	95%	721,200	33%
Total	854,200	100%	90%	2,196,742	100%

¹Including Avenue Center, Zagreb, Croatia and Sofia Tower, Sofia, Bulgaria.

4.6.1.1.1 Overview of the office portfolio

As of 31 December 2021, the Group office portfolio comprises 47 office buildings (including 11 buildings held for sale). Total gross rentable office space was 649 thousand sq m compared to 536 thousand sq m as of 31 December 2020. The total value of the office portfolio as of 31 December 2021 was €1,475,542 (including the book value assets held for sale in the amount of €266,763) compared to €1,145,261 as of 31 December 2020. The increase in value is mainly attributable to the acquisition of five assets, mostly in Budapest.

The Group's office buildings are located in Poland and Hungary and capital cities of CEE and SEE region: Belgrade, Zagreb, Bucharest, and Sofia.



The following table presents the office portfolio by country as of 31 December 2021:

Location	Total gross leasable area (sq m)	% of GLA (sq m)	Average occupancy (%)	Book value (€)	% of total book value
Hungary	192,100	30%	97%	505,437	34%
Poland	195,700	30%	87%	373,639	25%
Belgrade	122,100	19%	91%	266,763	18%
Bucharest	66,700	10%	66%	171,985	12%
Sofia	44,100	7%	84%	95,800	7%
Zagreb	28,400	4%	92%	61,918	4%
Total	649,100	100%	89%	1,475,542	100%

4.6.1.1.1.1 Office portfolio in Hungary

The Group's total gross rentable area in Hungary comprises 192 thousand sq m in ten office buildings located mostly in Hungary. The occupancy rate was 97%. The average duration of leases was 3.7 years at the year-end, and the applied average yield was 6.7%. The average rental rate generated by the office portfolio in Hungary was €15.5/sq m/month. The book value of the Group's office portfolio in Budapest amounted to €505,437 as of 31 December 2021, as compared to €206,138 as of 31 December 2020. This increase is attributable mainly to the acquisition of five office buildings.

The following table lists the Group's office properties located in Hungary:

Property	Location	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Center Point I&II	Budapest	100%	40,900	2004/2006
Duna Tower	Budapest	100%	31,300	2006
GTC Metro	Budapest	100%	16,200	2010
Vaci 173-177 ¹	Budapest	100%	6,400	-
Vaci Greens D ²	Budapest	100%	15,600	2018
Ericsson Headquarter ² evosoft Hungary Ltd. Headquarter ²	Budapest	100%	21,100	2017
V188 ²	Budapest	100%	15,000	2001
Forest Offices ²	Debrecen	100%	24,900	2018
Total			192,100	

¹Property acquired as landbank for future development, with a small office building located on the plot

² Acquired in 2021

4.6.1.1.1.2 Office portfolio in Poland

The total gross rentable area in Poland comprises 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 87%. The average duration of leases was 2.6 years at the year-end, and applied average yield was at the level of 7.7%. The average rental rate generated by the office portfolio in Poland was at the level of €14.2/sq m/month. The book value of the office portfolio in Poland amounted to €373,639 as of 31 December 2021 compared to €381,738 as

of 31 December 2020. The decrease comes from a decline in expected rental values and occupancy rate.

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 A&B	Katowice	100%	23,000	2010
Sterlinga Business Center	Łódź	100%	13,400	2010
Corius	Warsaw	100%	9,600	2011
Pixel	Poznań	100%	14,400	2013
Pascal	Kraków	100%	5,900	2014
University Business Park B	Łódź	100%	20,200	2016
Artico	Warsaw	100%	7,600	2017
		Total	195,700	

4.6.1.1.1.3 Office portfolio in Belgrade (assets held for sale)

The Group's total gross rentable area in Belgrade comprises 122 thousand sq m in 11 office buildings. The occupancy rate was at the level of 90%. The average duration of leases was 3.3 years at the year-end, and the applied average yield was 8.3%. The average rental rate generated by the office portfolio in Belgrade was at €16.8/sq m/month. The book value of the Group's office portfolio in Belgrade amounted to €266,763 as of 31 December 2021 compared to €264,781 as of 31 December 2020. All the office assets in Belgrade are held for sale following the preliminary sale purchase agreement signed with Indotek Group on 21 May 2021 and completed on 12 January 2022.

The following table lists the Group's office properties located in Belgrade:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
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
Green Heart N3	100%	5,400	2020
Total		122,100	

4.6.1.1.1.4 Office portfolio in Sofia

The Group's total gross rentable area in Sofia comprises 44 thousand sq m in three office buildings. The occupancy rate of the Group's office portfolio in Sofia was 84%. The average duration of leases was 3.1 years at the year-end, and the applied average yield was 6.7%. The average rental rate generated by the office portfolio in Sofia was at the level of €14.5/sq m/month. Book value of the Group's office portfolio in Sofia amounted to €95,800 as of 31 December 2021 compared to €75,800 as of 31 December 2020. The increase in value was attributed to the change in the presentation of Sofia Tower, which was previously presented together with Mall of Sofia as a part of retail portfolio.

The following table lists the Group's office investment properties located in Sofia:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Advance Business Center I	100%	16,000	2019
Advance Business Center II	100%	17,800	2020
Sofia Tower	100%	10,300	2006
Total		44,100	

4.6.1.1.1.5 Office portfolio in Bucharest

The Group's total gross rentable area in Bucharest comprises 67 thousand sq m in five office buildings. The occupancy rate was 66%. The average duration of leases was 4.1 years at the year-end, and the applied average yield was 5.6%. The average rental rate generated by the office portfolio in Bucharest was at the level of €18.2/sq m/month. Book value of the Group's office portfolio in Bucharest amounted to €171,985 as of 31 December 2021, compared to €172,085 as of 31 December 2020.

The following table lists the Group's office properties located in Bucharest:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
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	

4.6.1.1.1.6 Office portfolio in Zagreb

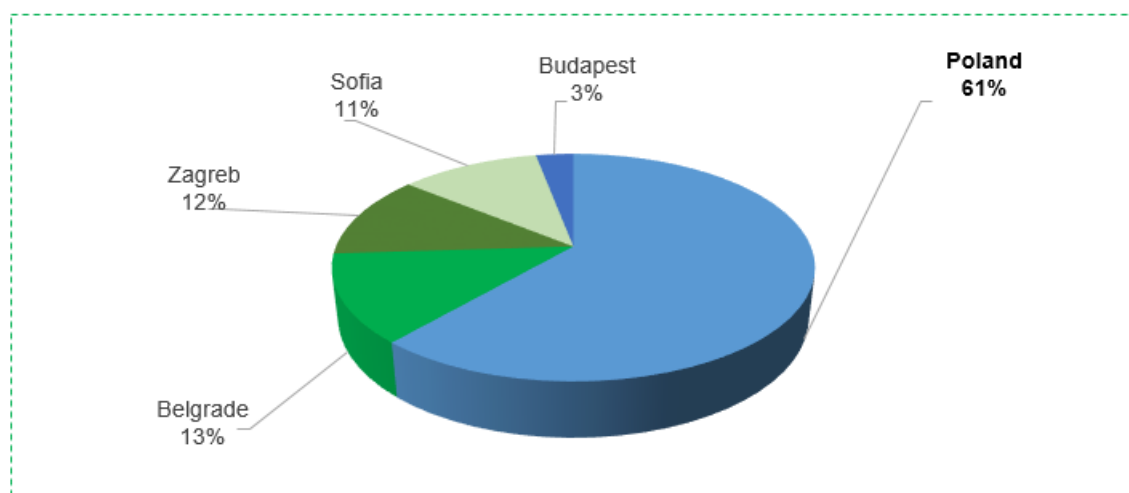
The Group's total gross rentable area in Zagreb comprises 28 thousand sq m in three office buildings. The occupancy rate of the Group's office portfolio in Zagreb was 92%. The average duration of leases was 4.6 years at the year-end and applied average yield was 7.3%. The average rental rate generated by the office portfolio in Zagreb was at the level of €14.6/sq m/month. Book value of the Group's office portfolio in Zagreb amounted to €61,918 as of 31 December 2021 compared to €44,719 as of 31 December 2020. The increase in value was attributed to the change in the presentation of Avenue Centre, which was previously presented together with Avenue Mall as a part of retail portfolio.

The following table lists the Group's office investment properties located in Zagreb:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Matrix A	100%	10,800	2019
Matrix B	100%	10,700	2020
Avenue Centre	70%	6,900	2007
Total		28,400	

4.6.1.1.2 Overview of the retail portfolio

As of 31 December 2021, the Group's retail properties comprised six shopping centres with a total gross rentable area of 205 thousand sq m. The total value of retail investment properties as of 31 December 2021 was €721,200 compared to €733,912 as of 31 December 2020. The decrease is attributable mainly change in the presentation of certain office assets that are adjacent to the shopping malls. The data relating to Avenue Centre and Sofia Tower (office assets) were presented together with the data for Avenue Mall Zagreb and Mall of Sofia (retail assets) in 2020, however starting from January 2021, they are presented in the office portfolio.



The following table presents the retail portfolio by country as of 31 December 2021:

Location	Total gross leasable area (sq m)	% of total retail portfolio (%)	Average occupancy (%)	Book value (€)	% of total book value
Poland	113,500	55%	94%	443,000	61%
Belgrade	34,600	17%	96%	90,700	13%
Zagreb	27,600	13%	99%	85,400	12%
Sofia	23,000	12%	96%	80,500	11%
Budapest	6,400	3%	90%	21,600	3%
Total	205,100	100%	95%	721,200	100%

4.6.1.1.2.1 Retail portfolio in Poland

The total gross rentable retail space in Poland comprises 113 thousand sq m in two retail schemes located in Warsaw and Częstochowa. The average occupancy rate was 94%. The average duration of leases was 3.6 years at the year-end, and the applied average yield was 6.0%. The average rental rate generated by the retail portfolio in Poland was €20.8/sq m/month. The book value of the Group's retail portfolio in Poland amounted to €443,000 as of 31 December 2021, as compared to €443,000 as of 31 December 2020.

The following table lists the Group's retail properties located in Poland:

Property	Location	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Galeria Jurajska	Częstochowa	100%	48,700	2009
Galeria Północna	Warsaw	100%	64,800	2017
		Total	113,500	

4.6.1.1.2.2 Retail portfolio in Belgrade

The total gross rentable retail space in Belgrade comprises 35 thousand sq m in one shopping mall. The average occupancy rate was 96%. The average duration of leases was 5.0 years at the year-end, and the applied average yield was 7.9%. The average rental rate generated by the retail portfolio in Belgrade was at €18.0/ sq m/month. Book value of the Group's retail portfolio in Belgrade amounted to €90,700 as of 31 December 2021 as compared to €90,700 as of 31 December 2020.

The following table lists the Group's retail properties located in Belgrade:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Ada Mall	100%	34,600	2019
		Total	34,600

4.6.1.1.2.3 Retail portfolio in Zagreb

The Group's total gross rentable retail space in Zagreb comprises 28 thousand sq m in one retail scheme. The occupancy rate was 99%. The average duration of leases was 3.8 years at the year-end, and the applied average yield was 8.2%. The average rental rate generated by the retail portfolio in Zagreb was at the €21.3/sq m/month. Book value of the Group's retail portfolio in Zagreb amounted to €85,400 as of 31 December 2021 compared to €99,512 as of 31 December 2020. This decrease is attributable to the changes in the presentation of Avenue Centre, which in 2020 was presented together with Avenue Mall Zagreb.

The following table lists the Group's retail properties located in Zagreb:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Avenue Mall Zagreb	70%	27,600	2007
Total		27,600	

4.6.1.1.2.4 Retail portfolio in Sofia

The Group's total gross rentable retail space in Sofia comprises 23 thousand sq m in one retail scheme. The occupancy rate was 96%. The average duration of leases was 5.7 years at the year-end, and the applied average yield was 6.4%. The average rental rate generated by the retail portfolio in Sofia was €19.7 /sq m/month. The book value of the Group's retail portfolio in Sofia amounted to €80,500 as of 31 December 2021 as compared to €100,700 as of 31 December 2020. This decrease is attributable to the changes in the presentation of Sofia Tower, which in 2020 was presented together with Mall of Sofia.

The following table lists the Group's retail properties located in Sofia:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Mall of Sofia	100%	23,000	2006
Total		23,000	

4.6.1.1.2.5 Retail portfolio in Budapest

The Group's total gross rentable retail space in Budapest comprises 6 thousand sq m in one retail scheme. The occupancy rate was 90%. The average duration of leases was 3.2 years at the year-end, and the applied average yield was 5.6%. The average rental rate generated by the retail portfolio in Budapest was at €17.4/sqm/month. The book value of the Group's retail portfolio in Budapest amounted to €21,600 thousand as of 31 December 2021.

The following table lists the Group's retail properties located in Budapest.

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
Hegyvidék Office and Retail Center	100%	6,400	2012
Total		6,400	

4.6.1.2 Overview of properties under construction

As of 31 December 2021, the Group had three office projects with a total gross rentable area of 54 thousand sq m and a book value of €132,410.

The following table lists the Group's properties under construction:

Property	Segment	Location	GTC's share	Total gross leasable area (sq m)	Expected completion
Pillar	office	Budapest, Hungary	100%	29,200	Q1 2022
Sofia Tower 2	office	Sofia, Bulgaria	100%	8,300	Q3 2022
GTC X	office	Belgrade, Serbia	100%	16,800	Q4 2022
Total				54,300	

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 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 timeframe for stabilization of had to be re-assessed, and consequently expectations for stabilized income were deferred.

As of 31 December 2021, the Group had land classified as investment property landbank designated for future commercial development of €139,843 and land bank held for sale of €1,352. The landbank, designated for future commercial development, includes projects on Group's focus for the coming years.

The following table lists the Group's projects that are ready to be launched in next 24 months:

Property	Segment	Location	GTC's share	Total gross leasable area (sq m)
Matrix C	office	Zagreb, Croatia	100%	10,500
Advance Business Center 3	office	Sofia, Bulgaria	100%	9,500
Spatio	residential	Bucharest, Romania	100%	23,300
Center Point 3	office	Budapest, Hungary	100%	36,400
Napred	office	Belgrade, Serbia	100%	72,500
Total				152,200

The Group's rich investment property landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

4.6.1.4 Right of use

The Group recognized the right of use of lands under perpetual usufruct in the amount €42,152 which constituted 2% of the Group's total property portfolio. The right of use of lands under perpetual usufruct mainly includes right of use of: investment property landbank of €21,052, completed investment property of €17,376 and completed investment property held for sale of €3,724.

4.6.2 Residential landbank

As of 31 December 2021, the Group held a residential landbank (including land in Romania held for sale in amount €2,833 and right of use of residential landbank of €1,102.) with a total value of €29,835 which constituted 1% of the Group's total property portfolio.

4.7 Overview of the markets on which the Group operates³

4.7.1 Office market

Budapest

The total modern, existing office stock currently adds up to 3.96 million sq m, consisting of 3.3 million sq m of 'A' and 'B' category speculative office space as well as 653,830 sq m of owner-occupied space.

In the first quarter of 2021 24,700 sq m office space was delivered in the Greater Budapest market, which is almost 50% lower than the first quarter of 2020 volume. In the second quarter of 2021, 19,760 sq m of new office space was delivered to the Budapest office market in the form of BudaPart City, the second completed office building in the namesake urban development project in the South Buda submarket.

All handovers planned for the second half of 2021 were finally postponed to the first half of 2022, so no new completions happened in Budapest in the second half of the year.

Despite a few postponed hand-over dates, developers are still active on the market. The volume of deliveries under construction with a handover date of 2022-2023 is approximately 480,000 sq m. This amount includes those four buildings, which were expected to be handed over in the fourth quarter of 2021, but the delivery dates were again postponed (Office Garden IV, Buda Palota, F99 & Green Court Office, adding up to 62,650 sq m). From this almost 0.5 million sq m office space 37%, approximately 175,000 sq m is already pre-let. There are HQ projects as well, such as MOL Campus (the first high-rise office building in Budapest), Bosch

³ This market commentary was prepared by Jones Lang LaSalle IP, Inc. It is based on material that we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. We would like to be told of any such errors in order to correct them. Please note, the below-presented market commentaries are based on information available to us as at 24 February 2022.

© 2022 Jones Lang LaSalle IP, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without prior written consent of Jones Lang LaSalle. It is based on material that we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. We would like to be told of any such errors in order to correct them. Please note, the below presented market commentaries are based on information available to us as of 24 February 2022. With varying recent and ongoing policy response to the COVID-19 pandemic across the region and the mitigating implications differing by market and sector we provide no assurance that market conditions will not change unfavorably as a result of future events that are unknown to us.

On 24 February 2022, Russian forces entered Ukraine and military conflict ensued. At the time this report and financial statements were prepared the extent of the conflict and its longer-term impact are unknown. The conflict caused immediate volatility in global stock markets and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. Significant economic sanctions have been imposed against Russia by the European Union. The direct impact on the real estate markets where the Company operates is yet unknown. At this stage, there is no evidence that transaction activity within the Markets that the Company operates and the sentiment of buyers or sellers has changed.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which this report was prepared. In recognition of the potential for market conditions to move rapidly as the conflict in Ukraine evolves, we highlight the importance of date of 24 February 2022 to which the market information relates to.

Campus II or The Pillar on Váci Corridor for ExxonMobile. Most developments are in the Váci Corridor, Pest Central South and Buda South submarkets.

Regarding 2021 gross take up, the transactions reached 365,210 sq m this year, which means 11% increase compared to 2020, but is still half of the gross take-up registered in 2019. Although in three quarters out of four renewals dominated the transactions during the year, the share of new leases and renewals became equal at the end of the year with 40-40%. The share of preleases reached only 12%, followed by expansions with 8% and occupier owned transactions with less than 1%.

The strongest occupational activity in the fourth quarter of 2021 was again recorded in the Váci Corridor submarket with 34% of the total demand (37,190 sq m). Buda South submarket is ranked second in this respect with 23% share, followed by Buda Central (12%), and Buda North attracted 9% of the total demand.

Total leasing activity is still below the 2019 data, but the increasing tendency has continued (approximately 11%) and can be seen in 2021, compared to the total transactions of 2020. The fourth quarter of 2021 gross take-up is 28% higher than the fourth quarter of 2020 data but is still half of the amount registered in the fourth quarter of 2019.

The share of renewals started to increase quarter by quarter due to the current economic circumstances, however, in 2021 we witnessed a small increase again in new leases as well. The fourth quarter of 2021 office market statistics are still just showing the signs of gradual recovery from the effects of COVID-19 pandemic.

Real estate strategies are still under reconsideration, but the number of transactions has started to show a small increase year-on-year. New leases are still picking up (+40% year-on-year), which shows gradually improving tenant expectations. Pre-leases dropped significantly compared to 2019 and remained the same level in 2020 and 2021; tenants are more cautious in their decision makings. Due to the efficiency of remote working, hybrid model and subleasing trends are still in place. In line with the global workplace trends there is a growing demand for serviced offices which is clearly reflected in the growing number of new locations and increased sizes of flex operators. Vacancy has slightly increased in the fourth quarter of 2021, it is 9.18%, while net absorption is positive.

The office vacancy rate has slightly increased to 9.18% in the fourth quarter of 2021, representing a 0.09 p.p. increase quarter-on-quarter and a 0.06 p.p. increase year-on-year.

The highest rents (prime rent) are registered in the CBD submarket at 25 €/sq m/month. The average rents in Budapest for existing Class 'A' buildings are between 15.00 - 18.00 €/sq m/month and in the case of Class 'B' buildings between 12.00 - 15.00 €/sq m/month.

Warsaw

After several years of steadily increasing developer activity, when an average of between 700,000 - 800,000 sq m were under construction, only 310,000 sq m are currently in the pipeline, the lowest figure since 2010. Developers are much more cautious about starting new construction, and in recent months, only two new developments have been launched in central Warsaw - The Bridge (Ghelamco Poland) and the first phase of Studio (Skanska).

In 2021, companies signed traditional leases for a total of 646,500 sq m, a 7% increase on 2020. In the fourth quarter, tenant activity was roughly on a par with the first half of 2021. As a result of the pandemic, companies are taking a decidedly more conservative approach to leasing space - renegotiations now account for 45% of total office take-up volume, the highest annual figure on record. The ongoing processes, together with the growing interest in the Warsaw market from companies in the modern business services sector, may positively influence the volume of lease transactions in the following months.

2021 saw all four quarters affected by the COVID-19 pandemic. Although the number of companies implementing a hybrid working model, e.g. in the 3+2 formula, began to increase in the first three quarters of this year, with the next wave of the pandemic, the last three months of the year saw a return to a predominantly work-from-home (WFH) model.

The current situation also directly affects the vacancy rate, which is at its highest level since October 2017. At the end of 2021, it was 12.7% (12.9% in central zones and 12.4% outside the centre), an increase of 2.8 p.p. year-on-year, and 0.2 p.p. compared to the previous quarter. A gradual decrease in the vacancy rate is expected in the following years.

In 2021, the highest transaction rents for prime office properties were stable and at the end of the year ranged between 18 - 24 €/sq m/month in the city centre and up to 16 €/sq m/month outside it. In the next few years, however, we expect rental rates to rise, particularly in prime office buildings. Rates are set to rise in 2022, along with significant changes in market dynamics. This trend will continue, especially in 2023, as a result of an expected gap in new supply, which will lead to rental opportunities being severely limited in newly added buildings.

Regional cities Poland

Throughout 2021, the largest new supply volume was recorded in Tri-City (73,200 sq m), Kraków (60,700 sq m) and Poznań (37,500 sq m). Currently, 870,000 sq m of office space is under construction across the major regional office markets in Poland, of which approximately 400,000 sq m is planned for completion in 2022.

After relatively weak take-up results in the first 9 months of 2021, Poland's major regional office markets recorded a strong end to 2021 with 214,600 sq m leased in the last quarter. As a result, gross demand in 2021 totaled nearly 595,000 sq m and was on a par with 2020's levels. As in the previous year, regional cities recorded a high share of renegotiations of current lease contracts, standing at 43% of total volume in 2021. It was the contract extensions that constituted the largest transactions concluded in the last 12 months, including 24,000 sq m for a tenant from the IT sector in Green Horizon in Łódź, 17,400 sq m for a company from the financial sector in the Business Garden complex in Poznań and a total of over 23,000 sq m renegotiated by an IT company in Kraków and Wrocław.

The second year of the COVID-19 pandemic did not see any major breakthrough on the office real estate market. Despite the extensive roll-out of the vaccine programme, new COVID-19 variants stopped the expected large-scale return to the office. Many companies continued to recommend remote work; however, due to the negative effects of long-term working from home (WFH), the hybrid model has now become the new market standard.

At the end of the fourth quarter of 2021, the vacancy rate for the eight main regional markets was 14.1%, an increase of 1.4 p.p. on the same period in 2020. During 2021, rental rates for

the best office space remained stable in most office locations. The highest rents among the main regional markets were recorded in Kraków (14-15.5 €/sq m/month), Wrocław (13.5-15.5 €/sq m/month) with the lowest to be found in Lublin (10.5-11.5 €/sq m/month).

Belgrade

Belgrade office stock is at the level of 1.1 million sq m of GLA, whereas the speculative office stock of Class A and Class B buildings equals 805,000 sq m (76%) while the largest share of modern office supply is situated in New Belgrade's CBD (74%). The office stock in Belgrade is on a continuous rise and further development will continue in the following period. In line with the above mentioned, more than 160,000 sq m of office space is currently under construction, while an additional 70,000 sq m is under refurbishment, ready to become a part of modern office stock.

Final quarter of 2021 was marked with the opening of 2 office buildings. Shandong Plaza and 11 building of the Airport City. CBD will soon see opening of GTC X by end of 2022.

Another notable projects under construction are the NCR campus (AFI group), B23 building, Sirius II (Immorent) and Delta House. However, NCR is for a single tenant NCR and will centralize their operations. This will not be offered on the market but free up their space in other buildings. B23 was returned to the former owners after being distressed for 10 years.

Strong pipeline shows that developers are confident of a strong revival in office leasing activity which is evident in the previous two quarters. Namely, the office leasing momentum has returned to pre pandemic levels as the Belgrade's office absorption stood at 33,500 in the period July September 2021 up by 40% year-on-year. New leases accounted for nearly 55 of all transactions in the third quarter while the total amount of pre lets was on a high level of 35% considering the number of ongoing projects. The overall demand in the first three quarters of 2021 amounts to 93,850 sq m.

Headline rents are between 14.5 - 16.5 €/sq m/month in Class A office buildings. Market practice is that buildings are well measure and provisioned with add-on factor to add value to the landlord.

Amid strong occupier activity and lack of new deliveries, the vacancy rate has continued its downward trend since the second quarter of 2021 and decreased from 8.54% to 7.76% at the end of the third quarter of 2021. Further decrease of vacancy rate is expected by the end of 2021 having in mind that majority of pipeline projects are set for completion during 2022.

Zagreb

Zagreb office market is developing and maturing. Most of the office stock is in the Centre of the city, New Zagreb, and the Business District East and West. The Croatian office rental market has more office stock than Belgrade which has double the population. The stock of A and B class offices is approximately 1.2 million sq m.

Croatian company Infobip has finished their owner-occupied building which has approximately 10,000 sq m in South Zagreb. Also, in South Zagreb, finished in 2021, a 15,600 sq m office scheme by developer KFK Tehnika. The third quarter has seen an opening of BHB Domus Building with 8 floors and about 4,000 sq m of GLA. Construction of Mobis Office building located in Business district East is slightly behind schedule with planned opening in the first

quarter 2022. Outside the capital city, Dalmatian Tower was scheduled for opening beginning of 2021, but it was postponed to 2022. The Dalmatian Tower has 27 floors and an GLA of 30,000 sq m.

Total recorded leasing activity of office space in Zagreb area in 2021 amounted to approximately 24,737 sq m. These leasing deals were 73% relocations, 14% new tenants, 9% renewals, and 4% expansions. Furthermore, 64% of the deals were Business District East, 25% City Center, 6% CBD and 5% in Jankomir.

Office vacancy is currently at a record low of below 4% and is expected to remain stable due to low levels of upcoming new supply.

Rental levels are currently generally in the range 13.00 - 15.50 €/sq m/month and are unlikely to move significantly in the short term.

Bucharest

Bucharest Modern office stock reached 3.24 million sq m at the end of 2021, after delivery of 6 buildings with total gross leasable area of 153,200 sq m till the third quarter of 2021. Another 89,000 sq m was delivered by the end of 2021. Total deliveries for the year are thus expected to reach 242,900 sq m, almost 57% above the 155,200 sq m delivered in 2020.

The Northwest submarket inaugurated the largest share of the total new supply (30%), as J8 Office Park, with total areas of 46,000 sq m developed by Portland Trust, was welcomed in the third quarter.

Center submarket claimed 28%, but with 2 buildings Matei Millo OB – Phase 1 (9,700 sq m of GLA) and U Center Campus Phase 1 with total area of 32,800 sq m, both developed by Forte Partners. Globalworth square with 28,400 sq m of GLA delivered by Globalworth in Floreasca/Barbu representing 18%.

Campus 6.2 with total GLA of 19,800 sq m developed by Skanska in Center West submarket represents 13%. Tiriac tower, part of CBD with GLA of 16,500 sq m and developed by Tiriac Imobiliare represents 11%.

Total gross transaction volume in Bucharest during the fourth quarter of 2021 reached 84,300 sq m, 17.6% over the previous quarter, and 53.5% over the fourth quarter of 2020.

During the whole of 2021, gross transaction volume totaled 286,600 sq m, almost 32% over what was recorded in 2020, yet 26% below 2019.

The leasing activity is showing a sign of recovery, despite the “wait and see” period applied by number of tenants. Largest renewal transactions were represented by Computers and Hi-Tech company Telus, which renewed 9,550 sq m in AFI Park III and renewal of Provita which secured 11,000 sq m in Iride Business Park.

The Norther part of the capital witnessed the highest leasing activity throughout 2021, with North West, Floreasca/Barbu Vacarescu, Dimitrie Pompeiu, each claiming share of 17%, followed by the Center-West sub-market with 14%, CBD 13% and with shares below 10% by Center West, Banneasa-Otopen.

Computers and Hi-Tech companies continue to be the main driver of demand for Office leasing market, claiming 34% of the total leased area, followed by Consumer Services and Leisure.

Overall vacancy rate remains stable at 13%.

Whilst prime headline office rents in Bucharest remained stable at 18.50 €/sq m/month, four sub-markets out of the eleven sub-markets of Bucharest, experienced a fall of 0.5 - 1 €/sq m/month in prime rents over the quarter. The rental decrease in these sub-markets came off the back of additional supply, which increased the vacancy in these areas and put further pressure on rents. We also observe that incentive packages have become more commonplace, which will lead to lower net effective rents.

Sofia

The current modern stock in Sofia reached 2.5 million sq m at the end of 2021, out of which at the end of 2021, 73% are considered class A.

Following slowdown in activity from both developers and occupiers, year 2021 was marked as a rebound year. New supply marked a decade high increase in stock by approximately 8% per annum, adding 170,000 sq m to the market. CBD zone remained stagnant with no major fluctuation in terms of new developments and demand. While, on the other hand, broader center marked delivery of new schemes. Moreover, demand has been picking up with the annual increase of over 20% in take up activity.

Second part of the year brings new opening in on Bulgarian market. Namely, the North Tower Bulgaria was opened as the second tower of Bulgarian Towers complex. Additionally, the ring Tower, Park Lane Office Center, Balkan Business Center and building 4 within Caritage park were delivered this year. Moreover, Synergy Tower building was partially opened as well.

The pipeline is looking strong with roughly 100,000 sq m of office space expected to be delivered in 2022, and additional 150,000 sq m in planning phase. Sofia's city center will be wealthier for two projects, out of which one will be delivered in 2022. Mladost district will be welcoming German retail discounter Lidl, and Triaditsa district will be welcoming building developed by Sofkam.

With significant number of new deliveries in 2021, the vacancy rate has noted a slight increase reaching 14% at the end of the year. The upward trend is driven mainly by availability in the suburban area.

The total leased space volume for 2021 was close to 155,000 sq m. This level is 44% over 2020 and close to the last 5-year average, which demonstrates the stabilization of the market, following a highly turbulent 2020. Consolidations, optimizations and relocations are the main reasons for the newly leased areas.

Net take-up during 2021 totaled 55,100 sq m, compared to only 8,600 sq m in 2020.

Highest demand for office space remains in IT and BPO sector. On the other hand, rental levels remained resilient to the ongoing situation.

Currently companies are putting short term expansion plans on hold and are considering the option of letting more employees work from home going forward.

Prime headline office monthly rents have been stable at 15.00 - 16.00 €/sq m/month, however, landlords are under pressure and are offering more incentives than previously, therefore driving the net-effective rates to lower levels.

4.7.2 Retail market

General

The economic recovery across Europe is underway, supported by a strong surge in consumption.

GDP across the EU is forecast to grow 5.0% in 2021 and 4.4% in 2022.

Consumer confidence remained at historically high levels in the period from July to September as European consumers feel emboldened by high COVID-19 vaccination rates.

Retail sales across the EU are expected to rise by 4.7% in 2021 and 2.5% in 2022, driven by pent-up demand, 'social consumption' and increased savings.

Eurozone inflation rose to 5.0% in December 2021, as a result of higher energy prices and core inflation.

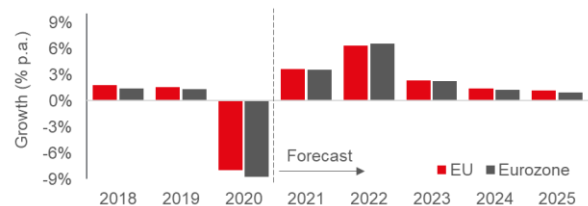
Consumption | Consumer Confidence and Spending Outlook

Retail sales across the EU are seeing a stronger than expected rebound...

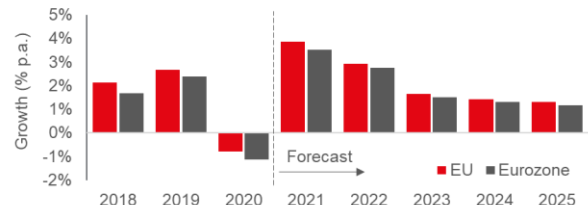
Consumer & Retail Trade Confidence EU



Consumer Spending Growth Forecast 2018-2025



Retail Sales Growth Forecast 2018-2025



Consumption | Retail Sales Growth Forecast

Polarised recovery in retail sales across Europe...



7.9%

Eurozone unemployment rate forecast to peak at 7.9% by the end of 2021, before recovering.



+1.0%

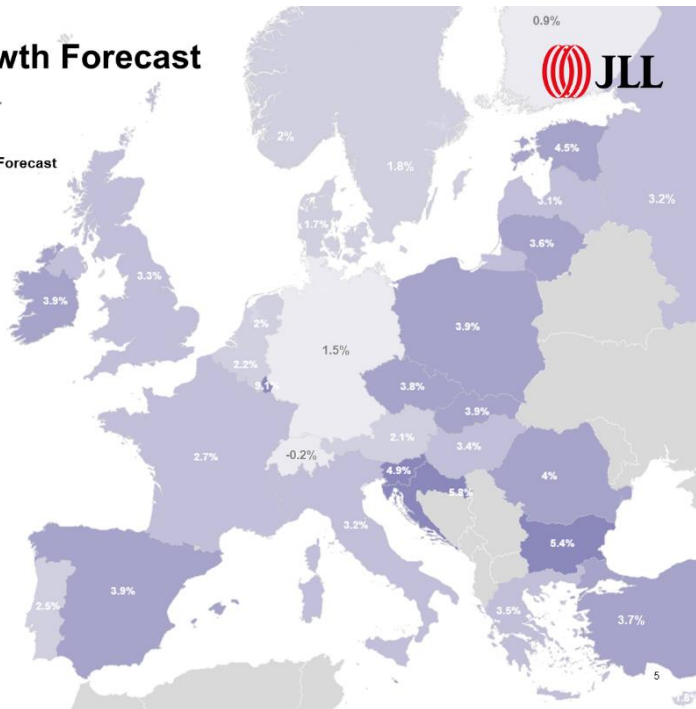
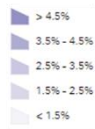
Household disposable incomes in the Eurozone forecast to grow 1.3% a year on average until 2023.



+3.8%

Average wages forecast to rise 4.1% a year until 2023, in the Eurozone, following a 2.1% drop in 2020.

Retail Sales Growth Forecast 2021-2023 (% p.a.)



Source: Oxford Economics (November 2021)

The recovery in footfall and retail spending across Europe carried into the fourth quarter of 2021, with most countries reporting record levels of monthly retail trade volumes for the period of June to December.

As consumers returned to stores and restaurants, demand for food products softened.

Despite a strong rebound in clothing sales during the summer period of 2021, trading conditions for many fashion retailers continue to be challenging as monthly trade volumes remained 10% below pre-pandemic levels.

Retail places, such as prime high street areas in major cities, that have benefitted from additional footfall and spending from office workers until the start of the pandemic, will continue to recover at a slower rate than local neighborhood destinations and well-connected retail parks.

Poland

As a full year, 2021 provided approximately 546,000 sq m of GLA of new retail space, 40% of which was delivered in retail parks. That means 2021 was the best year in the history of retail parks in terms of space delivered to the market. Unsurprisingly, following the shuffle on hypermarket sector and location takeovers by new operators, stand-alone retail warehouses accounted for 29% of the new completions. The remaining supply was represented by shopping (17%) and convenience centres (14%).

The last twelve months were marked by three lockdowns that helped change the shopping habits of Poles, lower developer activity, and increase the popularity of smaller retail formats. The local and convenience trend, which existed before COVID-19, has been boosted by the pandemic, and is reflected in the new retail supply.

The largest retail schemes that opened in 2021 included the following: IKEA in Szczecin (29,000 sq m of GLA), Mozaika in Kraków (25,400 sq m of GLA), Galeria Andrychów (24,000

sq m of GLA), Retail Park in Lipnik (18,800 sq m of GLA), the extension of Focus Mall in Zielona Góra (+15,000 sq m of GLA), and Galeria Sekunda in Jędrzejów (13,000 sq m of GLA).

At the same time, however, approximately 269,000 sq m of GLA was withdrawn from the market, due to further closures of older assets, mostly driven by Tesco hypermarkets.

As a result, at the end of 2021 the total modern retail stock in Poland, including large scale formats and convenience centres, stood at a total of 16.4 million sq m of GLA. Four hundred and ten shopping centres account for 9.86 million sq m of that space, which equates to a shopping centre density of 258 sq m per 1,000 people, which is more than European average of 235 sq m per 1,000 people, but still less than average for the Western Europe (276 sq m per 1,000 people).

The vacancy rate in eight major agglomerations in Poland stood at approximately 5.3% in the first half of 2021. as expected, there was an increase in the annual vacancy rate, but it was relatively modest, because only by 50 bps. Several factors contributed to the increase in the vacancy rate in the aforementioned locations. Tesco continued to close its stores in Poland, releasing large areas in selected retail schemes. During lockdown periods, the share of online sales in total retail sales had also been increasing. Although it decreased along with lifting the restrictions in brick-and-mortar stores, it never returned to the pre-pandemic level (10.2 p.p. in December 2021 vs. 5.6 p.p. in January 2020).

The lowest vacancy rate (2.8%) was recorded in the Krakow Agglomeration, which marks a significant decrease in the rate compared to the first half of 2020 (5.9%). This was largely due to the new tenants who appeared in the following shopping centres: Bonarka, Galeria Kazimierz and Serenada. On the contrary, the Poznań Agglomeration observed an increase in the vacancy rate from 6.8% p.p. in the first half of 2020 to 8.6 p.p. in the first half of 2021.

Warsaw

The Warsaw Agglomeration remains the largest market in Poland accommodating 1.97 million sq m in large-scale retail formats (GLA> 5,000 sq m). The modern retail market in Warsaw is dominated by shopping centre format. This sector represents 69% of the market of big scale properties.

In terms of the density of shopping centres, Warsaw with 506 sq m per 1,000 residents ranks in the middle among eight Polish major agglomerations. Wrocław and Poznań lead the ranking with 684 and 708 sq m per 1,000 residents respectively and Tri-City at the third place with 564 sq m per 1,000 residents. At the same time, purchasing power of the Warsaw agglomeration reaching €11,657 per capita / year is the highest in the country (exceeds the national average of €7,381 by 58%).

An approximately 87,000 sq m of GLA is currently under construction in the Warsaw Agglomeration split by various retail formats. The largest project currently under construction is reconstruction of Nowy Fort Wola by Mayland (28,000 sq m of GLA).

The average vacancy rate in Warsaw Agglomeration in August 2021 amounted to 5.3% (considering shopping centre format), what places Warsaw at the moderate level compared to major agglomerations.

Prime rents in Warsaw, defined as rents for a 100 sq m unit for a fashion and accessories sector tenant noted in the best shopping centres in the market, in the fourth quarter of 2021 stood at the level of 98 – 108 €/sq m/month, which is the highest number recorded in Poland.

Belgrade

Although fourth quarter remarked the outbreak of new strain of Coronavirus, there were no new restrictions imposed.

The market become relatively saturated in during 2020 with opening of BEO Shopping Centre and iBW Galerija.

Total stock in the market amounts to 421,000 sq m representing a density of 254 sq m per 1,000 inhabitants.

Currently, the only shopping centre under construction is West65. West65 Mall was scheduled to open in the fourth quarter of 2021. Due to the influence of the coronavirus, the deadline for opening a new shopping mall, West 65 Mall, has been moved. West 65 Mall is currently under construction, currently it is in the final phase, although there has been soft opening ceremony in the fourth quarter of 2021.

In Belgrade are planned two new shopping malls. The new shopping mall will be located next to IKEA. The concrete construction is currently completed, the opening is planned for the second quarter of 2022. In August 2021, the construction of a new shopping mall in Obrenovac began, the area of the shopping mall will be 3.000 sq m.

Israeli investor AFI announced the construction of AFI City Zmaj after the acquisition of the location Zmaj on the highway E75.

Average prime rental rates currently stand at approximately 26.00 - 28.00 €/sq m/month.

Zagreb

In 2021 despite the epidemiological situation, shopping centers were allowed principally undisturbed operations with no major restrictions.

New shopping center Z Centar was opened in August, comprising about 35,000 sq m of new retail space divided into 60 retail units, including main fashion stores of LPP brands and retailers like CC, Peco, KiK and Intersport.

Development activity is focused on refurbishment of Supernova Kaptol Center. In secondary cities we see planned development of several retail parks. This is driven mainly by Immofinanz.

New Stock in 2021 was 75,000 sq m.

Currently, the shopping centre stock stands at around 532,700 sq m, including Supernova Retail Park/shopping center scheme and Z centar.

Shopping centre density in Zagreb is about 645 sq m per 1,000 inhabitants. In recent years negotiation strength in the shopping centre market in Zagreb has been with occupiers. However, with the improvement of economic and market conditions, we have noted shopping

centres stabilizing their position in the market and there has been a fundamental shift by occupiers to the higher quality and better performing schemes.

Since the beginning of the year, retailer activity has been moderate with no new market entries. At the same time, there has been a continuous trend for tenants to relocate from the CBD High Street market to shopping centres constructed according to modern standards. This trend is as a result of the earthquake that occurred in spring 2020 and caused structural damage to many historical buildings located in the CBD.

Average prime shopping centre rental rates are currently approximately 19.00 - 21.00 €/sq m/month.

Sofia

Total modern retail stock in Bulgaria, including shopping centres, retail parks and outlet parks was approximately 1.1 million sq m, out of which 542,800 sq m are located in Sofia. Overall supply stands at the level of 115 sq m per 1.000 inhabitants. The majority of the stock 54.4% is located in Sofia, the Capital city of Bulgaria. The Bulgarian market is maturing and becoming more saturated.

The largest shopping centre projects planned for Sofia, totaling 104,750 sq m of GLA are currently on hold. Modest pipeline is expecting one project to enter the construction phase, 32,000 sq m Garanti Koza in Mladost district.

Developers' focus is shifting from shopping centres towards retail parks.

Slow vaccination rate among population introduced new more strict measures in order to control the spread of the virus. Mandatory green pass is required and limited mass gatherings. Shopping centers were operational, however there has been lower performance and dropout of footfall.

The most active tenants remain FMCG, sporting goods, drugstores and discount chains and some brands rely on new formats and locations. Such example is the sports retailer Decathlon, which added to its network a small shop in the centre of Sofia. IKEA will open a second store in Sofia, which will be in a different format from the first, on an area of 1,200 sq m in the Mall of Sofia.

The main events in 2021 in Bulgaria include the opening of the first stores in the country of the fashion brand Kendall + Kylie and Beverly Hills polo club. However, the brand with the most aggressive expansion in 2021 is the discount retail chain Pepco, which reached almost 100 stores by the end of the year.

Despite limited footfall due to restrictions, vacancy (7%) and rental levels remained stable.

Currently, considering the impact of the coronavirus pandemic, the focus in the operation of shopping centres will shift towards the fine-tuning of the tenant mix, the substitution of retailers who fail to sustain the pandemic and as such, taking measures to cut operational expenses.

Average rental levels in shopping centres are in the approximate current range 17.00 - 21.00 €/sq m/month, with prime rental levels at 40 €/sq m/month.

4.7.3 Investment market

Poland

Poland investment volumes during 2021 amounted to €6.3 billion translating into the third best result ever. This result outpaced the 2020's turnover by 13% and gave way to the volumes of 2018 and 2019 only. However, the shortage of product in the most favoured sectors has still significantly limited the investment turnover and led some investors to a forward funding structure to secure the product at early stage. 2021's turnover was driven mostly by the industrial sector, which saw a record-breaking investors' interest. The full-year total reached €2.8 billion in this segment, 8% above the previous best €2.6 billion in 2020.

The office sector remains one of the key drivers of Poland's investment market. However, current investor activity is rather moderate compared to previous years. Office investments totalled €438 million during the final quarter of 2021, 6% down on the previous year. This brings the total for the year to €1.7 billion, significantly down from the exceptional levels of activity of 2018 and 2019, but close to the ten-year average. Investors were mostly looking at the major office markets – Warsaw and Kraków. Transactions concluded in the regional markets accounted for 28% of 2021's turnover. In the fourth quarter of 2021, prime office yields in Warsaw were being discussed at 4.50%, whereas yields in the core regional cities (Kraków & Wrocław) stood at 5.75%.

The retail investments, with almost €1 billion committed in 2021, witnessed a record number of transactions. Buyers remained especially interested in retail parks, convenience centres and single-anchored properties occupied either by food stores or DIY chains. There is still no recent transactional evidence for prime shopping centres; however, we estimate prime yields at 5.25%.

Hungary

The Hungarian investment market generated approximately €1.3 billion in 2021. Although this volume is 7% above the 2020 record, it is still significantly behind the pre-pandemic levels of €1.7 - 1.8 billion.

The relative underperformance of the market was mainly due to the significant undersupply of available products for sale (especially in an open-market tender), which was particularly critical during the first half of 2021. From the middle of the year an uptick in investment activity was recorded, however it wasn't enough to boost the annual statistics.

Over 85% of the annual volume was generated by income producing assets, whereas the rest was made up by development site sales and the disposals of properties suitable for re-development purposes. We recorded a notable, 25% rise in the volume of development site sales compared to 2020.

As usual the strongest activity was recorded in the office asset class, which generated approximately 70% of the annual volume. It was followed by the sale of logistics assets with 10.7% and surprisingly re-development opportunities and development sites with 10.5%.

Similarly to 2020, there was minimal activity in the hotel and retail asset categories in 2021.

Prime office yield stood at the fourth quarter of 2021 at 5.00% while prime retail yield stood at 6.25%.

Bucharest

For the whole of 2021, total investment volumes reached €900 million, almost the same as in 2020.

Unlike the previous two quarters, the investment volumes during the fourth quarter were dominated by retail transactions, with approximately 50% of the total, followed by industrial, with 29%, while offices accounted for only 19%. However, considering 2021 overall, offices represented 45% of total volumes, followed by industrial, with 30% and retail with 20%.

By far the largest investment deal closed in the fourth quarter of 2021 was the sale of 6 Cora hypermarkets in different cities, by Louis Delhaize Group to Supernova.

The second largest deal in the fourth quarter of 2021 was the purchase of the 150,000 sq m Olympian portfolio, consisting of 3 industrial parks in Timisoara, Bucharest and Brasov, by CTP from Helios Phoenix and M1.

Continuing the contraction during the third quarter, prime office yields further decreased during the fourth quarter of 2021, from 6.9% to 6.75%, while prime retail yields stayed at 7.25%.

Sofia

Investment volumes during the second half of 2021 reached €221 million, investment volumes totalled €240 million, 11% over 2020. There were signs of recovery and a tendency for new acquisitions on the on the real estate market. The share of the international and Bulgarian investors is rather balanced. The share of the foreign buyers is reaching 60% with around 40% for the local players.

Both prime office and shopping center yields remained unchanged in the second half of 2021 and throughout 2021 and stood at 7.50%.

Belgrade

The most recent is the transaction between NEPI Roskcastle and BIG CEE in June 2021 for Kragujevac Plaza Shopping Centre (22.300 sq m of GLA) and Krusevac retail park (8.600 sq m of GLA) for €61milio.

Delta City Shopping centar was sold to MPC Properties for €115 million.

These transactions that have been realised after the COVID 19 pandemic, confirm liquidity of the Serbian real estate market including retail segment, and the applied yield levels.

GTC sold eleven office buildings in five office parks (Green Heart, FortyOne, Belgrade Business Center, 19 Avenue and GTC House), with total area 122,175 sq m to Hungarian investor Indotek Group for €267 million. This transaction will be finished in third quarter of 2021. This is the biggest transaction ever in the Belgrade market in the office sector.

Both prime office and retail yields stand at 8%.

Zagreb

The first quarter of 2021 recorded a significant transaction on Zagreb office market with retail chain Kaufland buying an office building, Business Building One (BB1), situated in Planinska Street, with total above ground area of approximately 13.000 sq m, from Austrian investor BOP-Immo.

Wiener Insurance bought an office building in Radnicka Street, with the total area of approximately 2.234 sq m, from Raiffeisen Leasing.

In the fourth quarter of 2021, the T-com office building was purchased by the M + Group. The total net area of the building is 11,695.55 sq m and is located in Vukovarska Street.

Although we do not record any significant retail investment transaction, we note interest of investors, and we expect some transactions to realise in 2022.

Both prime office and retail yields remain stable, office yield stands at 7.50% and retail yield at 7%.

Source: JLL in collaboration with IPC Partners and Atrium Property Services d.o.o.

4.8 Information on the Company's policy on sponsorship, charity, and other similar activities.

As a Group, we set ourselves ambitious business goals that we want to implement in a sustainable manner. It is a responsible task for our entire team, which is why creating a stable and motivating work environment is so important to us.. All our corporate social responsibility activities are run in a coordinated manner to support local communities in which the Group operates. Such support involves:

- **Enhancement of local infrastructure**, including road and traffic infrastructure. Throughout the Group, we share the principle of taking responsibility for the space we create. 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.
- **Local initiatives**. The Group takes an active part in a great number of non-profit activities as a partner, organizer, or sponsor. We often present our projects to local communities. We actively participate in public meetings dedicated to spatial planning. The Group's regional offices know the needs of the local community and the market in which they operate best, so they decide which social topics form a priority for them. The Group participates in and supports local initiatives such as:
 - help for medics due to COVID-19 pandemic;
 - commissioning the plot for use by the authorities as part of COVID-19 testing initiative
 - support of Red Cross with providing a place for blood donations;

- support of charity organizations with providing a place in our shopping malls and office buildings for promotional activities in attracting sponsors and making people aware of their initiatives as well as humanitarian associations and charities
- promotion of local businesses by continuously providing organic and home-made products for all visitors,
- organization of calligraphy workshops;
- free medical examination for women and men;
- organization of family picnics;
- Opening free parking at night due to bad weather conditions;
- a donation in the form of goods (used furniture from our previous office); the donation was given to The Zagreb Rehabilitation Center which implements education programs for children and youth with special needs.

Additionally, Group conducted several local initiatives with support sports activities:

- yoga training - promotion of active leisure time activities;
- exercise games for children during holiday;
- city games for families - promotion of outdoor activities;
- volleyball festival - promotion of a healthy lifestyle;
- Beach Volleyball tournament - Cup of Silesia;
- Open 40+ Championship in beach volleyball in Galeria Jurajska
- the North Bridge Run ("Bieg przez Most"); and
- installation of public bike system in our Matrix complex in Croatia.

- **Embracing environmental certification**. Out of focus on the environment, the investments of the Company and the Group are fully compliant with LEED or BREEAM guidelines. The Group certified and recertified 17 properties in 2020, 18 in 2021 and 7 in the beginning of 2022, and is currently in the process of certifying or recertifying five other properties its portfolio with LEED and/or BREEAM with a target of 100% certification of the portfolio. As of January 2022, approximately 88% of our properties (87% incl. Serbia) holds a green certificate, which proves the sustainability of the properties that GTC develop and manage.

In 2021 the Group had expenses on the support of charity in the amount of €25 and sport in the amount of €7.

5. Operating and financial review

5.1 General factors affecting operating and financial results

GENERAL FACTORS AFFECTING OPERATING AND FINANCIAL RESULTS

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

ECONOMIC CONDITIONS IN CEE AND SEE

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

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

REAL ESTATE MARKET IN CEE AND SEE

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

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

REAL ESTATE VALUATION

The Group's results of operations depend heavily on the fluctuation of the value of assets on the property markets. The Group has its properties valued by external valuers at least twice a year, every June and December. Any change in the fair value of investment property is thereafter recognized as a gain or loss in the income statement.

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

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

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

The Group recognized a net loss from revaluation and impairment of assets of €12,867 in the year ended 31 December 2021 and €142,721 net loss from revaluation and impairment of assets in the year ended 31 December 2020.

IMPACT OF INTEREST RATE MOVEMENTS

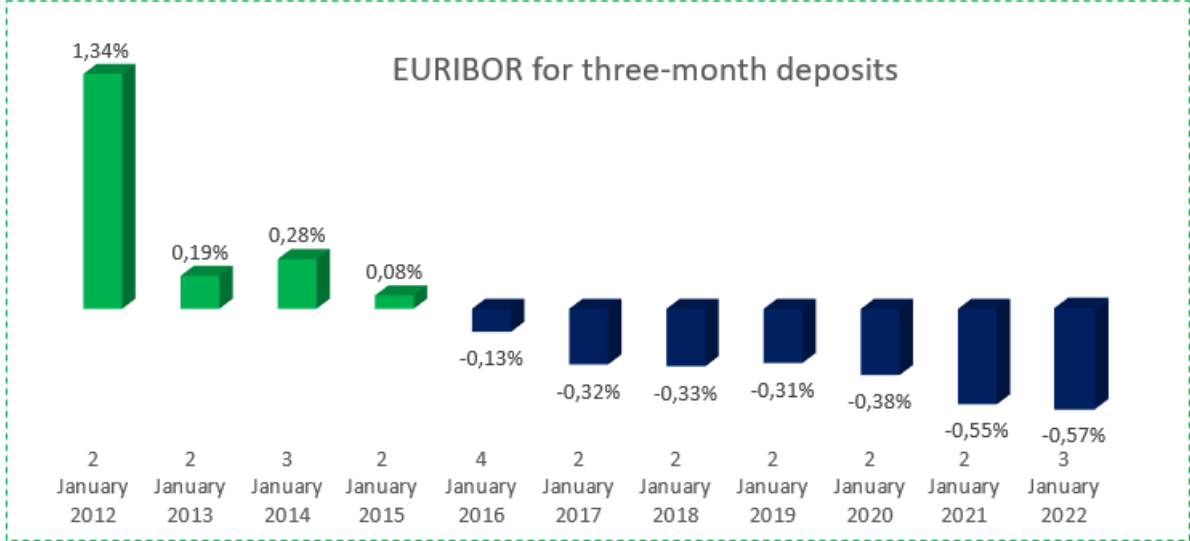
Substantially all of the loans of the Group and part of the bonds issued by the Group bear a variable interest rate, connected or swapped to EURIBOR. Increases in interest rates generally increase the Group's financing costs. However, as of 31 December 2021, 94% of the Group's borrowings were either based on fixed interest rate or hedged against interest rate fluctuations, mainly through interest rate swaps and cap transactions.

In an economic environment in which availability of financing is not scarce, demand for investment properties generally tends to increase when interest rates are low, leading to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, resulting in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have decreased significantly, changing from 1.343% as of 2 January 2012 to -0.570% as 3 January 2022 (EURIBOR for three-month deposits) (for details

see the graph below). However, with the increased inflation over 2021 and expected further hikes in the following years the interest rates may also increase.

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



IMPACT OF FOREIGN EXCHANGE RATE MOVEMENTS

For year ended 31 December 2021 and 31 December 2020, a vast majority of the Group’s revenues and costs were incurred or derived in euro. Nonetheless, the exchange rates against euro of the local currencies of the countries the Group operates in are an essential factor as the credit facilities obtained may be denominated in either euro or local currencies.

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

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

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

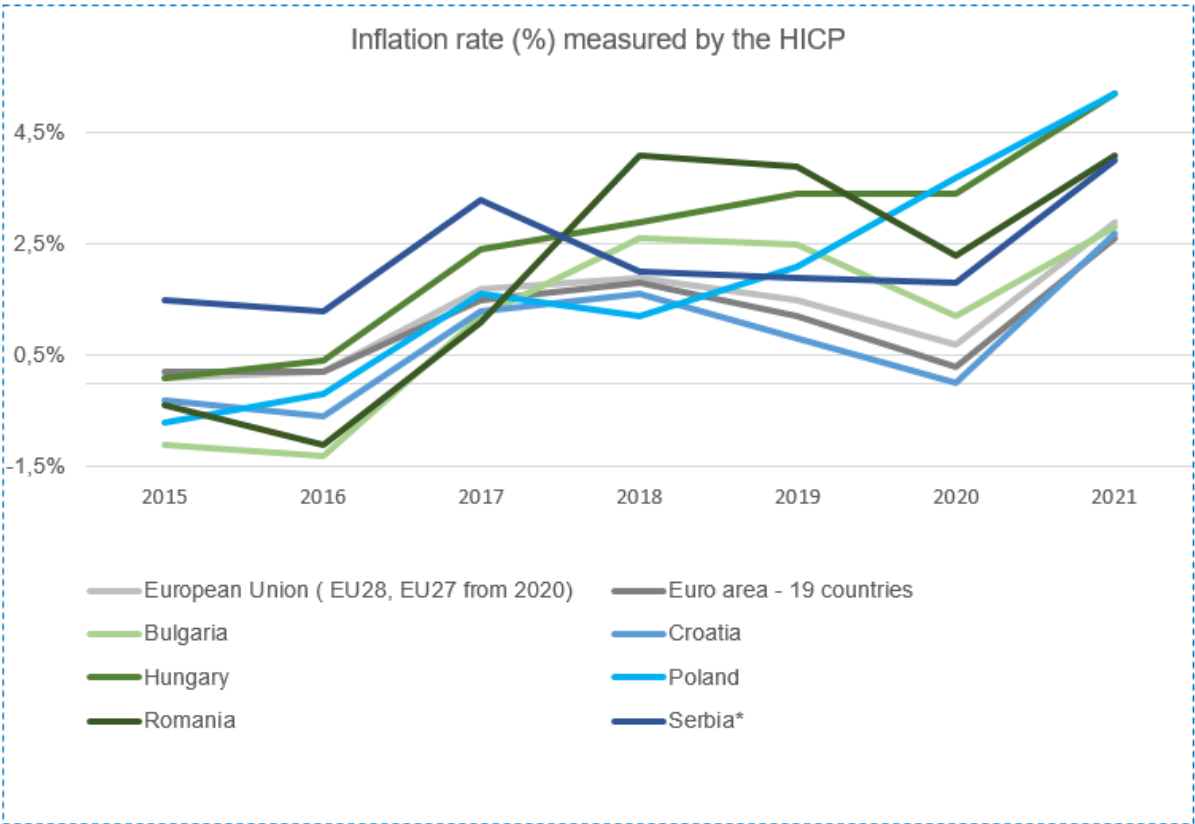
IMPACT OF INFLATION

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

The Group’s financial results are linked to the consumer price index as on one hand its rental revenue is indexed to the European CPI and on the other hand part of its debt is based on floating interest rate, which also may fluctuate as a result of the inflation. Although as of 31 December 2021, 94% of its debt is based on fixed rate on hedged against interest rate fluctuations so the exposure to the changes in interest rate is limited.

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

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



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

Source: https://ec.europa.eu/eurostat/databrowser/view/tec00118/settings_1/table?lang=en.

AVAILABILITY OF FINANCING

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

5.2 Specific factors affecting financial and operating results

COVID-19

The COVID-19 pandemic has triggered a wave of substantial adverse effects on the global economy. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. During 2020 and 2021, the economic disruptions caused by the COVID-19 virus and the increased market uncertainty combined with increased volatility in the financial markets led to a decrease in rental revenues, a decrease in the Company assets' values, as well as impacted on the Company's compliance with financial covenants.

CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES

Following the outbreak of the COVID-19 pandemic, the authorities in many of the markets the Group operates in, imposed restrictions on the opening of its shopping centres. Except for select "essential" retailers, or those able to offer curbside pickup or fulfil delivery orders from the store. The tenants in the Group's centres were unable to trade between three up to five months during 2020 subject to each country's restriction and around an average of three months during 2021 (only in the period between January and May 2021). Measures taken by the government affected and may continue to affect our business, however the potential future impact may be limited as more and more countries, including Poland, have lifted all of the restrictions.

RENT DISCOUNTS AND COLLECTION

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

The Group has agreed to rental holidays or discounts in certain cases which together with levied rental rate payment in Poland during the lockdown of shopping centres had a negative impact of €14,700 on the Group's operating margin in the year ended 31 December 2020. The impact on gross margin for the year ended 31 December 2021 was significantly lower and amounted to €10,500.

The amendment to the Act on special solutions connected with prevention, counteraction and combating of COVID-19 and other infectious diseases and caused by them crisis situations (art. 15ze), which regulates the relations between tenants and landlords regarding settlements for the period of lockdowns (introducing a new settlement between tenants and landlords in which tenants will pay 20% of the rent in the lockdown period and 50% for the three months following the lockdown) came into force in Poland on 23 July 2021. Based on the Management's assessment the impact of the new regulation on prior periods will be immaterial. The new law provides a roadmap for any future lockdowns and as a result could significantly impact the Group's revenue derived from shopping malls located in Poland in case of any potential lockdowns are implemented. However, as the date of this financial statement the risk of potential lockdowns in Poland is limited as the country has lifted all of its COVID-19 related restrictions.

VALUATION OF INVESTMENT PROPERTIES

The increased uncertainty and increased volatility in the financial markets had negatively affected the investment properties of the Group during 2020 and might have an effect in the future asset valuations, as well as impact on the Company's compliance with financial covenants.

Notwithstanding the above, as of 31 December 2021, the Company received valuations from its external appraisers and there are no significant differences in the value or properties as compared to values as of 31 December 2020.

While the exact effect of the coronavirus is unknown and unknowable, it is clear that it may pose substantial risks of reduction of income, increasing yields, increasing collection costs, and FX volatility.

LIQUIDITY POSITION

During the COVID-19 pandemic, the Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and CAPEX measures, as well as the decision to retain profit for the year ended 31 December 2019 in the Company as well as recommendation to suspend dividend for the year ended 31 December 2020. As of 31 December 2021, the Group holds cash in the amount of EUR 87,468. The Group runs stress tests, which indicated that the going concern assumption remains valid for at least 12 months from the financial statement publication date.

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

In May 2021, the Group signed a preliminary agreement to sell its office properties in Belgrade. The transaction was completed on 12 January 2022 and the free cash generated from this disposal (before tax payment) was EUR 134,277.

In December 2021, the Company increased its capital in the way of issuance of 88,700,000 ordinary O series shares. The registration of those shares by Krajowy Depozyt Papierów Wartościowych S.A. (i.e. the Polish National Depository for Securities) took place on 26 January 2022 and the Company received 120,295 capital injection from its shareholders.

OTHER

In April 2021, the Group commenced construction of GTC X, an office building in Belgrade.

There was a number of events that took place in the year ended 31 December 2021, which had an impact on the financial results of the Group, including entering into new loan agreements totalling €171,000, in particular:

- a loan with Santander Bank Polska in the amount of €19,700 for the refinancing of the loan with PKO BP with the outstanding amount of €19,200 related to Pixel;
- a loan with Santander Bank Polska in the amount of €19,300 for the refinancing of the loan with ING with the outstanding amount of €18,900 related to project Francuska Office Centre;
- a loan with OTP Bank in the amount of €80,000 of which €58,000 is credit obligation related to the acquired company and €22,000 is top-up for the financing of Ericsson Headquarter Office Building and the evosoft Hungary Headquarter Office Building
- a loan with Erste Bank in the amount of €25,000 for financing the acquisition of Vaci Greens D office building;
- a loan with Erste Bank in the amount of €10,800 for funding of the acquisition of Hegyvidék Retail and Office Centre;
- a loan with Erste Bank in the amount of €16,200 for financing the acquisition of V188.

Additionally, the Group issued 10-year green bonds with the total nominal value of €53,800 denominated in HUF and 5-year unsecured green bonds with the total nominal value of €500,000 denominated in EUR. The proceeds from the bonds were used to refinance the existing project loans following the change in the Group's financial policy from secured debt to predominantly unsecured debt. As a result the following loans, totalling €480,800 were repaid:

- a loan with Intesa Bank in the entire outstanding amount of €58,300 for Ada Mall project;
- a loan with CIB bank in the entire outstanding amount of €13,000 for GTC Metro project;
- a loan with Bank Polska Kasa Opieki S.A. and Commercial Bank of China (Europe) S.A. in the entire outstanding amount of €174,100 for Galeria Północna project;
- a loan with Santander Bank Polska S.A. in the entire outstanding amount of €41,600 for Korona Office Complex project;

- a loan with UniCredit bank in the entire outstanding amount of €41,100 for Advance Business Center project;
- a loan with Erste Bank in the entire outstanding amount of €62,000 for City Gate project;
- a loan with Alpha bank in the entire outstanding amount of €13,800 for Premium projects;
- a loan with Erste Bank in the entire outstanding amount of €23,500 for Matrix project,
- and
- a loan with OTP Bank in the entire outstanding amount of €53,400 for Mall of Sofia project.

The Group repaid bonds issued under ISIN code PLGTC0000276 with the original nominal value of €20,494 at its maturity and prepaid a loan with Erste Group Bank AG, Raiffeisenlandesbank Niederösterreich-Wien AG in the amount of €5,000 related to Galeria Jurajska and a loan with Banca Transilvania S.A in the entire outstanding amount of €3,600 for Cascade project

During the course of the year ended 31 December 2021, the Group heavily invested into the income-generating properties as well as landbank for future use. Total investment was €276,237 and mainly included:

- an acquisition of Ericsson Headquarter Office Building and the evosoft Hungary Headquarter Office Building, two Class A office buildings for the consideration of €160,300;
- an acquisition of Váci Greens D office building for the total consideration is €51,000;
- an acquisition of a land plot in Sofia with area of 2,417 sq m for a total amount of €4,700;
- an acquisition of Hegyvidék Retail and Office Centre in Budapest for the total consideration of €21,000. The mixed-used retail and office asset consists of approximately 6,400 sq. m;
- an acquisition of V188 office building in Budapest for the total consideration of €31,200;
- an acquisition of Forest Offices, a 24,000 sq m class A office building in Debrecen, the second-largest city in Hungary, for consideration of €46,700;
- an acquisition of a land plot in the CBD of Budapest of 3,750 sqm for the total consideration of €12,800. The site has potential residential development of approximately 17,000 sq m.;
- an acquisition of an existing office building for a future refurbishment with a GLA of 3,600 sq m for consideration of €10,800. The office building is located in the CBD of Budapest.

5.3 Presentation of differences between achieved financial results and published forecasts

The Group did not publish forecasts for 2021.

5.4 Statement of financial position

5.4.1 Key items of the statement of financial position

INVESTMENT PROPERTY

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

RESIDENTIAL LANDBANK

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

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

ASSETS HELD FOR SALE

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

BLOCKED DEPOSITS

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

DERIVATIVES

Derivatives include hedge instruments held by the Group that mitigate the risk of interest and currency rate fluctuations. In relation to the instruments qualified as cash flow hedges, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, and the ineffective portion (if any) is recognized in net profit or loss. The classification of hedges in the statement of the financial position depends on their maturity. For derivatives that do not qualify for hedge accounting,

any gains or losses arising from changes in fair value are recorded directly in net profit and loss for the year. The fair value of interest rate swap contracts is determined by calculating the present value of cash flows of each leg of the transaction, taking into account several risk statistics.

5.4.2 Financial position as of 31 December 2021 compared to 31 December 2020

ASSETS

Total assets increased by €362,992 (15%) to €2,843,749 as of 31 December 2021 from €2,480,757 as of 31 December 2020.

The value of investment property increased by €115,532 (5%) to €2,240,660 as of 31 December 2021 from €2,125,128 as of 31 December 2020, mainly due to an investment of €406,716 mostly into the acquisition of new income generating properties in Hungary (5 office buildings and one mixed-use retail and office asset), investment into assets under construction and acquisition of landbank in Bulgaria partially offset by reclassification of Serbian office buildings and landbank in Croatia totalling €271,839 to assets held for sale, net loss from revaluation and impairment of assets of €11,471 and reclassification of land plot in Romania of €5,500 to residential landbank.

The value of residential landbank increased by €16,908 (168%) to €27,002 as of 31 December 2021 from €10,094 as of 31 December 2020, mainly due to an investment of €13,300 into the acquisition of a new land plot in Hungary and reclassification of a land plot in Romania of €5,500 from investment property to residential landbank. The increase was partially offset by the reclassification of another land plot in Romania of €2,153 to assets held for sale.

The value of assets held for sale increased by €290,421 to €292,001 as of 31 December 2021 from €1,580 as of 31 December 2020, mainly as a result of the reclassification of Serbian entities (incl. real estate assets, cash and deposits, and other assets) of €287,816 and a residential land plots in Romania and Croatia of €3,505 to assets held for sale following signing preliminary sale-purchase agreements.

The value of blocked deposits (incl. short-term) decreased by €12,994 (34%) to €25,419 as of 31 December 2021 from €38,413 as of 31 December 2020, mainly as a result of reclassification of blocked deposits to assets held for sale of €5,936, following the reclassification of Serbian entities to assets held for sale combined with a release of blocked deposits related to bank loans which were fully repaid as of 31 December 2021.

The value of receivables from shareholders increased to €123,425 as of 31 December 2021 from €0 as at 31 December 2020, following an increase of the Company capital in the way of issuance of 88,700,000 ordinary O series shares in December 2021.

The value of prepayments and deferred expenses sale increased by €7,911 (220%) to €11,515 as of 31 December 2021 from €3,604 as of 31 December 2020, mainly as a result of significant advances to constructioning companies related to the development activity.

The value of cash and cash equivalents decreased by €184,528 (68%) to €87,468 as of 31 December 2021 from €271,996 as of 31 December 2020, mainly as a result of the acquisition of assets and investment into assets under construction (net of loans) of €244,600 combined with early repayment of loans and final repayment of bonds in the total amount of €524,750, partially offset by the bond issue with the value of €551,623.

LIABILITIES

The value of loans and bonds increased by €38,159 (3%) to €1,299,451 as of 31 December 2021 from €1,261,292 as of 31 December 2020. This increase comes mainly from the bonds issued with the value of €551,623, new loans related to acquisitions in Hungary of €132,000, refinancing of existing loans of €39,000, and drawdown of loans for projects under construction of €37,100 partially offset by repayment of existing loans of €564,829 combined with repayment of bonds of €20,494 and the reclassification of loans related to the disposal of office properties in Serbia to liabilities related to assets held for sale of €141,952.

The value of liabilities held for sale increased to €154,831 as of 31 December 2021 from €0 as at 31 December 2020. This increase comes mainly from the reclassification of liabilities related to the disposal of office properties in Serbia to liabilities related to assets held for sale.

The value of lease liability (incl. current portion of lease liabilities) decreased by €4,089 (9%) to €38,965 as of 31 December 2021 from €43,054 as of 31 December 2020, mainly due to the reclassification of lease liabilities related to the disposal of office properties in Serbia to liabilities related to assets held for sale in the total value of €3,724.

The value of derivatives liabilities increased by €22,164 (115%) to €41,424 as of 31 December 2021 from €19,260 as of 31 December 2020, mainly due to the new cross-currency swap for bonds in HUF partially offset by early settlement of hedge contracts related to loans repaid before the maturity date and reclassification of derivatives related to the loans of assets held for sale to liabilities related to assets held for sale.

The value of provision for deferred tax liability increased by €6,915 (5%) to €140,145 as of 31 December 2021 from €133,230 as of 31 December 2020, mainly due to the recognition of deferred tax liabilities new assets in Hungary.

The value of trade payables and provisions increased by €3,793 (14%) to €31,092 as of 31 December 2021 from €27,299 as of 31 December 2020, mainly due to provision for share issuance costs of €2,100 and payables and provisions related to investment activities partially offset by reclassification of liabilities related to assets held for sale of €2,100.

EQUITY

The value of unregistered share capital increase increased to €120,295 as of 31 December 2021 from €0 as at 31 December 2020, following increase of the Company capital in the way of issuance of 88,700,000 ordinary O series shares in December 2021 and waiting for the registration of the capital increase by National Court Register (Krajowy Rejestr Sądowy).

The value of accumulated profit increased by €41,651 (9%) to €501,704 as of 31 December 2021 from €460,053 as of 31 December 2020, following recognition of profit for the period in the amount of €42,736.

The value of hedge reserve increased by €18,973 (159%) to €30,903 as of 31 December 2021 from €11,930 as of 31 December 2020, mainly due to the revaluation of the new cross-currency swap for bonds in HUF.

The value of equity increased by €142,841 (15%) to €1,116,989 as of 31 December 2021 from €974,148 as of 31 December 2020 mainly due to recognition of unregistered share capital increase of €120,295 and an increase in accumulated profit by €41,651, following recognition of profit during the period, partially offset by an increase in value of hedge reserve by €18,973.

5.5 Consolidated income statement

5.5.1 Key items of the consolidated income statement

REVENUES FROM OPERATIONS

Revenues from operations consist of:

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

COST OF OPERATIONS

Costs of operations consist of:

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

GROSS MARGIN FROM OPERATIONS

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

SELLING EXPENSES

Selling expenses include:

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

ADMINISTRATIVE EXPENSES

Administration expenses include:

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

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

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

FINANCIAL INCOME / (EXPENSE), NET

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

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

of the cost of the asset. Borrowing costs include interest and foreign exchange differences. Additionally, financial income or expenses include settlement of financial assets and gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting.

TAXATION

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

5.5.2 Comparison of financial results for the year ended 31 December 2021 with the result for the corresponding period of 2020

REVENUES FROM RENTAL ACTIVITY

Rental and service revenues increased by €11,830 (7%) to €171,951 in the year ended 31 December 2021 compared to €160,121 in the year ended 31 December 2020. The Group recognized an increase in rental revenues following acquisition of income generating properties and the completion of Green Heart, Advance Business Center and Matrix in the amount of €14,800. The increase was partially offset by a decrease in rental revenues following the sale of Spiral in the fourth quarter of 2020 of €3,470.

COST OF RENTAL ACTIVITY

Service cost increased by €2,829 (7%) to €44,356 in the year ended 31 December 2021 as compared to €41,527 in the year ended 31 December 2020. The Group recognized an increase in service costs following acquisition of income generating properties and completion of Green Heart, Advance Business Center, Matrix of €4,200. The increase was partially offset by a decrease in the service costs due to the sale of Spiral in the fourth quarter of 2020 of €800.

GROSS MARGIN FROM OPERATIONS

Gross margin (profit) from operations increased by €9,001 (8%) to €127,595 in the year ended 31 December 2021 as compared to €118,594 in the year ended 31 December 2020, mainly resulting from an increase in the rental revenues due to acquisitions and completion of properties, partially offset by a loss in rental and service revenues due to the sale of Spiral.

The gross margin on rental activities in the year ended 31 December 2021 was 74% compared to 74% in the year ended 31 December 2020.

ADMINISTRATION EXPENSES

Administration expenses (before provision for the share-based program) increased by €1,532 (12%) to €13,713 in the year ended 31 December 2021 from €12,181 in the year ended 31 December 2020 mainly due to an increase in the remuneration expenses in the amount of €606 and an increase in legal, tax, IT services and other advisory expenses in the amount of €401. Mark-to-market of the share-based program resulted in the share-based provision of €432 in the year ended 31 December 2021 compared to a reversal of the provision of €469 recognized in the year ended 31 December 2020. The above factors resulted in an increase of administration expenses of €2,433 (21%) to €14,145 in the year ended 31 December 2021 from €11,712 in the year ended 31 December 2020.

LOSS FROM THE REVALUATION/IMPAIRMENT OF ASSETS

Net loss from the revaluation/impairment of the assets amounted to €12,867 in the year ended 31 December 2021, compared to a net loss of €142,721 in the year ended 31 December 2020. Net loss from the revaluation of the investment properties reflects mainly capital expenditure invested on the existing investment properties, partially offset by profit from the revaluation of assets acquired in Hungary.

OTHER INCOME / (EXPENSES), NET

Other income (net of other expenses) amounted to €370 in the year ended 31 December 2021, compared to expenses of €846 in the year ended 31 December 2020.

FOREIGN EXCHANGE GAIN (LOSS), NET

Foreign exchange differences gain amounted to €196 in year ended 31 December 2021, compared to a foreign exchange loss of €2,951 in the year ended 31 December 2020. The significant foreign exchange difference loss in the year ended 31 December 2020 related to the substantial devaluation of local currencies to the Euro following the COVID-19 outburst.

FINANCE INCOME

Finance income amounted to €304 in the year ended 31 December 2021 as compared to €331 in the year ended 31 December 2020.

FINANCE COST

Finance cost increased by €8,037 to €43,281 in the year ended 31 December 2021 as compared to €35,244 in the year ended 31 December 2020, mainly due to the one-off costs related to early repayments of loans of €5,102 (cash payments) and release of corresponding deferred issuance debt expenses of €2,500 (non-cash). The weighted average interest rate (including hedges) as of 31 December 2021 was 2.16%.

PROFIT / (LOSS) BEFORE TAX

Profit before tax was €56,520 in the year ended 31 December 2021, compared to a loss before tax of €75,856 in the year ended 31 December 2020. This mainly resulted from increased

margin from operations following acquisitions and completions of income generating properties by €9,001 combined with lower loss from revaluation/impairment of assets by €129,854. The increase was partially offset by higher finance cost by €8,037.

TAXATION

Tax amounted to €13,784 in the year ended 31 December 2021, compared to a tax benefit of €4,995 in the year ended 31 December 2020. Taxation consists mainly of €5,656 of current tax expenses and €8,128 of deferred tax.

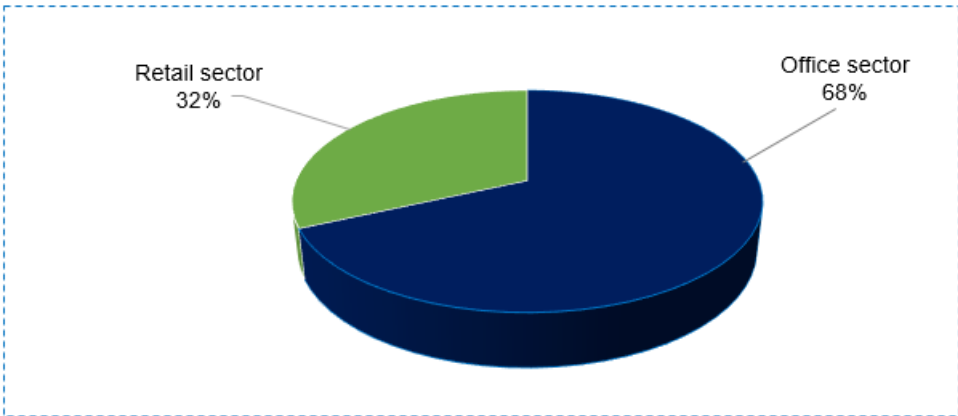
NET PROFIT / (LOSS)

Net profit amounted to €42,736 in the year ended 31 December 2021, compared to a net loss of €70,861 in the year ended 31 December 2020. This mainly resulted from a strong operating performance combined with lower loss from revaluation/impairment of assets by €129,854, partially offset by an increase in finance cost by €8,037 and recognition of tax expenses of €13,784.

SEGMENTAL ANALYSIS

	Year ended 31 December 2021	Year ended 31 December 2020
Rental income from office sector	117,315	108,537
Rental income from retail sector	54,636	51,584
TOTAL	171,951	160,121

The chart below presents rental income by sector in the year ended 31 December 2021:



The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets, and other factors. GTC operates in six core markets: Poland, Hungary, Bucharest, Belgrade, Sofia, and Zagreb. Segment *Hungary* includes Budapest and Debrecen, in the financial statements for 2020 only Budapest.

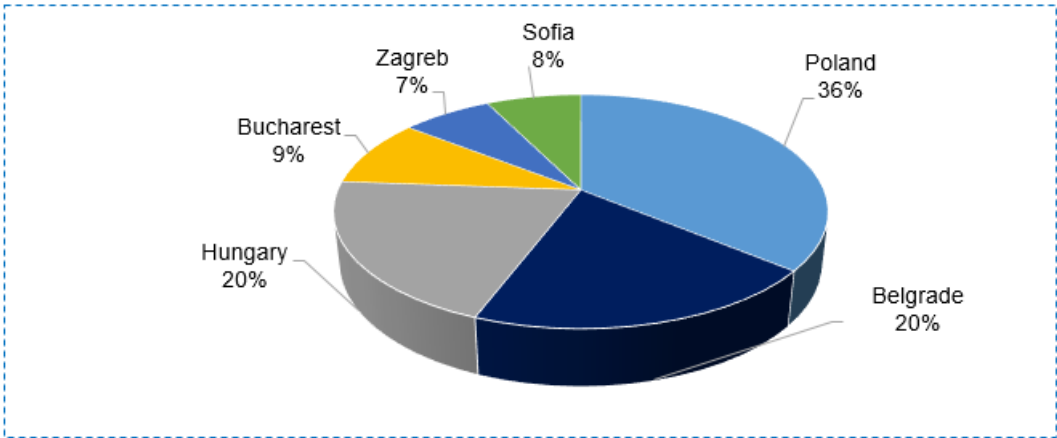
Operating segments are divided into geographical zones, which have common characteristics and reflect the nature of management reporting structure:

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

The table below presents segment analysis of rental income and costs for the year ended 31 December 2021 and 31 December 2020:

Portfolio	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	63,818	(17,959)	45,859	65,227	(19,218)	46,009
Belgrade	33,555	(8,139)	25,416	33,806	(8,485)	25,321
Hungary	33,691	(7,762)	25,929	21,926	(4,900)	17,026
Bucharest	15,019	(3,100)	11,919	17,229	(2,969)	14,260
Zagreb	13,225	(4,209)	9,016	11,004	(3,684)	7,320
Sofia	12,643	(3,187)	9,456	10,929	(2,271)	8,658
Total	171,951	(44,356)	127,595	160,121	(41,527)	118,594

The chart below presents gross margin by country in the year ended 31 December 2021:



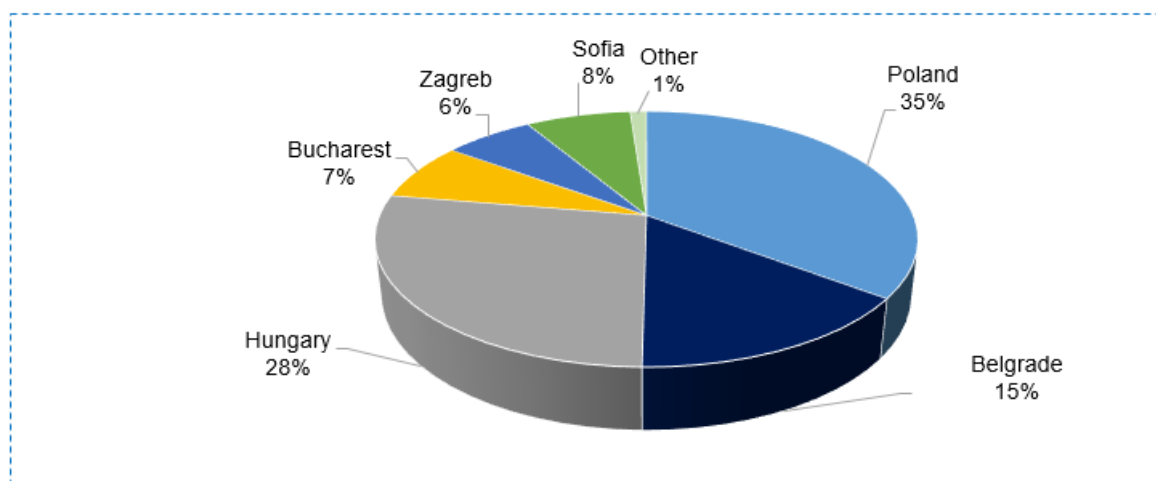
The table below presents segment analysis of assets and liabilities as of 31 December 2021:

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

(*) Includes assets held for sale and liabilities related to assets held for sale. For details please refer to note 32 in consolidated financial statements for year 2021.

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

The chart below presents real estate by country in the year ended 31 December 2021:



The table below presents segment analysis of assets and liabilities as of 31 December 2020:

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

5.6 Consolidated cash flow statement

5.6.1 Key items from consolidated cash flow statement

NET CASH FROM (USED IN) OPERATING ACTIVITIES

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

NET CASH USED IN INVESTING ACTIVITIES

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

NET CASH FROM (USED IN) FINANCING ACTIVITIES

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

CASH AND CASH EQUIVALENTS

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

are positive. All cash is deposited in banks. All cash and cash equivalents are available for use by the Group.

5.6.2 Cash flow analysis

The table below presents an extract of the cash flow for the period of year ended on 31 December 2021 and 2020:

	<u>FY ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	106,427	100,325
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property and property, plant and equipment	(92,784)	(78,528)
Purchase of completed assets and land, residential landbank and minority	(276,237)	(21,468)
Decrease in short term deposits designated for investment	1,150	5,923
Sale of investment property or subsidiary	595	64,569
Advances received for assets held for sale	1,210	-
VAT/tax on purchase/sale of investment property	(614)	953
Interest received	28	55
Net cash used in investing activities	(366,652)	(30,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	706,070	286,807
Repayment of long-term borrowings	(585,323)	(224,293)
Interest paid and other financing breaking fees	(32,786)	(32,068)
Repayment of a lease liability	(516)	(162)
Loans origination payment	(8,147)	(1,983)
Dividend paid to non-controlling interest	(300)	(420)
Decrease/(Increase) in short term deposits	5,908	(168)
Net cash from /(used) in financing activities	84,906	27,713
Net foreign exchange difference	(44)	(5,380)
Net increase/ (decrease) in cash and cash equivalents	(175,363)	92,360
Cash and cash equivalents at the beginning of the period	271,996	179,636
Cash at banks and on hand	87,468	271,996
Cash at banks related to assets held for sale	9,165	-
Cash and cash equivalents at the end of the period	96,633	271,996

Net cash flow from operating activities increased to €106,427 in the year ended 31 December 2021 from €100,325 in the year ended 31 December 2020. The increase resulted from increased property base following acquisitions and completions of income generating

properties as well as the fact that the lockdowns in the year ended 31 December 2021 compared to the previous year were shorter and allowed to recognize higher funds from operation from the retail activity.

Net cash flow used in investing activities amounted to €366,652 in the year ended 31 December 2021 compared to €30,298 used in the year ended 31 December 2020. Cash flow used in investing activities is mainly composed of expenditure on investment properties and land, and residential landbank of €369,021 related to acquisitions of new assets and investment in assets under construction (Pillar, GTC X and Sofia Tower 2).

Net cash flow from financing activities amounted to €84,906 in the year ended 31 December 2021, compared to €27,713 of cash flow from financing activities in the year ended 31 December 2020. Cash flow from financing activities mainly composed of (i) proceeds from long-term borrowings of €706,070 that are related mainly to the bonds issued with the total value of €551,623, loans related to assets under construction of €37,100, and new loans related to the newly acquired properties, (ii) repayment of long-term borrowings of €585,323 related mainly to early repayment of loans of €504,000, settlement of maturing bonds of €20,494, as well as amortization of existing loans of €21,600 and (iii) interest paid and other financing breaking fees in the amount of €32,786.

Cash and cash equivalents (including assets held for sale related to the disposal of office properties in Serbia) as of 31 December 2021 amounted to €96,633 compared to €271,996 as of 31 December 2020. The Group keeps its cash in the form of current accounts and bank deposits.

5.7 Future liquidity and capital resources

As of 31 December 2021, the Group believes that its cash balances, proceeds from the capital increase conducted in December 2021, cash generated from sale of Serbian entities on 12 January 2022, cash generated from leasing activities of its investment properties, and cash available under its existing and future loan facilities will fund its needs.

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

As of 31 December 2021, the Group's non-current liabilities amounted to €1,487,683 compared to €1,274,363 as of 31 December 2020.

The Group's total debt from long and short-term loans and borrowings as of 31 December 2021 amounted to €1,441,403, including loans related to assets held for sale of €141,952 (net of deferred issuance debt expenses) as compared to €1,261,292 as of 31 December 2020. The weighted average interest rate (including hedges) as of 31 December 2021 was 2.16%.

The Group's liabilities held for sale amounted to €154,831 as of 31 December 2021 compared to €0 as of 31 December 2020.

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

The Group's net loan-to-value ratio amounted to 52.5% as of 31 December 2021, compared to 45.2% as of 31 December 2020. The increase results from the significant acquisitions of cash-generating assets performed during the year 2021. The Group's net loan-to-value is expected to decrease as a result of the disposal in Serbia and the capital increase (see *Item 4.2 Main events of 2021*). The Group's net loan-to-value ratio as of 31 December 2021 adjusted for the sale of the office income-generating portfolio in Belgrade and capital increase is 42.0%. The Group's long-term strategy is to keep its loan-to-value ratio at a level of 40%; however, in case of acquisitions, the Company may deviate temporarily.

As of 31 December 2021, 94% of the Group's loans (by value) were based on the fixed interest rate or hedged against interest fluctuations, mainly through interest rate swaps and cap transactions.

AVAILABILITY OF FINANCING

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

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

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

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

More information regarding the impact of the COVID-19 outbreak is presented in the consolidated financial statements for the year ended 31 December 2021 in Note 38 COVID-19.

6. Information on the use of proceeds from the issuance of shares and bonds

On 7 December 2020, GTC Hungary Real Estate Development Company Pltd. issued 10 years green bonds with the total nominal value of €110,000 denominated in HUF to finance real estate acquisition, redevelopment and construction projects as well as refinance existing debt by the issuer and guarantor (or other members of the guarantor's group). The bonds are fully and irrevocable guaranteed by the Company and were issued at yield of 2.33% with an annual fixed coupon of 2.25%. The bonds are amortized 10% a year starting on the 7th year with the 70% of the value paid at the maturity on 7 December 2030 (see current report no 32/2020).

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

On 23 June 2021, GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, issued 5-year unsecured green bonds with the total nominal value of €500,000 denominated in EUR to primarily refinance existing secured debt on its projects whose activities meet the eligibility criteria detailed in the GTC's Green Bond Framework, as well as for general corporate purposes. The bonds are guaranteed by the Company and were issued at a yield of 2.375% with an annual fixed coupon of 2.25%. The bonds are paid at maturity on 23 June 2026 (see current report no 10/2021).

Net proceeds from the issuance of the above mentioned green bonds were €659,800, out of which the net proceeds that are allocated for acquisition, redevelopment, and construction of real estate projects which meet recognized green building standards, such as BREEAM (Very good and above) and LEED (Gold and above) in line with Group's Green Bonds Framework as well as refinance existing debt are €610,400 while the remaining amount was allocated to general corporate purposes, as per the GTC Aurora Luxemburg S.A. prospectus.

As of 31 December 2021, all proceeds from the issuance of the bonds were allocated.

In December 2021, the Company increased its capital in the way of issuance of 88,700,000 ordinary O series shares. Net proceeds from the issuance of the above mentioned shares were received in January 2022 and will be allocated in 2022.

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

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

8. Information on granted and received guarantees with a particular emphasis on guarantees granted to related entities

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

In June 2021, the Company guaranteed bonds issued by GTC Aurora Luxembourg S.A with the total nominal value of €500,000 nominated in EUR.

As of 31 December 2021 and 31 December 2020, there were no guarantees given to third parties. As at 31 December 2020, the guarantees granted amounted to €0.

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

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

9. Off balance liabilities

COMMITMENTS

As of 31 December 2021 (and as of 31 December 2020), the Group had commitments contracted for in relation to future building construction without specified date, amounting to €29,700 (€40,000 as of 31 December 2020). 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

As of 31 December 2021 and 31 December 2020 there were no guarantees given to third parties.

Additionally, the Company gave typical warranties in connection with the sale of its assets under the sale agreements and construction completion and cost-overruns guarantee to secure construction loans. The risk involved in the 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 2021 the book value of the investment in Marlera Golf project was assessed by an independent valuer at €6,800.

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.

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, 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 that 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 rates. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps, swap currency or cap transactions.

The majority of the Group's loans are nominated or swapped into Euro.

As of 31 December 2021, 94% of the Group's borrowings are hedged (as of 31 December 2020 – 95%).

A 50bp increase in EURIBOR rate would lead to €486 change in result 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 2021 and 2020 were as following:

	31 December 2021	31 December 2020
PLN/EUR	4.5994	4.6148
HUF/EUR	369.01	365.13

The table below presents the sensitivity of profit (loss) before tax due to changes in foreign exchange rates:

	2021 PLN/Euro				2020 PLN/Euro			
Rate/Percentage of change	5.0593 (+10%)	4.8294 (+5%)	4.3694 (-5%)	4.1395 (-10%)	5.0763 (+10%)	4.8455 (+5%)	4.3841 (-5%)	4.1533 (-10%)
Cash and blocked deposits	(3,709)	(1,855)	1,855	3,709	(4,303)	(2,151)	2,151	4,303
Trade and other receivables	(1,006)	(503)	503	1,006	(353)	(176)	176	353
Trade and other payables	1,608	804	(804)	(1,608)	1,052	526	(526)	(1,052)
Land leases	3,107	1,553	(1,553)	(3,107)	3,172	1,586	(1,586)	(3,172)

The Group does not see any currency risk related to bonds denominated in PLN and HUF. Exposure to other currencies and other positions in the statement of financial position is 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 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 of 31 December 2021, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of approximately €87,000. 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 2021	31 December 2020
First year	127*	218
Second year	148	211
Third year	99	204
Fourth year	144	272
Fifth year	821	155
Thereafter	236	292
Total	1,575	1,352

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

The above table does not contain payments relating to the 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 1-10 years from the balance sheet date.

Maturity dates of current financial liabilities as of 31 December 2021 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	31,092	521	6,476	17,386	6,709
Current portion of long-term borrowing	44,337	-	-	3,824	40,512
VAT and other taxes payables	2,222	-	2,222	-	-
Deposits from tenants	1,932	-	161	483	1,288
Current portion of lease liabilities	198	-	21	127	50
Income tax payable	1,000	-	156	-	844
Derivatives	2,681	-	-	654	2,027
Total	83,462	521	9,036	22,475	51,429

Maturity dates of current financial liabilities as of 31 December 2020 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	27,299	-	6,289	5,905	15,105
Current portion of long-term borrowing	193,425	-	19,284	49,874	124,267
VAT and other taxes payables	1,551	-	1,551	-	-
Deposits from tenants	1,790	-	149	448	1,193
Current portion of lease liabilities	163	-	-	41	122
Income tax payable	4,220	-	76	11	4,133
Derivatives	3,365	-	-	841	2,524
Total	231,813	-	27,349	57,120	147,344

FAIR VALUE

As of 31 December 2021, 91% of all bank loans bears floating interest rate (100% as of 31 December 2020). However, as of 31 December 2021, 94% of these loans are hedged (95% as of 31 December 2020). 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 the carrying value.

For the fair value of investment property, please refer to note 17 of the Consolidated Financial Statements for the year ended 31 December 2021.

FAIR VALUE HIERARCHY

As of 31 December 2021 and 2020, the Group held several hedge instruments carried at fair value in 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 that 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 2021 and 31 December 2020, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

PRICE RISK

The Group is exposed to fluctuations in the real estate markets in which it operates. These can have an effect on the Group's results (due to changes in the market rent rates and in occupancy of the leased properties).

Further risks are described in *Item 3 Key risk factors* of this report.

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 2021 and 31 December 2020.

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 long-term strategy is to keep its loan-to-value ratio ("LTV") at a level of 40 per cent., however in case of acquisitions the Company may deviate temporarily.. As of 31 December 2021, LTV was temporarily deviated. However, in January 2022 LTV improved significantly (decrease below 50%) as a result of disposal of Serbian entities in Serbia and cash received from share capital increase.

	31 December 2021	31 December 2020
(1) Loans, net of cash and deposits (*)	1,315,395	949,192
(2) Investment properties (exc. land leases), residential landbank, assets held for sale and buildings for own use	2,506,778	2,099,300
LTV [(1)/(2)]	52.5%	45.2%

(*) Excluding loans from non-controlling interest and deferred issuance debt expense, but including loans related to assets held for sale.

12. Remuneration policy and human resources management

12.1 Remuneration policy

On 27 August 2020, the general meeting approved a Remuneration Policy of the Group. The Remuneration Policy governs the remuneration of the management and supervisory board members.

REMUNERATION OF THE MANAGEMENT BOARD

In accordance with the Remuneration Policy, the remuneration of the members of the management board is determined by the supervisory board and is set at a level appropriate to the roles assigned to individual persons and related responsibilities and takes into account the performance of any additional functions, qualifications and professional experience, the current market and economic situation, as well as the Company's financial and operational situation and needs.

Members of the management board are entitled to the following components of remuneration: (i) fixed remuneration; (ii) variable remuneration and related payouts; (iii) Phantom shares or other incentive programs either based on the Company's shares or the movement of prices of these shares to be established in the future by the general meeting or the supervisory board; (iv) compensation for compliance with the non-compete clause; and (v) a severance payment related to the termination of the legal relationship with the Company.

With respect to the variable components of remuneration, as defined in the Remuneration Policy, it is designed to be motivational and to reward the members of the management board for fulfilling their roles, discharging their responsibilities and delivering superior results. Variable remuneration targets and the related payouts reflect a range of expected levels of performance. Members of the management board may be entitled to Annual Performance Bonus if they achieve the minimum level of the set targets in the given financial year. The Annual Performance Bonus should amount to a particular percentage or part of the maximum bonus amount, as specified in the contract with a particular member of the management board, depending on the level of achievement of the set targets. The Annual Performance Bonus awarded to members of the management board is determined by the supervisory board.

The Annual Performance Bonus is paid after the approval of the annual financial statements by the supervisory board of the Company. As of the date of this Report, the Annual Performance Bonus for 2021 has not yet been paid.

Moreover, the management board members may receive and have received in 2020 additional benefits, such as: (i) private medical care, including for family members; and (ii) the use of company cars, company telephones and other electronic devices for private purposes and the covering of their costs.

The members of the management board may also receive compensation for compliance with the non-compete clause following the end of an engagement; however, the Company has exercised its right to withdraw from such non-compete obligations and such compensation has not been paid to the former members of the management board.

During the 2021 financial year, and in line with the Company's approved Policy regarding the remuneration of the management board members, management board members received a base fixed remuneration as well as variable elements of the remuneration in accordance with the relevant contract concluded with the Company or other entity from the Company's capital group. The establishment of a link between the management board member's remuneration in a form of Phantom Shares and the increase in the Company's share prices aligns such members' personal interest with the interests of the shareholders. The implementation of the Company's strategy and commitment to long-term interests should have a positive impact on the Company's share prices, which in turn should translate into higher remuneration of the management board members. In addition, it also increases the motivation of management board members and facilitates in the Company retaining them and, as such, contributes to the stability of the Company.

REMUNERATION OF THE SUPERVISORY BOARD

Members of the supervisory board are entitled only to monthly fixed remuneration for performing their functions, or if performing additional functions in a separate committee(s), they are entitled to additional monthly fixed remuneration. The amount of the above-mentioned remuneration is determined by the general meeting. There are no performance-based variable components of remuneration or financial or non-financial benefits awarded to members of the supervisory board.

In 2021, there were changes in the composition of the supervisory board. The remuneration paid to the supervisory board members was granted and paid in compliance with the Remuneration Policy as the supervisory board members were granted only fixed remuneration for holding a position on the board and, in some cases, additional remuneration for performing additional functions in a separate committee(s) of the supervisory board.

12.2 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 management board members key managers are also incentivized by participation in Phantom Shares program, according to which a certain number of phantom shares is vested to the employee once a year.

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 company uses binomial model to evaluate the fair value of the phantom shares. The input data includes the date of valuation, strike price, and expiry date.

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

Strike (PLN)	Blocked	Vested	Total
6.03	-	827,416	827,416
6.11	-	100,000	100,000
6.23	2,891,000	1,292,100	4,183,100
6.31	-	250,000	250,000
Total	2,891,000	2,469,516	5,360,516

As at 31 December 2021 phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2023	5,006,516
2025	354,000
Total	5,360,516

As of 31 December 2020 phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2021	500,000
2022	220,000
2023	4,426,200
Total	5,146,200

The number of phantom shares were changed as follows:

Number of phantom shares as of 1 January 2021	5,146,200
Granted during the period	1,139,316
Expired	(875,000)
Exercised during the year	(50,000)
Number of phantom shares as of 31 December 2021	5,360,516

12.2.1.1 Phantom Shares program 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 and is in accordance with the Remuneration Policy.

Remuneration to other key personnel is set by the management board.

12.3 Agreements concluded between GTC and management board members

The Company has concluded agreements with its members of the board, providing for their basic compensation, performance-related bonus, participation in the Phantom Share program, severance payment in the case of their dismissal. Furthermore, the agreements contain a non-competition clause and confidentiality clause.

12.4 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.

12.5 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 2021 for the 12 months ended 31 December 2021:

Name	Periods	Fixed remuneration¹ (€) (not in thousand)	Variable remuneration¹ (€) (not in thousand)	Vested Phantom Shares (not in thousand)
Yovav Carmi	1 January - 31 December 2021	344,600	200,000	295,000
Ariel Ferstman	1 January - 31 December 2021	215,832	200,000	236,000
Gyula Nagy	1 January - 31 December 2021	36,000	10,000	-
Robert Snow	1 January – 28 October 2021	329,573	494,000	250,000

¹ Remuneration (or fees to entities in which the holder is key personnel) consists of payment for 2021 and success fee amounts paid for present and the past year in addition to Group's Phantom Shares program exercised during 2021, as detailed in Item 12.2. Phantom shares. Fixed remuneration includes fringe benefits.

During 2021, the following changes in the composition of the management board took place:

- on 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the management board of the Company and other subsidiaries of the Company. The resignation was approved by the supervisory board on 28 October 2021 (see current report no 16/2021 and 17/2021);
- on 13 December 2021, the supervisory board of the Company appointed Pedja Petronijevic to the management board of the Company (Chief Development Officer) effective as of 15 January 2022 and János Gárdai to the management board of the Company (Chief Operating Officer) effective as of 1 February 2022. (see current report no 18/2021).

SUPERVISORY BOARD

The following table presents the remuneration of the members of the supervisory board as of 31 December 2021 for the 12 months ended 31 December 2021:

Name	Periods	Remuneration (€) (not in thousand)
Zoltán Fekete	1 January - 31 December 2021	24,959
János Péter Bartha	1 January - 31 December 2021	23,646
Lóránt Dudás	1 January - 31 December 2021	21,019
Balázs Figura	1 January - 31 December 2021	21,019
Mariusz Grendowicz	1 January - 31 December 2021	26,273
Marcin Murawski	1 January - 31 December 2021	27,587
Bálint Szécsényi	1 January - 31 December 2021	21,019
Ryszard Wawryniewicz	1 January - 30 December 2021	21,019
Daniel Obajtek	30 December - 31 December 2021	-

During 2021, the following changes in the composition of the supervisory board took place:

- on 29 June 2021 Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. re-appointed Ryszard Wawryniewicz as a member of the supervisory board of the Company for a three-year term in office, effective as of 29 June 2021 (see current report no 14/2021);
- on 30 December 2021 Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. dismisses Ryszard Wawryniewicz and appoints Daniel Obajtek as a member of the supervisory board of the Company for a three-year term in office, starting as of 30 December 2021 (see current report no 24/2021).

12.6 Number of employees

As of 31 December 2021 and 2020, the number of full time equivalent working in the Group companies was 211 and 209, respectively.

12.7 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.

12.8 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.

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 the date of publication of this annual report, and changes in their holdings since the date of publication of the Group's last financial report (interim report for the three and nine-month period ended 30 September 2021) on 16 November 2021.

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

Management board member	Balance as of 5 April 2022 (not in thousand)	The nominal value of shares in PLN (not in thousand)	Change since 16 November 2021 (not in thousand)
Zoltán Fekete ¹	0	0	No change
Yovav Carmi ²	13,659	1,366	No change
Ariel Ferstman	5,240	524	No change
Gyula Nagy ³	0	0	No change
Robert Snow ⁴	0	0	No change
János Gárdai ⁵	0	0	No change
Pedja Petronijevic ⁶	0	0	No change
Total	18,899	1,890	

¹ Change since 17 March 2022

² Balance as of 14 January 2022

³ Balance as of 28 January 2022

⁴ Balance as of 28 October 2021

⁵ Change since 1 February 2022

⁶ Change since 15 January 2022

SHARES OF GTC HELD BY MEMBERS OF THE SUPERVISORY BOARD

The following table presents shares owned directly or indirectly by members of the Company's supervisory board of the date of publication of this annual report, and changes in their holdings since the date of publication of the Group's last financial report (interim report for the three and nine-month period ended 30 September 2021) on 16 November 2021.

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

Members of supervisory board	Balance as of 5 April 2022 (not in thousand)	The nominal value of shares in PLN (not in thousand)	Change since 16 November 2021
Zoltán Fekete ¹	0	0	No change
János Péter Bartha	0	0	No change
Lóránt Dudás	0	0	No change
Balázs Figura	0	0	No change
Mariusz Grendowicz	13,348	1,335	No change
Marcin Murawski	0	0	No change
Bálint Szécsényi	0	0	No change
Ryszard Wawryniewicz ²	0	0	No change
Daniel Obajtek ³	0	0	No change
Gyula Nagy ⁴	0	0	No change
Total	13,348	1,335	

¹ Balance as of 11 March 2022

² Balance as of 30 December 2021

³ Change since 30 December 2021

⁴ Change since 11 March 2022

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 2021 in Note 35 Related Party Transactions.

In 2021 the Group did not conduct any material transactions with the related parties that are not based on arm's length basis.

In 2021 Group acquired several assets for the total consideration of €173,500 from a company related to the majority shareholder of the Company. All transactions were concluded on market terms. For further details please see *Item 4.2 Main events of 2021*.

15. Information on signed and terminated loan agreements within a given year

On 8 January 2021, the Group signed a loan agreement with Santander Bank Polska in the amount of €19,700 for the refinancing of the loan with PKO BP with the outstanding amount of €19,200 related to Pixel. The loan will expire on 22 January 2026.

On 8 January 2021, the Group signed a a loan agreement with Santander Bank Polska in the amount of €19,300 for the refinancing of the loan with ING with the outstanding amount of €18,900 related to project Francuska Office Centre. The loan will expire on 22 January 2026.

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

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

On 19 March 2021, the Group signed a prolongation of the loan agreement with Erste Group Bank AG regarding City Gate project for additional five years. On 30 June 2021, the Group repaid loan in the entire outstanding amount of €62,000.

On 18 March 2021, the Group signed a waiver letter with Erste Group Bank AG, Raiffeisenlandesbank Niederösterreich-Wien AG, regarding Galeria Jurajska shopping mall, according to which the DSCR covenant was waived until the end of September 2022 and a prepayment of €5,000 was made at the end of March 2021.

On 19 March 2021, the Group and Intesa Bank signed a restated loan agreement related to Ada Mall project, whereby the existing loan in the amount of €58,300 was early prepaid by 31 March 2021 in the amount of €29,000 and the margin reduced from 3.15% to 2.9%. On 28 September 2021, the Group repaid a loan with Intesa Bank in the entire outstanding amount of €29,300 for Ada Mall project.

On 1 April 2021, the Group signed a loan agreement prolongation with Berlin Hyp Bank regarding Corius building, for additional five years. The loan will expire on 31 March 2026.

On 30 April 2021, the Group signed a loan agreement with Erste Bank in the amount of €25,000 for financing the acquisition of Vaci Greens D office building. The loan will expire on 30 April 2026.

On 12 May 2021, the Group signed a loan agreement with OTP Bank in the amount of €80,000 of which €58,000 is credit obligation related to the acquired company and €22,000 is top-up for the financing of Ericsson Headquarter Office Building and the evosoft Hungary Headquarter Office Building. The loan will expire on 3 June 2026.

On 7 May 2021, the Group signed a prolongation of the loan agreement with Pekao S.A regarding Sterlinga Business Centre project, for additional five years. The loan will expire on 30 June 2026.

On 23 June 2021, GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, issued 5-year unsecured green bonds with the total nominal value of €500,000 denominated in EUR to primarily refinance existing secured debt on its projects whose activities meet the eligibility criteria detailed in the GTC's Green Bond Framework, as well as for general corporate purposes. The bonds are guaranteed by the Company and were issued at a yield of 2.375% with an annual fixed coupon of 2.25%. The bonds are paid at maturity on 23 June 2026.

On 30 June 2021, the Group signed a loan agreement with Erste Bank in the amount of €10,800 for funding of the acquisition of Hegyvidék Retail and Office Centre. The loan will expire on 30 June 2026.

On 30 June 2021, the Group signed a loan agreement with Erste Bank in the amount of €16,200 for financing the acquisition of V188. The loan will expire on 30 June 2026.

On 29 October 2021, the Company signed the first unsecured revolving credit facility agreement in the amount of €75,000 with a club of four different banks.

On 29 December 2021, the Group, signed a prolongation for the existing credit facility for another five years with Zagrebačka banka regarding Avenue Mall and Avenue Centre, Zagreb. The new prolonged loan shall bear a fixed interest of 1.9% and the outstanding amount of €42,500 shall be paid as a balloon at the maturity date. The final maturity of the loan is extended till 30 December 2026.

On 8 January 2021, the Group the Group repaid a loan with PKO BP in the entire outstanding amount of €19,200 related to Pixel project.

On 8 January 2021, the Group the Group repaid a loan with ING in the entire outstanding amount of €18,900 related to Francuska Office Centre project.

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

On 25 June 2021, the Group repaid a loan with CIB bank in the entire outstanding amount of €13,000 for GTC Metro project.

On 30 June 2021, the Group repaid a loan with Bank Polska Kasa Opieki S.A. and Commercial Bank of China (Europe) S.A. in the entire outstanding amount of €174,100 for Galeria Północna project.

On 30 June 2021, the Group repaid a loan with Santander Bank Polska S.A. in the entire outstanding amount of €41,600 for Korona Office Complex project.

On 30 June 2021, the Group repaid a loan with UniCredit bank in the entire outstanding amount of €41,100 for Advance Business Center project.

On 30 June 2021, the Group repaid a loan with Alpha bank the entire outstanding amount of €13,800 for Premium projects.

On 30 June 2021, the Group repaid a loan with Erste Bank the entire outstanding amount of €23,500 for Matrix project.

On 15 July 2021, the Group repaid a loan with Banca Transilvania S.A the entire outstanding amount of €3,600 for Cascade project.

On 31 August 2021, the Group repaid a loan with OTP Bank the entire outstanding amount of €53,400 for Mall of Sofia project.

All signed in year 2021 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 weighted average 2.16% p.a.

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

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

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

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

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

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

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

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.

18. Material contracts signed during the year, including insurance contracts and co-operation contracts

On 18 March 2021, Erste Group Bank AG, Raiffeisenlandesbank Niederösterreich-Wien AG, and GTC CTWA Sp. z o.o., a wholly-owned subsidiary of the Company, operating Galeria Jurajska shopping mall, signed a waiver letter, according to which the DSCR covenant was waived until the end of September 2022 and a prepayment of €5,000 was made at the end of March 2021 (see current report no 2/2021).

On 12 May 2021, GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, acquired 100% holding of Winmark Ingatlanfejlesztő Kft ("Winmark"), which owns the Ericsson Headquarter Office Building and the evosoft Hungary Headquarter Office Building two class A office buildings in Budapest from WING Real Estate Group for a consideration of €160,300, which was financed partially by a bank facility in the amount of €80,000. (see current report no 4/2021).

On 21 May 2021, Group signed a sale and purchase agreement, concerning the sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"). The

purchase price under the Agreement shall be calculated on an enterprise value basis, based on a property value of aggregate €267,600. The transaction was successfully closed on 12 January 2022. Group has received an amount of €134,400 net proceeds before tax (see current report no 5/2021).

On 23 June 2021, GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, issued 5-year unsecured green bonds with the total nominal value of €500,000 denominated in EUR to primarily refinance existing secured debt on its projects whose activities meet the eligibility criteria detailed in the GTC's Green Bond Framework, as well as for general corporate purposes. The bonds are guaranteed by the Company and were issued at a yield of 2.375% with an annual fixed coupon of 2.25%. The bonds are paid at maturity on 23 June 2026 (see current report no 10/2021).

On 30 June 2021, Centrum Światowida Sp. z o.o., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Bank Polska Kasa Opieki S.A. and Commercial Bank of China (Europe) S.A. in the total amount of €174,100 (see current report no 15/2021).

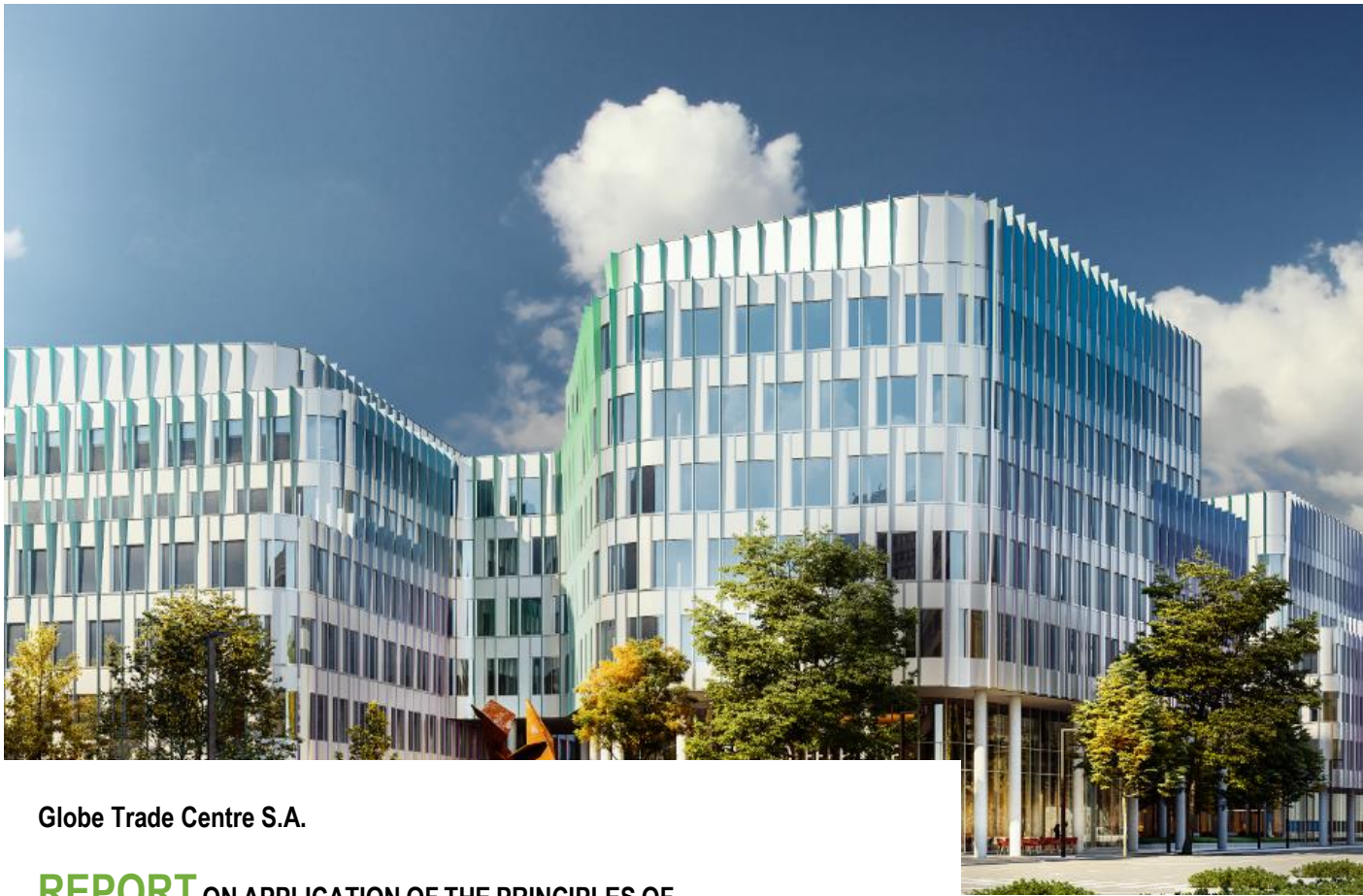
19. Agreements with an entity certified to execute an audit of the financial statements

In April 2020, the Company entered into an agreement with BDO spółka z ograniczoną odpowiedzialnością sp. k., with headquarters located in Warsaw, Postępu 12 Street („BDO”), 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 2020 and 2021. Additionally to that agreement, the Group entered into various agreements with BDO 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 29 April 2020.

The following summary presents a list of services provided by BDO as well as remuneration for the services in the periods of 12 months ended on 31 December 2021 and 31 December 2020.

	For year ended	
	31 December 2021	31 December 2020
	€	€
Fee for audit and review of financial statements	440	440
Other advisory services	41	-
Total	481	440



Globe Trade Centre S.A.

REPORT ON APPLICATION OF THE PRINCIPLES OF

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED **31 DECEMBER 2021**



TABLE OF CONTENTS

- 1.** The principles of corporate governance to which the issuer is subject and the location where the set of principles is publicly available.....3
- 2.** The principles of corporate governance that the issuer has waived, including the reasons for such waiver.....3
- 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.....5
- 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.....7
- 5.** Holders of any securities that grant special rights of control, including a description of such rights.....9
- 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.....10
- 7.** Restrictions concerning the transfer of the ownership title to securities in Globe Trade Centre S.A.....10
- 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.....10
- 9.** Overview of the procedure of amending the Company’s articles of association.....11
- 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.....11
- 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.....13
- 12.** Audit partner.....22
- 13.** Diversity policy in terms of the management, supervisory, or administrative bodies of the Company.....24

1. The principles of corporate governance to which the issuer is subject 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 29 March 2021, when the Warsaw Stock Exchange supervisory board adopted a resolution approving a new code of corporate governance, “Best Practice of GPW Listed Companies 2021” which came to force as of 1 July 2021 and is a base for this report on the application of the principles of corporate governance for the financial year ended 31 December 2021.

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-practice2021>

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, 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.

We strive to make every possible effort to employ all corporate governance principles

Until 1 July 2021, under the WSE Best Practice Listed Companies 2016, the Company complied with all the principles set by the Warsaw Stock Exchange. However, with the introduction of the Best Practice of GPW Listed Companies 2021 as of 1 July 2021, the Company does not apply with three principles as informed in its statement of compliance with the Best Practice of GPW Listed Companies 2021, including:

Section	Principle	Comments of the company:
1. Disclosure policy, investor communication	<p>1.4.2</p> <p>To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others: present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.</p>	<p>The current strategy of the GTC Group does not contain the elements indicated in this rule. Still, the Company will consider the possibility of including them in the new strategy being developed by the Company in the future.</p>
2. Management board, supervisory board	<p>2.1</p> <p>Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.</p>	<p>The company does not plan to formally adopt a diversity policy towards the management board and the supervisory board as the main criteria in selecting its members are knowledge, experience, personality traits and education, and not, for example, age or gender.</p>

2. Management board, supervisory board	<p>2.2</p> <p>Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.</p>	<p>The company does not plan to formally adopt a diversity policy towards the management board and the supervisory board as the main criteria in selecting its members are knowledge, experience, personality traits and education, and not, for example, age or gender.</p>
--	--	--

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 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.

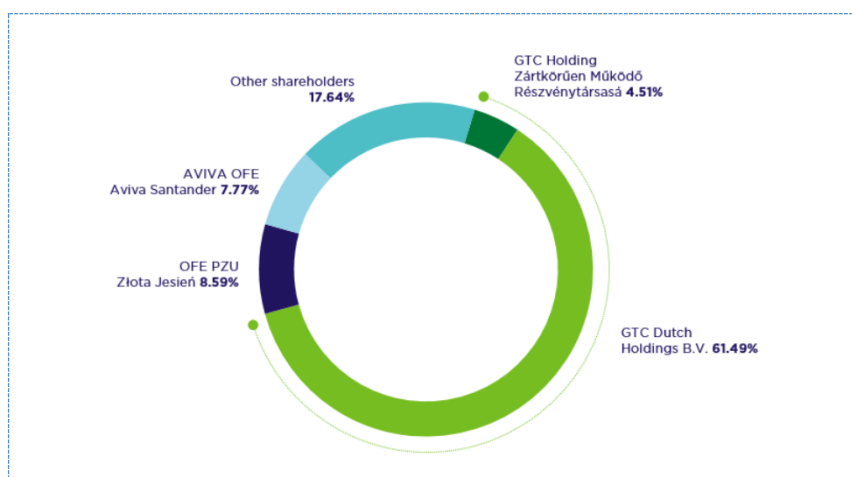
One of the basic elements of control in the preparation of financial statements of the Company and the Group is verification carried out by independent auditors. An auditor is chosen from a group of reputable firms which guarantee a high standard of service and independence. The supervisory board approves 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 an 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.

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 general meeting of GTC S.A. shareholders, as of the date of 31 December 2021.



The table is prepared as of 31 December 2021 based on information received directly from the shareholders.

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes	Change in number of shares since 16 November 2021 (not in thousand)
GTC Dutch Holdings B.V.	298,575,091	61.49%	298,575,091	61.49%	No change
GTC Holding Zártkörűen Működő Részvénytársaság ¹	21,891,289	4.51%	21,891,289	4.51%	No change
OFE PZU Złota Jesień	41,714,000	8.59%	41,714,000	8.59%	Decrease by 300,802
AVIVA OFE Aviva Santander	37,739,793	7.77%	37,739,793	7.77%	No change
Other shareholders	85,634,949	17.64%	85,634,949	17.64%	Increase by 300,802
Total	485,555,122	100.00%	485,555,122	100.00%	

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

In December 2021, the Company increased its capital in the way of issuance of 88,700,000 ordinary O series shares. The registration of those shares by Krajowy Depozyt Papierów Wartościowych S.A. (i.e. the Polish National Depository for Securities) took place on 26 January 2022 and resulted in change in the shareholding structure of GTC SA.

Additionally, on 19 February 2022, the Company received notification from GTC Dutch Holdings B.V. with its registered office in Amsterdam, the Netherlands (the "Seller") and Icona Securitization Opportunities Group S.à r.l. acting on behalf of its compartment Central European Investments with its registered office in Luxembourg, Grand Duchy of Luxembourg (the "Buyer", "Icona") that the Seller and the Buyer entered into a preliminary share purchase agreement relating to the acquisition by the Buyer from the Seller of 15.7% of the shares in the Company. However, pursuant to the notification, the Buyer and the Seller agreed that the shareholders' agreement will constitute an acting in concert agreement within the meaning of Articles 87(1)(5) and 87(1)(6) in connection with Article 87(3) of the Act of 29 July 2005 on Public Offerings and the Conditions for the Introduction of Financial Instruments to the Organised Trading System and Public Companies (the "Act on Public Offering") on joint policy towards the Company and exercising of voting rights on selected matters in an agreed manner. Also, pursuant to the assignment agreement, the Buyer will, among others, transfer to the Seller its voting rights attached to the Shares and grant the power of attorney to exercise voting rights attached to the shares. The assignment agreement expires in case either call or put option under the call and put option agreement is exercised and/or in case of a material default under the transaction documentation. ("Transaction") . On 1 March 2022, the company received notification that the Transaction was completed, and the Buyer acquired 15.7% of the shares in the Company (see current reports no 13/2022 and 15/2022).

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

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

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

In addition, GTC Holding Zrt also holds indirectly, through GTC Dutch, the Buyer's Voting Rights, i.e. the right to exercise 90,176,000 votes in the Company, entitling to 15.7% of the total number of votes in the Company. (see current report no 17/2022 and 18/2022)

Since 1 March 2022, GTC Holding Zrt, GTC Dutch and Icona are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner. (see current report no 19/2022)

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

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes	Change in number of shares since 31 December 2021 (not in thousand)
GTC Dutch Holdings B.V.	247,461,591	43.10%	337,637,591	58.80%	Decrease by 51,113,500
Icona Securitization Opportunities Group S.A R.L. ²	90,176,000	15.70%	0	0%	Increase by 90,176,00
GTC Holding Zártkörűen Működő Részvénytársaság ¹	21,891,289	3.81%	21,891,289	3.81%	No change
OFE PZU Złota Jesień	49,874,400	8.69%	49,874,400	8.69%	Increase by 8,160,400
AVIVA OFE Aviva Santander	47,239,793	8.23%	47,239,793	8.23%	Increase by 9,500,000
Other shareholders	117,612,049	20.47%	117,612,049	20.47%	Increase by 31,977,100
Total	574,255,122	100.00%	574,255,122	100.00%	Increase by 88,700,000

¹ directly holds 21,891,289 shares and indirectly through GTC Dutch Holdings B.V. (100% subsidiary of GTC Holding Zártkörűen Működő Részvénytársaság) holds 337,637,591 shares.

² Icona Securitization Opportunities Group S.A R.L. holds directly 15.70% of the share capital of the Company with reservations that all its voting rights were transferred to GTC Dutch Holdings B.V. and that Icona granted the power of attorney to its voting rights to GTC Dutch Holdings B.V..

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.

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.

7. Restrictions concerning the 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.

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 consists 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.

9. Overview of the procedure of amending the Company's articles of association

A change to the Company's articles of association requires 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.

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 convertible or priority 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 the 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 a 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 a 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 authorization 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 the 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.

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

Composition of the management board

Currently, the management board is composed of three 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 management board as of 31 December 2021:

<u>Name and surname</u>	<u>Function</u>	<u>Year of the first appointment</u>	<u>Year of appointment for the current term</u>	<u>Year of expiry of term</u>
Yovav Carmi ¹	President of the management board	2020	2020	2023
Ariel Ferstman	Member of the management board and CFO	2020	2020	2023
Gyula Nagy	Member of the management board	2020	2020	2023

¹ Mr. Yovav Carmi was a member of the management board of the Company between 2011 and 2015.

During 2021, the following changes in the composition of the management board took place:

- on 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the management board of the Company and other subsidiaries of the Company. The resignation was approved by the supervisory board on 28 October 2021 (see current reports no 16/2021 and 17/2021);
- on 13 December 2021, the supervisory board of the Company appointed Pedja Petronijevic to the management board of the Company (Chief Development Officer) effective as of 15 January 2022 and János Gárdai to the management board of the Company (Chief Operating Officer) effective as of 1 February 2022 (see current report no 18/2021).

Additionally, in 2022 the following changes in the composition of the management board took place:

- on 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi former President of the management board. Subsequently Mr Carmi resigned from his seat on the management board of the Company and other subsidiaries. The resignation is effective immediately (see current report no 7/2022);

- on 28 January 2022, Mr. Gyula Nagy resigned from his seat on the management board of the Company. The resignation is effective immediately (see current report no 11/2022);
- on 17 March 2022, the supervisory board of the Company appointed Mr. Zoltán Fekete to the management board of the Company as the President of the management board (see current report no 21/2022).

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 of the date of this report:

Name and surname	Function	Year of the first appointment	Year of appointment for the current term	Year of expiry of term
Zoltán Fekete	President of the management board	2022	2022	2025
János Gárdai	Member of the management board and COO	2022	2022	2025
Ariel Ferstman	Member of the management board and CFO	2020	2020	2023
Pedja Petronijevic	Member of the management board and CDO	2022	2022	2025

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 making decisions related to the Company's business, the members of the management board act within limits of justified business risk.

The two members of the 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 competencies 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 a 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 2021, the supervisory board comprised of 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:

Name and surname	Function	Year of the first appointment	Year of appointment for the current term	Year of expiry of term
Zoltán Fekete	Chairman of the supervisory board	2020	2020	2023
János Péter Bartha ¹	Independent member of the supervisory board	2020	2020	2023
Lóránt Dudás	Member of the supervisory board	2020	2020	2023
Balázs Figura	Member of the supervisory board	2020	2020	2023
Mariusz Grendowicz ²	Member of the supervisory board	2000	2019	2022
Marcin Murawski ¹	Independent member of the supervisory board	2013	2019	2022
Bálint Szécsényi	Member of the supervisory board	2020	2020	2023
Daniel Obajtek ¹	Independent member of the supervisory board	2021	2021	2024

¹ conforms with the independence criteria listed in the Best Practices of WSE Listed Companies.
² conforms with the independence criteria listed in the articles of association of the Company

During 2021, the following changes in the composition of the supervisory board took place:

- on 29 June 2021, Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. re-appointed Ryszard Wawryniewicz as a member of the supervisory board of the Company for a three-year term in office, effective as of 29 June 2021 (see current report no 14/2021);

- on 30 December 2021, Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. dismisses Ryszard Wawryniewicz and appoints Daniel Obajtek as a member of the supervisory board of the Company for a three-year term in office, starting as of 30 December 2021 (see current report no 24/2021).

Additionally, in March 2022 the following changes in the composition of the supervisory board took place:

- on 11 March 2022, Mr. Zoltán Fekete resigned from his seat on the supervisory board of the Company, effective immediately (see current report no 20/2022);
- on 11 March 2022, GTC Dutch Holdings B.V. appointed Mr. Gyula Nagy as member of the supervisory board of the Company, effective immediately (see current report no 20/2022).

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 of the date of this report:

Name and surname	Function	Year of the first appointment	Year of appointment for the current term	Year of expiry of term
János Péter Bartha ¹	Chairman of the supervisory board	2020	2020	2023
Lóránt Dudás	Member of the supervisory board	2020	2020	2023
Balázs Figura	Member of the supervisory board	2020	2020	2023
Mariusz Grendowicz ²	Member of the supervisory board	2000	2019	2022
Marcin Murawski ¹	Independent member of the supervisory board	2013	2019	2022
Gyula Nagy	Member of the supervisory board	2022	2022	2025
Bálint Szécsényi	Member of the supervisory board	2020	2020	2023
Daniel Obajtek ¹	Independent member of the supervisory board	2021	2021	2024

¹ conforms with the independence criteria listed in the Best Practices of WSE Listed Companies.
² conforms with the independence criteria listed in the articles of association of the Company

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 30 million; (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' 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.

In 2021, the Audit Committee meet 5 times in total.

The following table presents the details on the Audit Committee members as of 31 December 2021:

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 audit committee	No	Yes ¹	Yes ¹
Marcin Murawski	Chairman of the audit committee	Yes	Yes ²	No
János Péter Bartha	Member of the audit committee	Yes	Yes ³	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).

³ János Péter Bartha is a seasoned investment banker with 18-year experience in private equity investments, especially extensive experience in privatisation, management of IPOs and M&A. Mr. Bartha started his banking carrier at the National Bank of Hungary in 1986, became CEO of Credit Suisse First Boston in 1990, and Head of Credit Suisse First Boston in Central and Eastern Europe in 1994.

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.

In 2021, the Remuneration Committee meet 4 times in total.

The following table presents the details on the Remuneration Committee members as of 31 December 2021:

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
Zoltán Fekete	Chairman of the remuneration committee	No	Yes ¹	Yes ¹
Mariusz Grendowicz	Member of the remuneration committee	No	Yes	Yes
Marcin Murawski	Chairman of the remuneration committee	Yes	Yes	No

¹ Zoltán Fekete graduated from the Faculty of Law of Eötvös Lorand University in 1990, and in 1993 earned an MBA degree in Banking at the University of Exeter, UK. Mr. Fekete has 30 years of international investment banking and private equity experience. As an investment banker he worked for HSBC London, Credit Suisse First Boston in Budapest, London, and Israel. During his career, Mr. Fekete has dealt with a large number of IPOs, M&A transactions and private equity investments in the field of real estate, technology, and life sciences. Since November 2015, he has been the Chairman and CEO of Optima Investment Ltd.

Folowing the resignation of Zoltan Fekete from the supervisory board on 11 March 2022, the supervisory board appointed Janos Peter Bartha as the member of the remuneration committee and its chairman.

The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the remuneration committee as of the date of this report:

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
Janos Peter Bartha	Chairman of the remuneration committee	Yes	Yes	No
Mariusz Grendowicz	Member of the remuneration committee	No	Yes	Yes
Marcin Murawski	Chairman of the remuneration committee	Yes	Yes	No

12. Audit partner

The recommendation to select the audit firm to audit the financial statements met all the bidding 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 2021.

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.

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:

Zoltán Fekete, President of the Management Board

Ariel Alejandro Ferstman, Member of the Management Board

János Gárdai, Member of the Management Board

Pedja Petronijevic, Member of the Management Board

hereby represents that:

- to the best of its knowledge the consolidated financial statements for twelve months ended 31 December 2021 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, 5 April 2022

Zoltán Fekete,
President of the Management Board

Ariel Alejandro Ferstman
Member of the Board

János Gárdai
Member of the Board

Pedja Petronijevic
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 29 April 2020 hereby informs that the selection of an auditor to audit yearly consolidated and standalone financial statements for the year 2021 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 2021 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, 5 April 2022

Zoltán Fekete,
President of the Management Board

Ariel Alejandro Ferstman
Member of the Board

János Gárdai
Member of the Board

Pedja Petronijevic
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, 5 April 2022

János Péter Bartha
Chairman 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 2021,
- standalone financial statements of the issues for year 2021,
- consolidated financial statements of the capital group of the issuer for the year 2021.

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 2021 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 2021.

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 2021 and report on activities of the Company and the Company's capital group for the year 2021 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 31 December 2021, 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 2021 and the report on activities of the Company and the Company's capital group for the year 2021 based on:

- content of the above statements, submitted by the Company's Management Board;
- report of the independent certified auditor i.e. BDO 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 2021 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 11 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, 5 April 2022

János Péter Bartha
Chairman of the Supervisory Board



GLOBE TRADE CENTRE S.A.

CONSOLIDATED

FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2021

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2021
(in thousands of Euro)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Investment property	17	2,240,660	2,125,128
Residential landbank	18	27,002	10,094
Property, plant and equipment	16	7,834	7,785
Blocked deposits	21	11,078	10,979
Deferred tax asset	15	3,786	616
Derivatives	19	826	-
Other non-current assets		163	159
		2,291,349	2,154,761
Loan granted to non-controlling interest partner	27	10,628	11,252
Total non-current assets		2,301,977	2,166,013
Current assets			
Accounts receivables		6,161	5,873
Accrued income		3,448	878
Receivables from shareholders	30	123,425	-
VAT and other tax receivable	26	2,957	2,343
Income tax receivable		456	1,036
Prepayments and deferred expenses	33	11,515	3,604
Short-term blocked deposits	21	14,341	27,434
Cash and cash equivalents	22	87,468	271,996
		249,771	313,164
Assets held for sale	32	292,001	1,580
TOTAL ASSETS		2,843,749	2,480,757

Globe Trade Centre S.A.
Consolidated Statement of Financial Position
as of 31 December 2021
(in thousands of Euro)

	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	30	11,007	11,007
Share premium		550,522	550,522
Unregistered share capital increase	30	120,295	-
Capital reserve	30	(49,489)	(49,489)
Hedge reserve		(30,903)	(11,930)
Foreign currency translation reserve		(2,570)	(2,553)
Accumulated profit		501,704	460,053
		1,100,566	957,610
Non-controlling interest	27	16,423	16,538
Total Equity		1,116,989	974,148
Non-current liabilities			
Long-term portion of long-term borrowing	28	1,255,114	1,067,867
Lease liability	29	38,767	42,891
Deposits from tenants	24	11,078	10,979
Long term payable	25	2,426	2,524
Provision for share based payment	31	1,410	977
Derivatives	19	38,743	15,895
Provision for deferred tax liability	15	140,145	133,230
		1,487,683	1,274,363
Current liabilities			
Current portion of long-term borrowing	28	44,337	193,425
Current portion of lease liabilities	29	198	163
Trade payables and provisions	20	31,092	27,299
Deposits from tenants	24	1,932	1,790
VAT and other taxes payables		2,222	1,551
Income tax payables		1,000	4,220
Derivatives	19	2,681	3,365
Advances received		784	433
		84,246	232,246
Liabilities related to assets held for sale	32	154,831	-
TOTAL EQUITY AND LIABILITIES		2,843,749	2,480,757

Globe Trade Centre S.A.
Consolidated Income Statement
for the year ended 31 December 2021
(in thousands of Euro)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Rental revenue	10,14	130,289	120,652
Service charge revenue	10,14	41,662	39,469
Service charge costs	14	(44,356)	(41,527)
Gross margin from operations		127,595	118,594
Selling expenses	11	(1,652)	(1,307)
Administration expenses	12	(14,145)	(11,712)
Loss from revaluation / impairment of assets	17	(12,867)	(142,721)
Other income		1,432	776
Other expenses	23	(1,062)	(1,622)
Profit/(loss) from continuing operations before tax and finance income / expense		99,301	(37,992)
Foreign exchange gain / (loss), net		196	(2,951)
Finance income	13	304	331
Finance cost	13	(43,281)	(35,244)
Profit/(loss) before tax		56,520	(75,856)
Taxation	15	(13,784)	4,995
Profit/(loss) for the year		42,736	(70,861)
Attributable to:			
Equity holders of the Company		41,651	(70,189)
Non-controlling interest	27	1,085	(672)
Basic/diluted earnings (losses) per share (in Euro)	34	0.09	(0.14)

Globe Trade Centre S.A.
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021
(In thousands of Euro)

	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) for the period	42,736	(70,861)
<i>Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods</i>	-	-
Loss on hedge transactions	(20,356)	(7,748)
Income tax	1,383	812
Net loss on hedge transactions	(18,973)	(6,936)
Foreign currency translation	(17)	(3,496)
<i>Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</i>	(18,990)	(10,432)
Total comprehensive income/(loss) for the period, net of tax	23,746	(81,293)
Attributable to:		
Equity holders of the Company	22,661	(80,621)
Non-controlling interest	1,085	(672)

Globe Trade Centre S.A.
Consolidated Statement of Changes in Equity
for the year ended 31 December 2021
(In thousands of Euro)

	Share capital	Share premium	Unregistered share capital increase	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2021	11,007	550,522	-	(49,489)	(11,930)	(2,553)	460,053	957,610	16,538	974,148
Other comprehensive income	-	-	-	-	(18,973)	(17)	-	(18,990)	-	(18,990)
Profit for the year ended 31 December 2021	-	-	-	-	-	-	41,651	41,651	1,085	42,736
Total comprehensive income / (loss) for the period	-	-	-	-	(18,973)	(17)	41,651	22,661	1,085	23,746
Unregistered share capital increase (note 30)	-	-	120,295	-	-	-	-	120,295	-	120,295
Dividend distribution to non-controlling interest	-	-	-	-	-	-	-	-	(1,200)	(1,200)
Balance as of 31 December 2021	11,007	550,522	120,295	(49,489)	(30,903)	(2,570)	501,704	1,100,566	16,423	1,116,989

	Share capital	Share premium	Unregistered share capital increase	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as of 1 January 2020	11,007	550,522	-	(43,098)	(4,994)	943	530,242	1,044,622	14,040	1,058,662
Other comprehensive income	-	-	-	-	(6,936)	(3,496)	-	(10,432)	-	(10,432)
Loss for the year ended 31 December 2020	-	-	-	-	-	-	(70,189)	(70,189)	(672)	(70,861)
Total comprehensive income / (loss) for the period	-	-	-	-	(6,936)	(3,496)	(70,189)	(80,621)	(672)	(81,293)
Acquisition of non-controlling interest	-	-	-	(6,391)	-	-	-	(6,391)	3,590	(2,801)
Dividend distribution to non-controlling interest	-	-	-	-	-	-	-	-	(420)	(420)
Balance as of 31 December 2020	11,007	550,522	-	(49,489)	(11,930)	(2,553)	460,053	957,610	16,538	974,148

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(In thousands of Euro)

Note	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
	56,520	(75,856)
Profit/(loss) before tax		
Adjustments for:		
	12,867	142,721
	(196)	2,951
	(304)	(331)
13		
	43,281	35,244
13		
	432	(469)
12		
	653	654
16		
	113,253	104,914
Operating cash before working capital changes		
	(4,952)	2,469
	583	72
	2,878	27
	3,550	(800)
	115,312	106,682
Cash generated from operations		
	(8,885)	(6,357)
	106,427	100,325
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
17	(92,784)	(78,528)
17	(262,937)	(21,468)
18	(13,300)	-
	1,150	5,923
	-	(1,802)
	-	64,569
	595	-
32	1,210	-
	(614)	953
	28	55
	(366,652)	(30,298)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
28	706,070	286,807
28	(585,323)	(224,293)
	(32,786)	(32,068)
29	(516)	(162)
	(8,147)	(1,983)
27	(300)	(420)
	5,908	(168)
	84,906	27,713
Net cash from financing activities		
	(44)	(5,380)
Net foreign exchange difference		
	(175,363)	92,360
Net increase/ (decrease) in cash and cash equivalents		
22	271,996	179,636
22	96,633	271,996
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period		

1. Principal activities

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

The Group’s main business activities are development and rental of office and retail space.

As of 31 December 2021 and 31 December 2020, the number of full-time equivalent working employees in the Group companies was 211 and 209, respectively.

GTC is primarily listed on the Warsaw Stock Exchange and inward listed on Johannesburg Stock Exchange.

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

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 a 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 reserve” without affecting 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 IFRS's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no relevant difference between IFRS applying to these consolidated financial statements and IFRS 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 the 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 2021, the Group's net working capital (defined as current assets less current liabilities) was positive and amounted to Euro 165,525.

The management has analysed the timing, nature and scale of potential financing needs of particular subsidiaries and believes that there are not risks for paying current financial liabilities and 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 twelve months from the balance sheet date.

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.

5. 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 2020 except for the new standards, which are effective as at 1 January 2021 (see note 6).

Also, there is no significant changes in accounting estimates used by the Group. For valuation of Serbian offices transaction approach was used. Asset deal approach was used for Winmark and G-Delta Adrssy transactions (please refer to note 9), as it is qualified in accordance with IFRS 3.

6. New standards and interpretations that have been issued

STANDARDS ISSUED AND EFFECTIVE FOR FINANCIAL YEARS BEGINNING ON OR AFTER 1 JANUARY 2021:

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

The Company's assessment is that the above changes (new standards/amendments) have no material impact.

STANDARDS ISSUED BUT NOT YET EFFECTIVE:

- Amendments to IFRS 16 *Leases: Covid-19 Related Rent Concessions* (issued on 31 March 2021) – effective for financial years beginning on or after 1 April 2021;
- Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to standards 2018-2020 (Annual improvements) - issued on 14 May 2020 and effective for financial years beginning on or after 1 January 2022;

6. New standards and interpretations that have been issued (continued)

- Amendments to IAS 1 - *Disclosure of accounting policies* and IAS 8 - *Definition of accounting estimates* (issued on 12 February 2021) — effective for financial years beginning on or after 1 January 2023;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017 and amended on 25 June 2020) – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020 and amended 15 July 2020) – effective for financial years beginning on or after 1 January 2023;
- Amendment to IFRS 17 *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information* (issued on 9 December 2021) — effective for financial years beginning on or after 1 April 2023;
- Amendments to IAS 12: *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2021) — effective for financial years beginning on or after 1 April 2023.

The new standards are not yet endorsed by EU at the date of approval of these financial statements.

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 a 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, investment property under construction (“IPUC”) if the 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 performed 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 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 an 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 2021 and 31 December 2020 based on open market values (RICS Standards). Completed properties are either valued on the basis of discounted cash flow (DCF) or - as deemed appropriate – on the basis of the *income capitalisation* or *yield method*. The applied method is defined by the valuer.

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 only when there is a change in use, evidenced by the end of owner occupation or commencement of a lease. Transfers are made from investment property 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 revalue IPUC based on its fair value, once a substantial part of the development risks has been eliminated. IPUC, which does not meet this condition, is presented at the lower of cost or recoverable amount. Recoverable amount is a fair value, externally valued by independent appraisers.

The land is reclassified to IPUC at the moment, at which active development of this land begins (i.e. when construction works start).

The Group has adopted the following criteria to assess whether the substantial risks are eliminated with regard to particular IPUC:

- agreement with a general contractor is signed;
- a building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letters of intent);
- external financing is secured.

The fair values of IPUC were determined as at their development stage at the end of the reporting period. Valuations were performed in accordance with RICS and IVSC Valuation Standards using the residual method approach.

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 the 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. The profit margin deducted is reduced when the construction is closer to completion.

7. Summary of significant accounting policies (continued)

(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 that 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.

The Group applied the simplified classification rules of the investment properties fair value hierarchy based on the two main criteria: the type of investment property (retail/office) and mainly its location.

The fair value measurement of completed investment property is based on the market assumptions made by the independent appraisers. Those assumptions depend on the observable market transactions. For more mature and active markets – like e.g. Poland, Hungary, and Romania, with a relevant number of comparative transactions, properties are classified to level 2. The other markets provide few observable data, and the relevant properties are classified to level 3.

(e) INVESTMENTS IN ASSOCIATES

Investments in associates are 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) INVESTMENTS IN JOINT VENTURES

Investments in joint ventures are 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.

7 ■ **Summary of significant accounting policies (continued)**

(g) LEASE ORIGATION 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, the carrying value is higher than the fair value, the costs are recognized in the income statement.

(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 the 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 (according to IFRS 16 *Leases*).

(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 streams:

- **Rental income.** The main source of income of the Group, which is charged to tenants on a monthly basis, based on rent fee rate agreed in the contract.
- **Service charge** represents 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. Service charge is billed on a monthly basis, based on service fee rate agreed in the contract, which represents the best estimate for a particular project. Allocation of service charge to tenants is done based on the leased area.

Heating, water, and sewage are billed separately on a monthly basis, based on leased area and rates agreed in the contract.

Service charge revenue under IFRS 15 Revenue from Contracts with Customers

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 kinds 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 purposes such income and expenses are disclosed on a net basis, as GTC acts as an agent.
- **Acting as a principal.** In the other cases, all service charges are billed to GTC entities. The Group bills the tenants based on the rates in the contract on a 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 purposes such expenses are disclosed on a gross basis, as GTC acts as a 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 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.

7. Summary of significant accounting policies (continued)

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.

7. Summary of significant accounting policies (continued)

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, assets and liabilities 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 of the amounts weighted by probability from among possible results.

7. Summary of significant accounting policies (continued)

(p) FOREIGN EXCHANGE DIFFERENCES

For companies with Euro as a 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 a certain lease is denominated in local currency.

	31 December 2021	31 December 2020
PLN/EUR	4.5994	4.6148
USD/EUR	1.1329	1.2279
HUF/EUR	369.01	365.13

(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 note 7(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 the 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.

7. Summary of significant accounting policies (continued)

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.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“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.

7. Summary of significant accounting policies (continued)

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.

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.

7. Summary of significant 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:

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.

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.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

7. Summary of significant accounting policies (continued)

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	Financial assets/liabilities category	Measurement
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	Financial liabilities at amortised cost	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 profit or loss (ineffective portion)
Cap	Financial liabilities at fair value through profit or loss	Fair value – adjusted to profit or loss
Cross-currency interest swap	Financial liabilities at fair value through other comprehensive income / profit or loss	Fair value related to interest – adjusted to other comprehensive income Fair value related to currency – adjusted to profit or loss

7 ■ **Summary of significant accounting policies (continued)**

(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 an insignificant risk of changes in value.

(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 their fair value.

(u) IMPAIRMENT OF NON-CURRENT ASSETS

The carrying value of assets not measured at fair value 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 there are no impairment indicators.

(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.

7. Summary of significant accounting policies (continued)

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.

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 OCI 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.

7. Summary of significant accounting policies (continued)

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 or loss of the year.

The fair value of cross-currency interest swap, interest rate swaps and caps contracts is determined by reference to market values for similar instruments (fair value level hierarchy 2).

(x) ACCOUNTING ESTIMATES

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 the 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 or - as deemed appropriate – on basis of the Income capitalisation or yield method. The applied method and main assumptions as defined in note 17 are defined by the valuer.

The changes in the fair value of investment property are included in the profit or loss for the period in which it arises (note 17).

The Group uses estimates in determining the amortization rates used (note 16, note 29).

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 (note 19).

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 (note 15).

7 ■ **Summary of significant accounting policies (continued)**

(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 such leases.

Significant accounting judgements related to investment property are presented in note 7(c).

Significant accounting judgements related to market liquidity of investment property are presented in note 7(d).

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 a 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.

The Group determines whether a transaction or other event is a business combination by applying the definition of a business in IFRS 3.

Deferred tax with respect to outside temporary differences relating to subsidiaries was calculated based on an estimated probability that these temporary differences will be realized in the foreseeable future.

The Group also makes an assessment of the 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 2021.

7. Summary of significant accounting policies (continued)

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.

(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 a 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").

7. Summary of significant accounting policies (continued)

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 at the end of the lease.

(af) RESIDENTIAL INVENTORY AND RESIDENTIAL LANDBANK

Inventory related to residential projects under construction is stated at the lower of cost and net realisable value. The realisable value is determined using the Discounted Cash Flow method or Comparison method by independent appraisers. Costs relating to the construction of a residential project are included in the 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 a 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.

7 ■ **Summary of significant accounting policies (continued)**

(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.

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 - the primary activity of GTC Group.**

For this leasing activity, GTC Group acts as a Lessor. The Group has entered into leases on its property portfolio.

- **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 a define period (from 33 to 87 years). Perpetual usage payments are made in Poland, Croatia, Romania and Serbia.

Due to the fact that perpetual usage payments, by substance, are treated as lease payments, which are accounted for under IFRS 16.

In the consolidated financial position statements, the Group recognized a Right of Use and Lease Liabilities:

a) Right of use of lands under perpetual usufruct is presented:

- as part of the Investment Property, with separate disclosure in a separate note;
- as part of the residential landbank.

b) Lease Liabilities are presented separately, as part of the short-term and long-term liabilities, with a separate disclosure.

7. Summary of significant accounting policies (continued)

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.

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 at fair value).

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 IFRS 16 guidelines to leases whose term will end within twelve months of the date of initial application. In such cases, the lease is expensed without balance sheet recognition.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

8. Investment in Subsidiaries

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 2021	31 December 2020
GTC Konstancja Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Sterlinga Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. z o.o. (1)	GTC S.A.	Poland	100%	100%
GTC Ortal Sp. z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Management Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius Sp. z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida Sp. z o.o.	GTC S.A.	Poland	100%	100%
Glorine Investments Sp. z o.o. (2)	GTC S.A.	Poland	-	100%
Glorine Investments Sp. z o.o. SKA (2)	GTC S.A.	Poland	-	100%
GTC Galeria CTWA Sp. z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. z o.o.	GTC S.A.	Poland	100%	100%
GTC Hungary Real Estate Development Company Pltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Váci út 81-85. Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft. (1)	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft.	Váci út 81-85. Kft.	Hungary	100%	100%
Centre Point II. Kft.	Váci út 81-85. Kft.	Hungary	100%	100%
Spiral I. Kft.	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft.	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft.	GTC Hungary	Hungary	100%	100%

(1) Under liquidation

(2) Liquidated

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

8. Investment in Subsidiaries (continued)

Name	Holding Company	Country of incorporation	31 December 2021	31 December 2020
GTC White House Kft.	GTC Hungary	Hungary	100%	100%
VRK Tower Kft.	GTC Hungary	Hungary	100%	100%
GTC Future Kft.	GTC Hungary	Hungary	100%	100%
Globe Office Investments Kft.	GTC Hungary	Hungary	100%	100%
Office Planet Kft. (3)	GTC Hungary	Hungary	100%	-
GTC Investments Sp. z o.o. (previously Halsey Investments Sp. z o.o.) (4)	GTC Hungary	Poland	100%	-
GTC Univerzum Projekt Kft. (previously Winmark Kft.) (4)	GTC Hungary	Hungary	100%	-
GTC Origine Investments Pltd. ("GTC Origine") (3)	GTC S.A.	Hungary	100%	-
GTC HBK Project Kft. (3)	GTC Origine	Hungary	100%	-
GTC VI188 Property Kft. (3)	GTC Origine	Hungary	100%	-
GTC FOD Property Kft. (3)	GTC Origine	Hungary	100%	-
G-Delta Adrssy Kft. (4)	GTC Origine	Hungary	100%	-
GTC KLZ 7-10 Kft. (3)	GTC Origine	Hungary	100%	-
GTC Nekretnine Zagreb d.o.o.	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	100%	100%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o.	Croatia	100%	100%
GTC Matrix d.o.o.	GTC S.A.	Croatia	100%	100%
GTC Seven Gardens d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L.	GTC S.A.	Romania	100%	100%
Cascade Building S.R.L.	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
Beaufort Invest S.R.L. (2)	GTC S.A.	Romania	-	100%
Fajos S.R.L. (2)	GTC S.A.	Romania	-	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park S.R.L.	GTC S.A.	Romania	100%	100%
Deco Intermed S.R.L.	GTC S.A.	Romania	66.7%	66.7%
GML American Regency Pipera S.R.L.	GTC S.A.	Romania	66.7%	66.7%

(1) Under liquidation

(2) Liquidated

(3) Newly established wholly owned subsidiary

(4) Acquired

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

8. Investment in Subsidiaries (continued)

Name	Holding Company	Country of incorporation	31 December 2021	31 December 2020
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GOC EAD (3)	GTC S.A.	Bulgaria	100%	-
GTC Medj Razvoj Nekretnina d.o.o. Beograd (5)	GTC S.A.	Serbia	100%	100%
GTC Business Park d.o.o. Beograd (5)	GTC S.A.	Serbia	100%	100%
Commercial and Residential Ventures d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Demo Invest d.o.o. Novi Beograd (5)	GTC S.A.	Serbia	100%	100%
Atlas Centar d.o.o. Beograd (5)	GTC S.A.	Serbia	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
GTC BBC d.o.o. (5)	GTC S.A.	Serbia	100%	100%
GTC Aurora Luxembourg S.A. (3)	GTC S.A.	Luxembourg	100%	-
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%
Europort Ukraine Holdings 1 LLC (6)	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%
	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%
Europort Ukraine LLC (6)	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%
Europort Project Ukraine 1 LLC (6)	Europort Investment (Cyprus) 1 Limited	Ukraine	-	100%

(3) Newly established wholly owned subsidiary

(5) GTC S.A. holds 100% shares through a wholly-owned subsidiary Office Planet Kft, which has 70% of shares and remaining 30% is held directly by GTC S.A.

(6) Sold

9. Events in the period

MANAGEMENT BOARD CHANGES AND OTHER CORPORATE EVENTS

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

On 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the Management Board of the Company and other subsidiaries of the Company. The resignation was approved by the Supervisory Board on 28 October 2021.

On 13 December 2021, the Supervisory Board of the Company appointed Pedja Petronijevic to the Management Board of the Company (Chief Development Officer) effective as at 15 January 2022 and János Gárdai to the Management Board of the Company (Chief Operating Officer) effective as at 1 February 2022.

ACQUISITIONS

On 11 March 2021, GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, signed a sale purchase agreement to acquire a Napred company in Belgrade, holding a land plot of 19,537 sqm for a consideration of EUR 33.8 million from Groton Global Corp. The site has potential office development of ca 79,000 sqm. The transaction was completed on 11 February 2022.

On 30 April 2021, Globe Office Investments Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 15,700 sqm Class A office building on Váci corridor (Váci Green D) in Budapest for a consideration of EUR 51 million. The transaction was partially financed by a bank facility in the amount of EUR 25 million.

9. Events in the period (continued)

On 12 May 2021, GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, acquired 100% holding of Winmark Ingatlanfejlesztő Kft (“Winmark”), which owns the Ericsson Headquarter Office Building and the evosoft Hungary Headquarter (Siemens Group) Office Building two class A office buildings in Budapest from WING Real Estate Group for a consideration of EUR 160.3 million, which was financed partially by a bank facility in the amount of EUR 80 million.

On 1 June 2021, GOC EAD, a wholly-owned subsidiary of the Company, acquired a land plot in Sofia with an area of 2,417 sqm for a total amount of EUR 4.7 million. The Group plans to develop an office building in Sofia, Bulgaria with a leasable area of 9,200 sqm.

On 30 June 2021, GTC HBK Project Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 6,400 sqm mixed-used retail and office asset in Budapest for the total consideration of EUR 21 million. The acquisition was partially financed by a bank facility in the amount of EUR 10.8 million.

On 30 June 2021, GTC VI188 Property Kft., an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 15,000 sqm Class A office building in Budapest for a consideration of EUR 31.2 million. The acquisition was partially financed by a bank facility in the amount of EUR 16.2 million.

On 22 July 2021, GTC FOD Kft, an indirect wholly-owned subsidiary of the Company, acquired from a company related to the majority shareholder of the Company a 24,000 sqm Class A Office Building in Debrecen, the second-largest city in Hungary, for a consideration of EUR 46.7 million.

On 21 September 2021, GTC KLZ 7-10 Kft., an indirect wholly owned subsidiary of the Company, acquired from an investment fund related to the majority shareholder of the Company a land plot of 3,750 sqm for the total consideration of EUR 12.8 million. The site has potential residential development ca. 17,000 sqm.

On 21 September 2021, GTC Origine Investments Pltd., a wholly owned subsidiary of the Company, acquired 100% holding of G-Delta Adrssy Kft. from an investment fund related to the majority shareholder of the Company, which owns an existing office building for a future refurbishment with a GLA of 3,600 sqm for a consideration of EUR 10.8 million. The office building is located in the CBD of Budapest.

9. Events in the period (continued)

DISPOSAL OF ASSETS

On 21 May 2021, GTC and GTC Hungary Real Estate Development Company Pltd., a wholly-owned subsidiary of the Company, signed a sale and purchase agreement, concerning the sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park"), GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Commercial and Residential Ventures d.o.o. Beograd ("CRV"). The purchase price under the Agreement shall be calculated on an enterprise value basis, based on a property value of aggregate EUR 267.6 million. The transaction was successfully closed on 12 January 2022. GTC Group has received an amount of EUR 134.3 million net proceeds before tax.

On 9 September 2021, Europort Investments (Cyprus) 1 Limited, a wholly-owned subsidiary of the Company, sold shares of all its subsidiaries holding two land plots in Ukraine (Odessa) for an amount of EUR 0.6 million. Subsequently to the sale, the Company no longer has any assets or holds any entities in Ukraine.

On 2 December 2021, GTC Seven Gardens d.o.o., a wholly-owned subsidiary of the Company, entered into a preliminary sale agreement of land plot with an area of 3,406 sqm for a total amount of EUR 1.4 million.

ISSUANCE OF BONDS, BANK LOAN REFINANCING AND OTHER CHANGES TO BANK LOAN AGREEMENTS

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

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

9. Events in the period (continued)

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

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

On 1 April 2021, GTC Corius Sp. z o.o., a wholly-owned subsidiary of the Company, signed a loan agreement prolongation with Berlin Hyp Bank for additional five years.

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

On 8 June 2021, two rating agencies assigned a corporate family rating ("CFR") to GTC: Moody's Investors Service ("Moody's") – Ba1 and Fitch Ratings ("Fitch") – BBB-. Outlook for the assigned ratings is positive (Moody's) and stable (Fitch). After the issue of EUR 500 million fixed-rate, senior unsecured green bonds due 2026, Moody's and Fitch assigned credit ratings for issued bonds on the same level as CFR. Bonds were issued by GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, and guaranteed by the Company.

On 23 June 2021, GTC Aurora Luxembourg S.A., a wholly-owned subsidiary of the Company, issued 5-year unsecured green bonds with the total nominal value of EUR 500 million denominated in EUR to primarily refinance existing secured debt on its projects whose activities meet the eligibility criteria detailed in the GTC's Green Bond Framework, as well as for general corporate purposes. The bonds are guaranteed by the Company and were issued at a yield of 2.375% with an annual fixed coupon of 2.25%. The bonds are paid at the maturity on 23 June 2026.

On 29 October 2021, the Company signed the first unsecured revolving credit facility agreement in the amount of EUR 75 million with a club of four different banks.

On 29 December 2021, Euro Structor d.o.o., a partially-owned subsidiary of the Company, signed a prolongation for the existing credit facility for another five years with Zagrebačka banka. The new prolonged loan shall bear a fixed interest of 1.9% and the outstanding amount of EUR 42.5 million shall be paid as a balloon at the maturity date.

9. Events in the period (continued)

BONDS AND LOANS REPAYMENTS

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

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

On 25 June 2021, GTC Metro Kft., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with CIB bank in the amount of EUR 13 million.

On 30 June 2021, Centrum Światowida Sp. z o.o., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Bank Polska Kasa Opieki S.A. and Commercial Bank of China (Europe) S.A. in the total amount of EUR 174.1 million.

On 30 June 2021, GTC Korona S.A., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Santander Bank Polska S.A. in the amount of EUR 41.6 million.

On 30 June 2021, GTC Matrix d.o.o., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Erste bank in the amount of EUR 23.5 million.

On 30 June 2021, Advance Business Center EAD, a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with UniCredit bank in the amount of EUR 41.1 million.

On 30 June 2021, City Gate Bucharest S.R.L. and City Gate S.R.L., a wholly-owned subsidiaries of the Company, repaid the full outstanding amount of the loan with Erste bank in the amount of EUR 62 million.

On 30 June 2021, Venus Commercial Center S.R.L., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Alpha bank in the amount of EUR 13.8 million.

9. Events in the period (continued)

On 15 July 2021, Cascade Building S.R.L., a wholly-owned subsidiary of the Company, repaid the full outstanding amount of the loan with Banca Transilvania S.A. in the total amount of EUR 3.6 million.

On 31 August 2021, Dorado 1 EOOD, a wholly-owned subsidiary of the Company, operating Mall of Sofia, repaid the full outstanding amount of the loan with OTP Bank in the total amount of EUR 53.4 million.

On 28 September 2021, Commercial Development d.o.o. Beograd, a wholly-owned subsidiary of the Company, operating Ada Mall, repaid the entire outstanding amount of the loan with Intesa Bank in the total amount of EUR 29.3 million.

10. Revenue from operations

Rental income includes variable rental revenue based on tenants' turnover for the year ended 31 December 2021 of Euro 4,976 (2020: Euro 2,657). 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 the periodic upward revision of the rental charge according to European Consumer Price Index (CPI).

Future minimum rental revenue under operating leases from completed projects are, as follows (in millions of Euro):

	31 December 2021	31 December 2020
Within 1 year	111	121
Within 2 year	88	100
Within 3 year	64	74
Within 4 year	45	52
Within 5 year	33	33
Within 6 year	18	22
More than 6 years	18	37
Total	377	439

Most of the 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 maintenance costs to tenants. Service charge is billed on a monthly basis, based on the agreed rate from the contract.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

11. Selling expenses

Selling expenses comprise of the following:

	Year ended 31 December 2021	Year ended 31 December 2020
Advertising and marketing	424	140
Payroll and related expenses	1,228	1,167
Total	1,652	1,307

12. Administration expenses

Administration expenses comprise of the following:

	Year ended 31 December 2021	Year ended 31 December 2020
Remuneration and fees	9,002	8,396
Audit and valuations	755	852
Legal, tax, IT and other advisory	1,306	905
Office and insurance expenses	1,167	669
Travel expenses	242	285
Supervisory board remuneration fees	187	137
Depreciation	653	654
Investors relations and other expenses	401	283
Total before share based payment	13,713	12,181
Share based payment	432	(469)
Total	14,145	11,712

13. Finance income and finance expense

Finance income comprises of the following:

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on deposits and other	28	55
Interest on loan granted to non-controlling interest	276	276
Total	304	331

13. Finance income and finance expense (continued)

Finance expense comprises of the following:

	Year ended 31 December 2021	Year ended 31 December 2020
Interest expenses (on financial liabilities that are not fair valued through profit or loss) and other charges	(31,841)	(31,321)
Finance costs related to lease liability	(1,938)	(2,010)
Early prepayment costs	(5,102)	-
Amortization of loan raising costs	(4,400)	(1,913)
Total	(43,281)	(35,244)

The weighted average interest rate (including hedges) on the Group's loans (excluding loans related to assets held for sale) as of 31 December 2021 was 2.16% p.a. (2.3% p.a. as of 31 December 2020).

14. Segmental analysis

	Year ended 31 December 2021	Year ended 31 December 2020
Rental income from office sector	117,315	108,537
Rental income from retail sector	54,636	51,584
TOTAL	171,951	160,121

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets, and other factors. GTC operates in six core markets: Poland, Hungary, Bucharest, Belgrade, Sofia, and Zagreb. Segment *Hungary* includes Budapest and Debrecen, in the financial statements for 2020 only Budapest.

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

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

14. Segmental analysis (continued)

Segment analysis of rental income and costs for the year ended 31 December 2021 and 31 December 2020 is presented below:

Portfolio	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenues	Costs	Gross margin	Revenues	Costs	Gross margin
Poland	63,818	(17,959)	45,859	65,227	(19,218)	46,009
Belgrade	33,555	(8,139)	25,416	33,806	(8,485)	25,321
Hungary	33,691	(7,762)	25,929	21,926	(4,900)	17,026
Bucharest	15,019	(3,100)	11,919	17,229	(2,969)	14,260
Zagreb	13,225	(4,209)	9,016	11,004	(3,684)	7,320
Sofia	12,643	(3,187)	9,456	10,929	(2,271)	8,658
Total	171,951	(44,356)	127,595	160,121	(41,527)	118,594

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

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

(*) Includes assets held for sale and liabilities related to assets held for sale. For details please refer to note 32.

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

14. Segmental analysis (continued)

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

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

15. Taxation

The major components of tax expense are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Current corporate and capital gain tax expense	5,656	8,811
Deferred tax expense / (income)	8,128	(13,806)
Total	13,784	(4,995)

The Group companies are subject to taxes in the following jurisdictions: Poland, Serbia, Romania, Hungary, Bulgaria, Cyprus, Croatia and Luxembourg. 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 2021	Year ended 31 December 2020
Accounting profit / (loss) before tax	56,520	(75,856)
Taxable expenses at the applicable tax rate in each country of activity	7,756	(14,818)
Tax effect of expenses that are not deductible in determining taxable profit	2,095	772
Commercial property tax	46	(416)
Tax effect of foreign currency differences	211	5,975
Withholding tax	584	604
Unrecognised deferred tax asset on losses in current year	3,092	2,888
Tax expense / (income)	13,784	(4,995)

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(In thousands of Euro)

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 2020	Credit / (charge) to income statement	As of 31 December 2020	Credit / (charge) to income statement	As of 31 December 2021
Financial instruments (*)	5,300	9,085	14,385	3,105	17,490
Tax loss carried forwards	10,197	(3,515)	6,682	(2,629)	4,053
Basis differences in non-current assets	1,024	(59)	965	643	1,608
Accruals	789	257	1,046	535	1,581
Netting (**)	(17,310)	(5,152)	(22,462)	1,516	(20,946)
Net deferred tax assets	-	616	616	3,170	3,786

Net deferred tax liability comprises of the following:

	As of 1 January 2020	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2020	Credit / (charge) to income statement	Credit / (charge) to equity	Reclassified to liabilities related to assets held for sale	As of 31 December 2021
Financial instruments (*)	(14,775)	(5,523)	812	(19,486)	(6,297)	1,383	3,000	(21,400)
Basis differences in non-current assets	(149,748)	13,542	-	(136,206)	(3,485)	-	-	(139,691)
Other	(19)	19	-	-	-	-	-	-
Netting (**)	17,310	5,152	-	22,462	(1,516)	-	-	20,946
Net deferred tax liability	(147,232)	13,190	812	(133,230)	(11,298)	1,383	3,000	(140,145)

(*) Mostly unrealized interest and foreign exchange differences.

(**) Within a particular company, deferred tax assets 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.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(In thousands of Euro)

15. Taxation (continued)

The enacted tax rates in the various countries were as follows:

Tax rate	Year ended 31 December 2021	Year ended 31 December 2020
Poland	19%	19%
Hungary	9%	9%
Ukraine	18%	18%
Bulgaria	10%	10%
Serbia	15%	15%
Croatia	18%	18%
Romania	16%	16%
Cyprus	12.5%	12.5%
Luxembourg	24.94%	-

Future benefit for deferred tax assets has 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.

On 15 July 2016, amendments were made to the Polish Tax Ordinance to introduce the provisions of the 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 require considerably greater judgment in assessing the tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after the 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.

15. Taxation (continued)

The implementation of the above provisions will enable Polish tax authority to 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.

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

Withholding tax (WHT)

The package of changes introduced to the Polish tax law regulations starting from January 2022 has limited the original scope of the application of pay and refund mechanism (settlement of WHT in relation to payments exceeding PLN 2 million (EUR 0,4 million) per annum for each taxpayer). Under new rules, the conditional exemption from WHT or application of the reduced tax rate stipulated in the applicable double tax treaty (DTT) is restricted in terms of the passive payments (i.e. dividends, interest, license fees) in the amount exceeding PLN 2 million per annum made with respect to foreign related entities. In such cases the tax remitter is obliged to automatically collect the tax at a statutory domestic rate (19% or 20%) regardless of the fulfilment of the conditions allowing the application of the exemption or the reduced rate on the basis of the local law or DTT.

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

Limitation of tax depreciation of commercial buildings

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

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

The Group companies have tax losses carried forward as of 31 December 2021 available in the amount of Euro 249 million (Euro 260 million as of 31 December 2020). The expiry dates of these tax losses as of 31 December 2021 are as follows: within one year - Euro 35 million, between 2-5 years - Euro 133 million, afterwards – Euro 81 million. As of 31 December 2021, the Group has not recognized deferred tax assets for tax losses carried forward in amount of Euro 217 million (Euro 212 million as of 31 December 2020), as the Group believes that these losses will not be utilized within claim period.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

16. Property, Plant, and Equipment

The movement in property, plant, and equipment for the year ended 31 December 2021 was as follows:

	Buildings and related improvements	Right of use	Equipment and software	Vehicles	Total
Gross carrying amount					
As of 1 January 2021	7,599	302	1,909	900	10,710
Additions	1,864	-	192	223	2,279
Reclassified to assets held for sale	(819)	-	(31)	(9)	(859)
Disposals, impairments and other decreases	(489)	(131)	(230)	(335)	(1,185)
As of 31 December 2021	8,155	171	1,840	779	10,945
Accumulated Depreciation					
As of 1 January 2021	1,057	97	1,345	426	2,925
Charge for the period	295	93	162	103	653
Reclassified to assets held for sale	(82)	-	(11)	(8)	(101)
Disposals, impairments and other decreases	(37)	(61)	(134)	(134)	(366)
As of 31 December 2021	1,233	129	1,362	387	3,111
Net book value as of 31 December 2021	6,922	42	478	392	7,834

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

16. Property, Plant, and Equipment

The movement in property, plant, and equipment for the year ended 31 December 2020 was as follows:

	Buildings and related improvements	Right of use	Equipment and software	Vehicles	Total
Gross carrying amount					
As of 1 January 2020	7,551	286	1,801	934	10,572
Additions	48	-	133	67	248
Foreign exchange differences	-	16	11	16	43
Disposals, impairments and other decreases	-	-	(36)	(117)	(153)
As of 31 December 2020	7,599	302	1,909	900	10,710
Accumulated Depreciation					
As of 1 January 2020	786	37	1,208	382	2,413
Charge for the period	271	60	171	152	654
Foreign exchange differences	-	-	(7)	-	(7)
Disposals, impairments and other decreases	-	-	(27)	(108)	(135)
As of 31 December 2020	1,057	97	1,345	426	2,925
Net book value as of 31 December 2020	6,542	205	564	474	7,785

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 2021	31 December 2020
Completed investment property	1,929,979	1,879,173
Investment property under construction	132,410	62,909
Investment property landbank at cost	139,843	140,367
Right of use of lands under perpetual usufruct	38,428	42,679
Total	2,240,660	2,125,128

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

17. Investment Property (continued)

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

	Right of Use of land	Level 2	Level 3 at fair value	Level 3 at Cost	Total
Carrying amount as of 1 January 2020	44,485	1,346,097	741,172	115,276	2,247,030
Reclassification	-	(7,799)	-	7,799	-
Capitalised subsequent expenditure	-	11,446	48,184	8,065	67,695
Purchase of completed assets and land	-	5,600	-	16,502	22,102
Adjustment to fair value / (impairment)	-	(84,904)	(52,844)	(3,165)	(140,913)
Amortization of right of use of lands under perpetual usufruct	(440)	-	-	-	(440)
Increase	96	-	-	-	96
Reclassified to assets held for sale	-	-	-	(900)	(900)
Disposals	-	(62,649)	-	(500)	(63,149)
Foreign exchange differences	(1,462)	(4,830)	-	(101)	(6,393)
Carrying amount as of 31 December 2020	42,679	1,202,961	736,512	142,976	2,125,128
Capitalised expenditure	-	16,091	44,070	20,471	80,632
Purchase of completed assets and land	-	310,627	-	15,457	326,084
Adjustment to fair value / (impairment)	-	(12,765)	3,399	(2,105)	(11,471)
Amortization of right of use of lands under perpetual usufruct	(416)	-	-	-	(416)
Reclassified to assets held for sale (1)	(3,724)	-	(266,763)	(1,352)	(271,839)
Reclassified to residential landbank (2)	-	-	-	(5,500)	(5,500)
Classified to assets for own use, net	-	(1,252)	-	-	(1,252)
Disposal of land	-	-	-	(595)	(595)
Decrease	(745)	-	-	-	(745)
Foreign exchange differences	634	-	-	-	634
Carrying amount as of 31 December 2021	38,428	1,515,662	517,218	169,352	2,240,660

(1) Mainly relates to sale of Serbian assets and sale of land in Croatia (note 32).

(2) Mainly relates to reclassification of part of the land which is expected to use for residential project in Romania.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

17. Investment Property (continued)

Reconciliation between capitalized subsequent expenditure and paid subsequent expenditure is presented below:

	Year ended 31 December 2021	Year ended 31 December 2020
Capitalized expenditure (including purchase of completed assets and land)	406,716	89,797
Change in trade payables and provisions	56	11,713
Change in trade receivables	6,758	(1,762)
Loan on acquisition GTC Univerzum Projekt Kft. (previously: Winmark Kft.)	(58,000)	-
Purchase of property, plant and equipment	191	248
Paid expenditures in line with cash flow statement	355,721	99,996

Fair value and impairment adjustment consists of the following:

	Year ended 31 December 2021	Year ended 31 December 2020
Adjustment to fair value of completed investment properties (*)	(17,305)	(144,126)
Adjustment to the fair value of investment properties under construction	7,860	6,378
Reversal of impairment/(Impairment) adjustment	(2,026)	(3,165)
Total adjustment to fair value / (impairment) of investment property	(11,471)	(140,913)
Reversal of impairment/(Impairment) of assets held for sale	(941)	(172)
Amortization of right of use of lands under perpetual usufruct (including on residential landbank)	(455)	(478)
Impairment of residential landbank	-	(1,158)
Total recognised in profit or loss	(12,867)	(142,721)

(*) During the financial year end 31 December 2020, the Covid-19 pandemic has triggered a wave of strong negative effects on the markets that the Group operates. As a result of this, the valuations prepared by independent appraisers over the completed investment properties has been negatively affected primarily driven by the group retail assets. For further information on the COVID-19 pandemic impact over the business of the Group please see note 38.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

17. Investment Property (continued)

Segment analysis of adjustment to fair value of completed investment properties is presented below:

	Year ended 31 December 2021	Year ended 31 December 2020
Poland	(16,637)	(77,153)
Belgrade	(444)	(42,818)
Hungary	5,470	12,610
Bucharest	(1,599)	(19,362)
Zagreb	92	(6,353)
Sofia	(4,187)	(11,050)
Total adjustment to fair value of completed assets	(17,305)	(144,126)

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

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

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

(**) Reclassified to assets held for sale (please refer to note 32). There are no significant changes in valuation assumptions used (please refer to note 5).

(***) As of 31 December 2021, office part of shopping malls in Croatia and Bulgaria was separated for presentation purpose.

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

17. Investment Property (continued)

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

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV	Fair Value Hierarchy Level	Average Yield****
	'000 Euro	sqm	%	Euro/ sqm/m	Euro/ sqm/m		%
Poland retail	443,000	113	93%	20.9	20.8	2	5.9%
Poland office	381,738	196	88%	14.6	14.3	2	7.8%
Belgrade office	264,781	122	93%	16.7	16.2	3	8.6%
Belgrade retail	90,700	35	97%	17.9	19.6	3	7.9%
Hungary office	206,138	97	95%	14.2	13.8	2	7.5%
Bucharest office	172,085	67	93%	20.5	17.7	2	8.3%
Zagreb retail	99,512	35	97%	20.2	20.6	3	8.2%
Zagreb office	44,719	21	76%	14.3	14.6	3	6.2%
Sofia office	75,800	34	79%	14.6	14.6	3	6.2%
Sofia retail	100,700	33	98%	18.8	20.8	3	7.0%
Total	1,879,173	753	91%	17.0	16.7		7.4%

(****) Average yield is calculated as in-place rent divided by fair value of asset. Method of calculation was changed comparing to financial statements for 2020 year.

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

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

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

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

17. Investment Property (continued)

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

	31 December 2021	31 December 2020
Poland	39,007	37,961
Serbia	-	10,164
Hungary	62,496	49,895
Romania	7,200	15,500
Bulgaria	4,657	-
Croatia	13,614	14,638
Total	126,974	128,158

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

	31 December 2021	31 December 2020
Poland	9,519	8,859
Hungary	3,350	3,350
Total	12,869	12,209
GRAND TOTAL	139,843	140,367

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

18. Residential landbank

The movement in residential landbank for the year ended 31 December 2020 and 31 December 2021 was as follows:

	Residential landbank	Total
Carrying amount as of 1 January 2020	13,388	13,388
Amortization of right of use of lands under perpetual usufruct	(36)	(36)
Disposal	(1,420)	(1,420)
Reclassified to assets held for sale	(680)	(680)
Impairment of residential landbank	(1,158)	(1,158)
Carrying amount as of 31 December 2020	10,094	10,094
Amortization of right of use of lands under perpetual usufruct	(39)	(39)
Capitalized expenditure	300	300
Acquisition	13,300	13,300
Reclassified to assets held for sale	(2,153)	(2,153)
Reclassified from investment properties (note 17)	5,500	5,500
Carrying amount as of 31 December 2021	27,002	27,002

The carrying amount of residential landbank as of 31 December 2021 refers to non-core land plots designated for residential development in Croatia, Hungary and Romania.

19. Derivatives

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

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

	31 December 2021	31 December 2020
Fair value as of the beginning of the year	(19,260)	(6,085)
Charged to other comprehensive income (*)	(20,356)	(7,748)
Charged to profit or loss (**)	(1,841)	(5,427)
Reclassified to liabilities related to assets held for sale	859	-
Fair value as of the end of the year	(40,598)	(19,260)

(*) Increase is mainly attributable to the new cross-currency swap for bonds in HUF

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

For more information regarding derivatives, see note 37.

20. Trade payables and provisions

The balance of trade and other payables increased from Euro 27,299 to Euro 31,092 in the year ended 31 December 2021.

The majority of the payables relate to development activity.

21. Blocked deposits

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

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

22. Cash and cash equivalents

Cash balance consists of cash in banks and cash in hand. Cash at banks earns interest at floating rates based on periodical bank deposit rates. Except for minor amounts, all cash is deposited in banks.

All cash and cash equivalents are available for use by the Group.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Cash at banks and on hand	87,468	271,996
Cash at banks related to assets held for sale	9,165	-
Cash and cash equivalents at the end of the period	96,633	271,996

23. Other expenses

Other expenses relate mainly to one-off expenses as well as unrecoverable VAT and maintenance costs related to undeveloped land.

24. 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.

25. Long term payables

Long term payables consist long term commitments related to the purchase of office building and development of infrastructure.

26. VAT and other tax receivable

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

27. Non-controlling interest

Summarized financial information of the material non-controlling interest as of 31 December 2021 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	135,878	2,833	138,711
Current assets	4,155	380	4,535
Total assets	140,033	3,213	143,246
Equity	79,722	(22,483)	57,239
Non-current liabilities	59,204	24,612	83,816
Current liabilities	1,107	1,084	2,191
Total equity and liabilities	140,033	3,213	143,246
Revenue	10,182	-	10,182
Profit /(loss) for the year	4,374	(683)	3,691
NCI share in equity	23,917	(7,494)	16,423
Loan granted to NCI	(10,628)	-	(10,628)
Loan received from NCI	-	8,760	8,760
NCI share in profit / (loss)	1,312	(227)	1,085

Dividend distributed to non-controlling interest in amount of EUR 900 for 2021 was set-off against loan granted to NCI. Remaining amount of EUR 300 was paid.

Summarized financial information of the material non-controlling interest as of 31 December 2020 is presented below:

	Avenue Mall	Non-core projects	Total
Non-current assets	138,366	2,153	140,519
Current assets	3,338	721	4,059
Total assets	141,704	2,874	144,578
Equity	79,347	(21,799)	57,548
Non-current liabilities	58,869	24,670	83,539
Current liabilities	3,488	3	3,491
Total equity and liabilities	141,704	2,874	144,578
Revenue	9,280	-	9,280
Profit /(loss) for the year	(290)	(1,755)	(2,045)
NCI share in equity	23,804	(7,266)	16,538
Loan granted to NCI	(11,252)	-	(11,252)
Loan received from NCI	-	8,529	8,529
NCI share in profit / (loss)	(87)	(585)	(672)

Dividend paid to non-controlling interest was amounted to EUR 420.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

28. Long-term loans and bonds

	31 December 2021	31 December 2020
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	48,166	48,117
Green bonds mature in 2027-2030 (HU0000360102)	107,389	108,614
Green bonds mature in 2028-2031 (HU0000360284)	54,056	-
Green bonds mature in 2026 (XS2356039268)	503,263	-
Bonds 0321 (PLGTC0000276)	-	20,737
Bonds 0422 (PLGTC0000292)	9,520	9,515
Loan from Santander (Globis Poznan)	16,323	16,951
Loan from Santander (Korona Business Park)	-	41,966
Loan from Santander (Pixel)	19,011	-
Loan from PKO BP (Pixel)	-	19,224
Loan from Santander (Globis Wroclaw)	20,675	21,368
Loan from Berlin Hyp (Corius)	9,500	10,036
Loan from Pekao (Sterlinga)	14,613	15,138
Loan from Pekao (Galeria Polnocna)	-	175,404
Loan from PKO BP (Artico)	13,338	13,848
Loan from Erste and Raiffeisen (Galeria Jurajska)	115,250	125,125
Loan from Berlin Hyp (UBP)	41,543	42,413
Loan from Santander (Francuska)	18,625	-
Loan from ING (Francuska)	-	18,929
Loan from OTP (Centre Point)	47,862	49,669
Loan from CIB (Metro)	-	13,277
Loan from UniCredit Bank (Pillar)	50,827	13,718
Loan from OTP (Duna)	37,116	38,518
Loan from Erste (HBK)	10,775	-
Loan from Erste (Váci Greens D)	24,438	-
Loan from OTP (Ericsson/evosoft Hungary)	80,000	-
Loan from Erste (V188)	16,225	-
Loan from Erste (GTC House)*	-	14,820
Loan from Erste (19 Avenue) *	-	21,510
Loan from OTP (BBC)*	-	20,985
Loan from Intesa Bank (Green Heart)*	-	55,907
Loan from Raiffeisen Bank (Forty one)*	-	36,295
Loan from Intesa Bank (Ada)	-	58,256
Loan from Erste (City Gate)	-	71,951
Loan from Banca Transilvania (Cascade)	-	3,797
Loan from Alpha Bank (Premium)	-	14,486
Loan from OTP (Mall of Sofia)	-	54,668
Loan from UniCredit (ABC I)	-	18,816
Loan from UniCredit (ABC II)	-	19,622
Loan from Erste (Matrix)	-	21,921
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	42,500	44,000
Loans from NCI	8,760	8,529
Deferred issuance debt expenses	(10,324)	(6,838)
Total	1,299,451	1,261,292

*Reclassified to liabilities related to assets held for sale.

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

28. 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 2021	31 December 2020
Current portion of long-term loans and bonds:		
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	16,278	442
Green bonds mature in 2027-2030 (HU0000360102)	72	-
Green bonds mature in 2028-2031 (HU0000360284)	397	-
Green bonds mature in 2026 (XS2356039268)	5,918	-
Bonds 0321 (PLGTC0000276)	-	20,737
Bonds 0422 (PLGTC0000292)	9,520	75
Loan from Santander (Globis Poznan)	629	629
Loan from Santander (Korona Business Park)	-	1,395
Loan from Santander (Pixel)	690	-
Loan from PKO BP (Pixel)	-	19,224
Loan from Berlin Hyp (UBP)	870	870
Loan from Erste and Raiffeisen (Galeria Jurajska)	4,875	4,875
Loan from Santander (Globis Wroclaw)	693	693
Loan from Berlin Hyp (Corius)	-	10,036
Loan from Pekao (Sterlinga)	525	15,138
Loan from PKO BP (Artico)	510	510
Loan from Pekao (Galeria Polnocna)	-	5,000
Loan from Santander (Francuska)	676	-
Loan from ING (Francuska)	-	18,929
Loan from OTP (Centre Point)	1,807	1,807
Loan from OTP (Duna)	1,401	1,401
Loan from Erste (Váci Greens D)	750	-
Loan from CIB (Metro)	-	1,172
Loan from Erste (GTC House)*	-	624
Loan from Erste (19 Avenue)*	-	994
Loan from Intesa Bank (Green Heart)*	-	2,873
Loan from OTP (BBC)*	-	805
Loan from Raiffeisen Bank (Forty one)*	-	1,853
Loan from Intesa Bank (Ada)	-	3,473
Loan from OTP (Mall of Sofia)	-	2,457
Loan from UniCredit (ABC I)	-	816
Loan from UniCredit (ABC II)	-	801
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	-	2,000
Loan from Erste (Matrix)	-	580
Loan from Alpha Bank (Premium)	-	1,025
Loan from Banca Transilvania (Cascade)	-	240
Loan from Erste (City Gate)	-	71,951
Deferred issuance debt expenses	(1,274)	-
Total	44,337	193,425

*Reclassified to liabilities related to assets held for sale.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

28. Long-term loans and bonds (continued)

	31 December 2021	31 December 2020
Long term portion of long-term loans and bonds:		
Bonds mature in 2022-2023 (Poland) (PLGTC0000318)	31,888	47,675
Bonds 0422 (PLGTC0000292)	-	9,440
Green bonds mature in 2027-2030 (HU0000360102)	107,317	108,614
Green bonds mature in 2028-2031 (HU0000360284)	53,659	-
Green bonds mature in 2026 (XS2356039268)	497,345	-
Loan from Santander (Globis Poznan)	15,694	16,322
Loan from Santander (Korona Business Park)	-	40,571
Loan from Santander (Pixel)	18,321	-
Loan from Santander (Globis Wroclaw)	19,982	20,675
Loan from Berlin Hyp (Corius)	9,500	-
Loan from Pekao (Sterlinga)	14,088	-
Loan from Pekao (Galeria Polnocna)	-	170,404
Loan from PKO BP (Artico)	12,828	13,338
Loan from Erste and Raiffeisen (Galeria Jurajska)	110,375	120,250
Loan from Berlin Hyp (UBP)	40,673	41,543
Loan from Santander (Francuska)	17,949	-
Loan from OTP (Centre Point)	46,055	47,862
Loan from CIB (Metro)	-	12,105
Loan from OTP (Duna)	35,715	37,117
Loan from Erste (HBK)	10,775	-
Loan from Erste (Váci Greens D)	23,688	-
Loan from OTP (Ericsson/evosoft Hungary)	80,000	-
Loan from Erste (V188)	16,225	-
Loan from UniCredit Bank (Pillar)	50,827	13,718
Loan from Erste (GTC House)*	-	14,196
Loan from Erste (19 Avenue)*	-	20,516
Loan from Intesa Bank (Green Heart)*	-	53,034
Loan from Intesa Bank (Ada)	-	54,783
Loan from OTP (BBC)*	-	20,180
Loan from Raiffeisen Bank (Forty one)*	-	34,442
Loan from Banca Transilvania (Cascade)	-	3,557
Loan from Alpha Bank (Premium)	-	13,461
Loan from OTP (Mall of Sofia)	-	52,211
Loan from UniCredit (ABC I)	-	18,000
Loan from UniCredit (ABC II)	-	18,821
Loan from Zagrebacka Banka (Avenue Mall Zagreb)	42,500	42,000
Loan from Erste (Matrix)	-	21,341
Loans from NCI	8,760	8,529
Deferred issuance debt expenses	(9,050)	(6,838)
Total	1,255,114	1,067,867

*Reclassified to liabilities related to assets held for sale.

28. Long-term loans and bonds (continued)

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

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

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

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

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

As at 31 December 2021, the Group continue to comply with the financial covenants set out in their loan agreements and bonds' terms and conditions.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

28. Long-term loans and bonds (continued)

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

	31 December 2021	31 December 2020
Balance as of the beginning of the year (excluding deferred debt expenses)	1,268,130	1,212,990
Drawdowns*	706,070	286,807
Repayments	(585,323)	(224,293)
Reclassified to liabilities related to assets held for sale (note 32)	(142,369)	-
Loan on acquisition of GTC Univerzum Projekt Kft. (previously Winmark Kft.)	58,000	-
Change in accrued interest	6,531	(73)
Foreign exchange differences	(1,264)	(7,301)
Balance as of end of the year (excluding deferred debt expenses)	1,309,775	1,268,130

(*) Includes bonds issued by GTC Aurora Luxembourg S.A. in amount of EUR 497 million (for more detail please refer to note 9).

29. Lease liability and Right of Use of land

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

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

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

(*) Reclassified to assets held for sale.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

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

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

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

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

Country	Completed investment property	Investment property landbank at cost	Residential landbank	Property, plant and equipment	Total	Discount rate
Poland	10,730	20,339	-	-	31,069	4.2%
Romania	6,646	-	-	-	6,646	5.7%
Serbia (*)	-	-	-	-	-	7.6%
Croatia	-	-	1,204	-	1,204	4.4%
Bulgaria	-	-	-	30	30	4.5%
Hungary	-	-	-	16	16	3.9%
Balance as of 31 December 2021	17,376	20,339	1,204	46	38,965	

(*) Reclassified to liabilities related to assets held for sale.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

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

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

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

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

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

	2021	2020
Balance as of 1 January	44,024	45,931
Recognition / (derecognition) of Right of Use asset for lands under perpetual usufruct	(745)	96
Amortization of right of use	(531)	(556)
Reclassification to assets held for sale	(3,724)	-
Foreign exchange differences	548	(1,447)
Balance as of 31 December	39,572	44,024

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

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

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

	2021	2020
Balance as of 1 January	43,054	46,430
Recognition / (derecognition) of lease liability for lands under perpetual usufruct	(745)	96
Payments of leases	(516)	(162)
Change in provision	970	(1,350)
Change in accrued interest	(658)	1,336
Reclassification to liabilities related to assets held for sale	(3,724)	-
Foreign exchange differences	584	(3,296)
Balance as of 31 December	38,965	43,054

The group pays an annual amount of EUR 2,120 (EUR 2,300 in 2020) as lease payment (principal and interest) for lands under perpetual usufruct.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

30. Capital and Reserves

SHARE CAPITAL

As at 31 December 2021, the shares structure was as follows:

Number of Shares	Share series	Total value	
		in PLN	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 2021, 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 29 June 2021, the Company held an ordinary shareholders meeting. It was decided that the loss for the year 2020 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the International Financial Reporting Standards in the amount of PLN 325.6 million shall be covered from profits generated in previous years.

30. Capital and Reserves (continued)

SHARE ISSUE

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

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

31. Provision for share based payments

PHANTOM SHARES

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

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

Strike (PLN)	Blocked	Vested	Total
6.03	-	827,416	827,416
6.11	-	100,000	100,000
6.23	2,891,000	1,292,100	4,183,100
6.31	-	250,000	250,000
Total	2,891,000	2,469,516	5,360,516

31. Provision for share based payments (continued)

As at 31 December 2021 phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2023	5,006,516
2025	354,000
Total	5,360,516

As at 31 December 2020 phantom shares issued were as follows:

Last year of exercise date	Number of phantom shares
2021	500,000
2022	220,000
2023	4,426,200
Total	5,146,200

The number of phantom shares were changed as follows:

Number of phantom shares as of 1 January 2021	5,146,200
Granted during the period	1,139,316
Expired	(875,000)
Exercised during the year	(50,000)
Number of phantom shares as of 31 December 2021	5,360,516

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

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

The balance of assets held for sale increased significantly due to the planned disposal of Serbian entities (for details please refer to note 9). It was also reclassification of residential land in Romania in amount of EUR 2,153 (Advance for this land in amount of EUR 1,080 was received on 23 March 2021 and was reclassified as liabilities related to assets held for sale as of 31 December 2021) and part of land in Croatia in amount of EUR 1,352 (advance for this land in amount of EUR 130 was reclassified to liabilities related to assets held for sale as of 31 December 2021).

The balance of assets held for sale (disposal group of Serbian entities) as of 31 December 2021 was as follows:

Company	Real estate	Cash and deposits	Other assets	Total
Atlas Centar	106,924	5,407	549	112,880
Demo Invest	62,044	3,500	384	65,928
BBC	38,714	1,525	244	40,483
Business Park	37,860	2,358	105	40,323
GTC MRN	25,682	1,921	167	27,770
CRV	-	390	42	432
Balance as of 31 December 2021	271,224	15,101	1,491	287,816

The balance of assets held for sale as of 31 December 2021 includes Serbian assets of EUR 287,816, part of land plot in Croatia of EUR 1,352 and residential landbank in Romania of EUR 2,833, including EUR 680, which were reclassified on 31 December 2020.

The balance of liabilities related to assets held for sale (disposal group of Serbian entities) as of 31 December 2021 was as follows:

Company	Lease liability	Loans	Deferred tax liability	Other liabilities	Total
Atlas Centar	924	52,920	922	1,934	56,700
Demo Invest	1,126	34,296	623	1,366	37,411
BBC	714	20,125	67	426	21,332
Business Park	960	20,467	779	668	22,874
GTC MRN	-	14,144	609	346	15,099
CRV	-	-	-	205	205
Balance as of 31 December 2021	3,724	141,952	3,000	4,945	153,621

Sale of Serbian entities took place on 12 January 2022, for details please refer to note 9 *Events in the period* and note 39 *Subsequent events*.

33. Prepayment and deferred expenses

The balance of prepayment and deferred expenses increased from EUR 3,604 to EUR 11,515 in the year ended 31 December 2021.

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

34. Earnings per share

Basic earnings per share were calculated as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) for the period attributable to equity holders (Euro)	41,651,000	(70,189,000)
Weighted average number of shares for calculating basic earnings per share	487,742,245	485,555,122
Basic earnings per share (Euro)	0.09	(0.14)

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

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

35. Related party transactions

Transactions with the related parties are arm's length transactions.

The transactions and balances with related parties are presented below:

In 2021, Group acquired several assets for the total consideration of EUR 173.5 million from a company related to the majority shareholder of the Company. For further details please refer to note 9 *Events in the period*.

	Year ended 31 December 2021	Year ended 31 December 2020
Transactions		
Rental revenue*	1,869	-
Service charge revenue*	418	-
Balances		
Accounts receivables*	795	-
Receivables from shareholders	123,425	-
Accrued income*	1,250	-
Long term payable**	1,027	-
Trade payables and provisions**	959	-

(*) *Rental revenue and Service charge revenue in relation to rental guarantees provided by sellers, an entities related to the majority shareholder.*

(**) *In relation to purchase price retention from the seller, an entity related to the majority shareholder.*

Other related parties transactions

	Year ended 31 December 2021	Year ended 31 December 2020
Transactions		
Financial arrangement fee	-	88

Management and Supervisory Board GTC S.A. remuneration for the year ended 31 December 2021 amounted to EUR 2 million and 260,000 phantom shares were vested.

Management and Supervisory Board GTC S.A. remuneration for the year ended 31 December 2020 amounted to EUR 2.2 million and 1,100,000 phantom shares were vested.

36. Commitments, contingent liabilities and guarantees

COMMITMENTS

As of 31 December 2021 (and as at 31 December 2020), the Group had commitments contracted for in relation to future building construction without specified date, amounting to Euro 29.7 million (Euro 40 million as at 31 December 2020). 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

As of 31 December 2021 and 31 December 2020 there were no guarantees given to third parties.

Additionally, the Company gave typical warranties in connection with the sale of its assets under the sale agreements and construction completion and cost-overruns guarantee to secure construction loans. The risk involved in the 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 2021 the book value of the investment in Marlera Golf project was assessed by an independent valuer at EUR 6.8 million.

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, 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 that 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 rates. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps, swap currency or cap transactions.

The majority of the Group's loans are nominated or swapped into Euro.

As at 31 December 2021, 94% of the Group's borrowings are hedged (as at 31 December 2020 – 95%).

A 50bp increase in EURIBOR rate would lead to EUR 486 change in result before tax.

37. Financial instruments and risk management (continued)

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 2021 and 2020 were as following:

	31 December 2021	31 December 2020
PLN/EUR	4.5994	4.6148
HUF/EUR	369.01	365.13

The table below presents the sensitivity of profit (loss) before tax due to changes in foreign exchange rates:

	2021				2020			
	PLN/Euro				PLN/Euro			
Rate/Percentage of change	5.0593	4.8294	4.3694	4.1395	5.0763	4.8455	4.3841	4.1533
	(+10%)	(+5%)	(-5%)	(-10%)	(+10%)	(+5%)	(-5%)	(-10%)
Cash and blocked deposits	(3,709)	(1,855)	1,855	3,709	(4,303)	(2,151)	2,151	4,303
Trade and other receivables	(1,006)	(503)	503	1,006	(353)	(176)	176	353
Trade and other payables	1,608	804	(804)	(1,608)	1,052	526	(526)	(1,052)
Land leases	3,107	1,553	(1,553)	(3,107)	3,172	1,586	(1,586)	(3,172)

The Group does not see any currency risk related to bonds denominated in PLN and HUF. Exposure to other currencies and other positions in the statement of financial position is 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.

37. Financial instruments and risk management (continued)

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 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 2021, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of approximately EUR 87 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 2021	31 December 2020
First year	127 ^(*)	218
Second year	148	211
Third year	99	204
Fourth year	144	272
Fifth year	821	155
Thereafter	236	292
Total	1,575	1,352

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

The above table does not contain payments relating to the 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.

Globe Trade Centre S.A.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2021
(in thousands of Euro)

37. Financial instruments and risk management (continued)

All derivative instruments mature within 1-10 years from the balance sheet date.

Maturity dates of current financial liabilities as of 31 December 2021 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	31,092	521	6,476	17,386	6,709
Current portion of long-term borrowing	44,337	-	-	3,824	40,512
VAT and other taxes payables	2,222	-	2,222	-	-
Deposits from tenants	1,932	-	161	483	1,288
Current portion of lease liabilities	198	-	21	127	50
Income tax payable	1,000	-	156	-	844
Derivatives	2,681	-	-	654	2,027
Total	83,462	521	9,036	22,475	51,429

Maturity dates of current financial liabilities as of 31 December 2020 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	27,299	-	6,289	5,905	15,105
Current portion of long-term borrowing	193,425	-	19,284	49,874	124,267
VAT and other taxes payables	1,551	-	1,551	-	-
Deposits from tenants	1,790	-	149	448	1,193
Current portion of lease liabilities	163	-	-	41	122
Income tax payable	4,220	-	76	11	4,133
Derivatives	3,365	-	-	841	2,524
Total	231,813	-	27,349	57,120	147,344

37. Financial instruments and risk management (continued)

FAIR VALUE

As of 31 December 2021, 91% of all bank loans bears floating interest rate (100% as of 31 December 2020). However, as of 31 December 2021, 94% of these loans are hedged (95% as of 31 December 2020). 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 the carrying value.

For the fair value of investment property, please refer to note 17.

FAIR VALUE HIERARCHY

As at 31 December 2021 and 2020, the Group held several hedge instruments carried at fair value in 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 that 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 2021 and 31 December 2020, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

PRICE RISK

The Group is exposed to fluctuations in the real estate markets in which it operates. These can have an effect on the Group's results (due to changes in the market rent rates and in occupancy of the leased properties).

Further risks are described in the Management Report as of 31 December 2021.

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.

37. Financial instruments and risk management (continued)

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 2021 and 31 December 2020.

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 long-term strategy is to keep its loan-to-value ratio ("LTV") at a level of 40 per cent., however in case of acquisitions the Company may deviate temporarily. As of 31 December 2021, LTV was temporary deviated. However, in January 2022 LTV improved significantly (decrease below 50%) as a result of disposal of Serbian entities in Serbia and cash received from share capital increase.

	31 December 2021	31 December 2020
(1) Loans, net of cash and deposits (*)	1,315,395	949,192
(2) Investment properties (exc. land leases), residential landbank, assets held for sale and buildings for own use	2,506,778	2,099,300
LTV [(1)/(2)]	52.5%	45.2%

(*) Excluding loans from non-controlling interest and deferred issuance debt expense, but including loans related to assets held for sale.

38. COVID-19

The COVID-19 pandemic has triggered a wave of substantial adverse effects on the global economy. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue, and terminated employees – which, consequently, led to a rise in unemployment. Rescue packages by national governments and the EU, as well as supporting monetary policies by the European Central Bank have been implemented to moderate the economic impact of the pandemic. During 2020 and 2021, the economic disruptions caused by the Covid-19 virus and the increased market uncertainty combined with increased volatility in the financial markets led to a decrease in rental revenues, a decrease in the Company assets' values, as well as impacted on the Company's compliance with financial covenants.

38. COVID-19 (continued)

CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES

Following the outbreak of the COVID-19 pandemic, the authorities in many of the markets the Group operates in, imposed restrictions on the opening of its shopping centres. Except for select "essential" retailers, or those able to offer curbside pickup or fulfil delivery orders from the store. The tenants in the Group's centres were unable to trade between three up to five months during 2020 subject to each country's restriction and around an average of three months during 2021 (only in the period between January and May 2021). Measures taken by the government affected and may continue to affect our business, however the potential future impact may be limited as more and more countries, including Poland, are lifting most of the restrictions.

RENT DISCOUNTS AND COLLECTION

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

The Group has agreed to rental holidays or discounts in certain cases which together with levied rental rate payment in Poland during the lockdown of shopping centres had a negative impact of EUR 14,700 on the Group's operating margin in the year ended 31 December 2020. The impact on gross margin for the year ended 31 December 2021 was significantly lower and amounted to EUR 10,500.

The amendment to the Act on special solutions connected with prevention, counteraction and combating of COVID-19 and other infectious diseases and caused by them crisis situations (art. 15ze), which regulates the relations between tenants and landlords regarding settlements for the period of lockdowns (introducing a new settlement between tenants and landlords in which tenants will pay 20% of the rent in the lockdown period and 50% for the three months following the lockdown) came into force in Poland on 23 July 2021. Based on the Management's assessment the impact of the new regulation on prior periods will be immaterial. The new law provides a roadmap for any future lockdowns and as a result could significantly impact the Group's revenue derived from shopping malls located in Poland in case of any potential lockdowns are implemented. However, as the date of this financial statement the risk of potential lockdowns in Poland is limited as country is lifting most of its Covid-19 related restrictions.

38. COVID-19 (continued)

VALUATION OF INVESTMENT PROPERTIES

The increased uncertainty and increased volatility in the financial markets had negatively affected the investment properties of the Group during 2020 and might have an effect in the future asset valuations, as well as impact on the Company's compliance with financial covenants.

Notwithstanding the above, as at 31 December 2021, the Company received valuations from its external appraisers and there are no significant differences in the value or properties as compared to values as at 31 December 2020.

There is no significant uncertainty regarding the fair value of investment properties.

While the exact effect of the coronavirus is unknown and unknowable, it is clear that it may pose substantial risks of reduction of income, increasing yields, increasing collection costs, and FX volatility.

LIQUIDITY POSITION

During the COVID-19 pandemic, the Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and CAPEX measures, as well as the decision to retain profit for the year ended 31 December 2019 in the Company as well as recommendation to suspend dividend for the year ended 31 December 2020. As of 31 December 2021, the Group holds cash in the amount of EUR 87,468. The Group runs stress tests, which indicated that the going concern assumption remains valid for at least 12 months from the financial statement publication date.

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

39. Subsequent events

On 4 January 2022, National Court Register registered the amendment to the Company's articles of association regarding the increase of the Company's share capital through the issuance of ordinary series O bearer shares.

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

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

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

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

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

39. Subsequent events (continued)

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

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

On 11 February 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired from Groton Global Corp Napred company in Belgrade holding a land plot of 19,537 sqm for a consideration of EUR 33.8 million (see details in note 9).

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

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

39. Subsequent events (continued)

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

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

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

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

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

Impact of the situation in Ukraine on GTC Group

On 24 February 2022, Russian forces entered Ukraine and military conflict ensued. At the time this financial statements were prepared the extent of the conflict and its longer-term impact are unknown. The conflict caused immediate volatility in global stock markets and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. Significant economic sanctions have been imposed against Russia by the European Union. The direct impact on the real estate markets where the Company operates is yet unknown. At this stage, there is no evidence that transaction activity within the Markets that the Company operates and the sentiment of buyers or sellers has changed.

40. Approval of the financial statements

The financial statements were authorised for issue by the Management Board on 5 April 2022.



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

www.bdo.pl

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

*This document is a translation and a conversion of an auditor's audit report issued in XHTML format.
As such, it is not an official auditor's audit report.*

The Polish original should be referred to in matters of interpretation.

Independent Auditor's Report to the General Meeting and Supervisory Board of Globe Trade Centre S.A.

Report on the Audit of the Year-end Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of the group, where the parent company is Globe Trade Centre S.A. located in Warsaw at Komitetu Obrony Robotników 45A ("the Company") ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as notes to the consolidated financial statements including a description of accounting methods and other explanations ("the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the Group's consolidated financial position as at 31 December 2021, as well as of its consolidated financial result and consolidated cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards endorsed by the European Union, as well as the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Statute.

The present opinion is consistent with the additional report to the Audit Committee, which we issued on 5 April 2022.

Basis for Opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing adopted by resolution of the the National Council of Certified Auditors ("NSA") and in compliance with the Act on Certified Auditors, Audit Firms and on Public Oversight ("the Certified Auditors Act" - 2020 Journal of Laws, item 1415 with subsequent amendments) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public interest entities ("Regulation EU" - OJ L 158). Our responsibilities under those standards are further described in the "Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements" section of this report.

We are independent of the Group's companies in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("the IESBA Code") and adopted by resolutions of the National Chamber of Certified Auditors, and with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act and Regulation EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis

BDO spółka z ograniczoną odpowiedzialnością spółka komandytowa, Sąd Rejonowy dla m. st. Warszawy, XIII Wydział Gospodarczy, KRS: 0000729684, REGON: 141222257, NIP: 108-000-42-12. Wartość wkładu kapitałowego wynosi 10.037.500 zł. 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 spółka komandytowa jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich.

for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in the audit of the consolidated financial statements for the current reporting period. They include the most significant assessed types of risks of material misstatements, including assessed types of risks of material misstatements resulting from fraud. We addressed these matters in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and have summarized our response to these types of risks, and where relevant, presented our key observations relating to those risks. We do not express a separate opinion on these matters.

1 Valuation of investment property

Investment property amounts to PLN 10,305,692 thousand euro and constitutes more than 78% of total assets of the Group as at 31 December 2021 (31 December 2020: over 85%). It 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.

The fair value of the investment property depends in general on external valuations, which take into account the Company Management's judgements, assumptions and estimates such as current and expected future rents, occupancy levels, rent-free periods and expected market yields. Inputs used to determine the fair value of the Group's investment property are classified into Levels 2 and 3 of the fair value hierarchy.

The valuations have been performed by third party appraisers. The appraisers were engaged by the Group to carry out the valuations in accordance with applicable valuation and professional standards.

We consider valuation of investment property as a key audit matter taking into account the significant impact on the Group's financial statements as well as high dependency on estimates and judgements of the Group's Management and valuation experts.

Disclosures in the Financial Statements

The disclosures and accounting policies relating to the valuation of investment property, incl. assumptions made, are presented in notes 7c, 7d, 17 and 38 of the consolidated financial statements.

Audit Procedures Performed in Response to the Risk

We documented our understanding of the investment valuation process. We also discussed with the Management current situation in markets where the Group operates in. We engaged our internal real estate and valuation specialists to verify properties' valuations performed by the Group.

Our audit procedures included, among others, the following:

- understanding of the process and control systems related to valuation of both investment property and investment property under construction;
 - evaluation of the objectivity and expertise of the external appraisers;
 - analysis of the properties selected on a sample basis, including assets that are of the highest value or those showing significant changes in carrying value;
 - review of the valuation reports and applied valuation models for selected properties and assessment of valuation approach used for determining the carrying value;
 - substantive audit procedures 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 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 Rent Value, void rates and 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 comparison with expectations built on the knowledge gained during the audit process;
 - assessment of the appropriateness and completeness of the disclosures relating to the investment property valuation presented in notes of the consolidated financial statements.
-

2 Financing and debt covenants

The outstanding bonds, loans and borrowings amount to PLN 5,976,695 thousand and constitute 45.7% of total assets of the Group as at 31 December 2021 (31 December 2020: 50.8%). For the majority of loans and bonds, the entities of the Group have to meet certain covenants specified in the loan and bond agreements.

Covenants' calculation depends to a large extent on investment property valuations as described in "Valuation of investment property" point above. These valuations are based on estimates and assumptions, including expectations of future economic and market developments which may be uncertain and, therefore, may change in the future. Additionally, the ability of the Group's entities to meet debt covenants in the foreseeable future may depend also on events after reporting date, including effect of the Covid-19 pandemic. Finally, covenants' calculation results may affect the Group's liquidity, as well as current and non-current liabilities presentation.

The availability of adequate financing and the assessment whether the Group will 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. Therefore, we consider this to be a key audit matter.

Disclosures in the Financial Statements

The disclosures regarding the covenants, loan and bond agreements and amendments are presented in notes 9 and 28 of the consolidated financial statements. In the notes 4 and 38 the Group presented its assessment of the going concern assumption, including Covid-19 effects on the Group's operations, financial position and performance.

Audit Procedures Performed in Response to the Risk

We documented our understanding of the financing process and the Group's control systems on the debt covenants' compliance and liquidity management. We also documented our understanding of the Group Management's calculation process of the debt covenant ratios in accordance with the loan and bonds agreements.

Our audit procedures, among others, included:

- analysis of debt covenants' requirements resulting from the loan and bond agreements, including the covenant ratios and potential events of default;
 - analysis of the Group's assessment of debt covenants' compliance and going concern assumption;
 - assessment of compliance - estimated by the Group's Management - with applicable financial covenants' requirements by performing recalculation of these covenants as at 31 December 2021 on a sample basis of covenants;
 - consideration of the events after the reporting date, including potential impact of the Covid-19 pandemic (i.a. 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;

- analysis of the Group's stress tests - the cash flow projections based on certain hypothetical defensive assumptions to assess the reasonableness of the going concern assumption in view of the current developments on the market;
 - assessment of the appropriateness and completeness of the disclosures relating to the covenants, loan and bond agreements as well as going concern assumption in notes of the consolidated financial statements.
-

Responsibilities of the Company's Management and Supervisory Board for the Consolidated 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 Group's financial position and financial result in accordance with International Financial Reporting Standards endorsed by the European Union, the adopted accounting methods (policies), the applicable binding regulations and the Statute. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free from material misstatements resulting from fraud or error.

In preparing the consolidated financial statements the Company's Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Group or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" - 2021 Journal of Laws, item 217 with subsequent amendments).

Members of the Company's Supervisory Board are responsible for overseeing the financial reporting process.

Responsibilities of the Auditor 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 misstatements 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 a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these consolidated financial statements.

The concept of materiality is applied by the auditor at the planning stage and when performing the audit and evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements, as well as when formulating the auditor's opinion. In view of the above, all of the opinions and statements contained in the auditor's report are expressed subject to the qualitative and quantitative level of materiality set in accordance with the applicable standards on auditing and the auditor's professional judgement.

The scope of the audit does not include an assurance regarding the Group's future profitability, or regarding the effectiveness of the Company's Management in the handling of the Group's affairs now or in the future.

Throughout an audit in accordance with NSA we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the consolidated financial statements resulting from fraud or error, design and perform audit procedures in response to such 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 the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;

- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Group's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Company Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 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 contents 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and remain solely responsible for our audit opinion.

We provide the Company's Audit Committee with information about, among others, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses of internal controls that we identify during our audit.

We provide the Company's Audit Committee with a statement that we have complied with the relevant ethical requirements relating to independence, and that we will communicate to them all relationships and other matters that may reasonably be considered to constitute a threat to our independence, and where applicable, inform them of the related safety measures.

From the matters communicated to the Company's Audit Committee we determined those matters that were of the most significance to the audit of the consolidated financial statements for the current reporting period and were therefore chosen as key audit matters. We describe these matters in our auditor's report, unless law or regulations prohibit their public disclosure or when, in exceptional cases, we find that a given matter should not be presented in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such information.

Other Information, Including Report on Activities

Other information comprises the Report on the Activities of the Group for the financial year ended 31 December 2021 ("the Report on Activities") along with the representation on the application of corporate governance, as well as the Annual Report for the financial year ended 31 December 2021 ("Annual Report") (together "Other Information").

Responsibilities of the Company's Management and Supervisory Board

The Company's Management is responsible for the preparation of Other Information in accordance with binding regulations.

The Company's Management and members of its Supervisory Board are required to ensure that the Report on Activities along with its separate sections meets the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the consolidated financial statements does not cover Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of Other Information, we are required to state this fact in our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements. We are also required to issue an opinion whether the Company's representation on application of corporate governance contains the required information.

We received the Report on the Activities of the Group prior to the issue of the present auditor's report, whereas the Annual Report will be available after this date. In the event that we find a material misstatement in the Annual Report, we are required to communicate this to the Company's Supervisory Board.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on the Activities of the Group:

- has been prepared in accordance with Article 49 of the Accounting Act and par. 71 of the Minister's of Finance Decree of 29 March 2018 on the current and periodic information reported by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (the "Current Information Decree" - 2018 Journal of Laws, item 757 with subsequent amendments);
- is consistent with the information presented in the consolidated financial statements.

Furthermore, based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Report on the Activities of the Group.

Opinion on the corporate governance application representation

In our opinion, the Company's representation on application of corporate governance contains all of the information specified in paragraph 70 section 6 par. 5 of the Current Information Decree. In addition, in our opinion, the information indicated in paragraph 70 section 6 point 5 letters c-f, h and letter i of the Decree, contained in the representation on application of corporate governance is consistent with the applicable regulations and with the information contained in the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Opinion on the conformity of marking up the consolidated financial statements prepared in a standard electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format

In connection with our audit of the consolidated financial statements we were engaged to perform a reasonable assurance engagement to express an opinion on whether the consolidated financial statements of the Group prepared as at and for the financial year ended 31 December 2021 in a standard electronic reporting format and contained in the file entitled GTC-2021-12-31.zip ("consolidated financial statements in the ESEF format") have been marked up in accordance with the requirements specified in the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation").

Identification of the Applicable Criteria and Subject Matter

The consolidated financial statements in the ESEF format have been prepared by the Company's Management in order to meet the markup requirements and the technical requirements on the specification of a single electronic reporting format set out in the ESEF Regulation.

The subject matter of the assurance engagement is the conformity of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation and, in our view, the requirements set out in those regulations constitute appropriate criteria for our opinion.

Responsibilities of the Company's Management and Supervisory Board

The Company's Management is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the markup requirements and technical requirements on the specification of a single electronic reporting format set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL markups, using the taxonomy referred to in the regulations.

The Company's Management is also responsible for designing, implementing and maintaining an internal control system to ensure that the consolidated financial statements prepared in the ESEF format are free from material incompliance with the ESEF Regulation's requirements.

Members of the Company's Supervisory Board are responsible for overseeing the financial reporting process, which includes the preparation of financial statements in compliance with the format arising out of binding legal regulations.

Responsibilities of the Auditor

Our objective was to express an opinion, based on the reasonable assurance engagement, on whether the consolidated financial statements in the ESEF format have been marked up in accordance with the requirements of the ESEF Regulation and are consistent with the technical standards on the specification of a single electronic reporting format set out in those regulations.

We performed the engagement in accordance with National Standard on Assurance Engagements Other than Audits and Reviews 3001PL "Audit of financial statements prepared in a single electronic reporting format" (hereinafter: "NSAE 3001PL") and, where applicable, in accordance with National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Amended) in the wording of International Standard on Assurance Engagements 3000 (Revised) - "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter: "NSAE 3000 (A)").

The standard requires us to plan and perform our procedures to obtain reasonable assurance that the consolidated financial statements in the ESEF format have been prepared in accordance with the applicable criteria.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement performed in accordance with NSAE 3001PL and, where applicable, in accordance with NSAE 3000 (A), will always detect an existing material misstatement.

Procedures are selected based on the auditor's judgement, including the auditor's assessment of the risk of material misstatements resulting from fraud or error. In assessing such risk, the auditor considers the internal control relevant to the preparation of the consolidated financial statements in the ESEF format, in order to plan procedures that will allow the auditor to obtain sufficient and appropriate evidence. The internal control system is not assessed for the purpose of expressing an opinion on the effectiveness of its operation.

Summary of Work Performed

Our planned and performed procedures included:

- obtaining an understanding of the process of preparing the consolidated financial statements in the ESEF format, including the Company's process of selecting and applying the XBRL markups and ensuring compliance with the ESEF Regulation, as well as an understanding of the internal control system relevant to that process;
- agreeing the marked up information contained in the consolidated financial statements in the ESEF format with the audited consolidated financial statements;
- with the use of specialized IT tool, assessing compliance with the technical standards on the specification of a single electronic reporting format, assessing the completeness of marking up the information in the consolidated financial statements in the ESEF format with XBRL markups;
- evaluating whether the applied XBRL markups from the taxonomy specified in the ESEF Regulation have been applied correctly and whether taxonomy extensions have been created in situations when no suitable elements have been identified in the core taxonomy specified in the ESEF Regulation;
- evaluating the correctness of embedding the created taxonomy markups in the core taxonomy specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the assurance engagement.

Ethical Standards, Including Independence

While performing the engagement the auditor and the audit firm complied with independence and other ethical standards set out in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. We have also complied with other independence and ethical requirements applicable to such assurance engagements in Poland.

Quality Control Standards

The audit firm applies national quality control standards in the wording of the International Standard on Quality Control 1 - "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements" adopted by resolution of the National Council of Certified Auditors (hereinafter: "ISQC").

In accordance with the requirements of ISQC, the audit firm maintains a comprehensive system of quality control that includes documentation of the policies and procedures relevant to compliance with ethical requirements, professional standards and the applicable legal and regulatory requirements.

Opinion on conformity with the requirements of the ESEF Regulation

As the auditor's opinion has been formulated based on the matters described above, the opinion should be read in consideration of those matters.

In our opinion, the consolidated financial statements in the ESEF format have been marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Declaration on the Provision of Non-audit Services

To the best of our knowledge and belief we declare that any non-audit services we have provided to the Group were consistent with the law and the regulations binding in Poland, and that we have not provided any non-audit services prohibited by virtue of Article 5 par. 1 of Regulation EU and Article 136 of the of the Certified Auditors Act.

The non-audit services we have provided to the Company and its subsidiaries in the audited period are listed in the Report on the Activities of the Group.

Appointment of the Auditor

We were appointed as auditors of the Group's consolidated financial statements in a resolution passed by the Company's Supervisory Board on 29 April 2020. We audited the consolidated financial statements of the Group for the second time.

The auditor in charge of the audit resulting in this independent auditor's report is Krzysztof Maksymik.

**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 audit was performed by the auditor in charge

Signed with a qualified electronic signature

Krzysztof Maksymik
Certified Auditor No. 11380

Warsaw, 5 April 2022

Signed with a qualified electronic signature

Dr. André Helin
Managing Partner of the General Partner
Certified Auditor No. 90004