GTC HUNGARY GROUP

ANNUAL REPORT

2024

Content

Annual report

MANAGEMENT BOARD'S REPORT

GTC HUNGARY REAL ESTATE DEVELOPMENT PLTD. GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

TABLE OF CONTENT

1. INTRODUCTION

The GTC Hungary Real Estate Development Pltd. was registered in Budapest in September 1998. The company is part of the GTC Group, an experienced, established, and fully integrated, real estate group of companies operating in the CEE and SEE region with a primary focus on Poland and Budapest and capital cities in the SEE region including Bucharest, Belgrade, Zagreb and Sofia, where it directly acquires, develops and manages primarily high-quality office and retail real estate assets in prime locations. The GTC Group was established in 1994.

The GTC's headquarters are located in Budapest, at 22 Népfürdő street.

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 EUR or HUF and expressed in thousand 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 2024.

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 2024 and 2023. The historical financial data should be read in conjunction with Item 5. "Operating and financial review" and the audited consolidated financial statements prepared in accordance with international financial reporting standards (IFRS) as adopted by the European Union (EU) for the financial year ended 31 December 2024 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the audited consolidated financial statements for the financial year ended 31 December 2024.

Consolidated Income Statement (in thousands EUR	FOR THE YEAR ENDED 31 Dec. 2024	31 Dec. 2023
Rental & service charge income	44,825	43,888
Service charge costs	(12,763)	(13,590)
Gross margin from operations	**32,530**	**30,997**
Selling expenses	(280)	(681)
Administrative expenses	(2,545)	(5,307)
Profit/(loss) from revaluation/impairment of assets, net	6,300	(17,988)
Financial income/(expense), net	(6,231)	(5,324)
Net profit / (loss)	**28,220**	**103**

Consolidated Cash Flow Statement (in thousands EUR)	31 Dec. 2024	31 Dec. 2023
Net cash from operating activities	39,472	19,398
Net cash from investing activities	(17,347)	(36,041)
Net cash from/(used in) financing activities	(29,427)	(2,753)
Cash and cash equivalents at the end of the period	8,319	15,380

Consolidated statement of financial position (in thousands EUR)	As of 31 Dec. 2024	As of 31 Dec. 2023
Investment property (completed and under construction)	363,037	627,580
Investment property landbank	36,910	36,960
Assets held for sale	55,816	-
Cash and cash equivalents	8,319	15,380
Loan granted to related parties	601,536	658,056
Prepayments, deferred expenses and other receivables	190,718	19,218
Others	15,104	23,340
Total assets	**1,271,440**	**1,380,534**
Non-current liabilities	957,903	1,119,736
Current liabilities	49,479	17,048
Total Equity	264,058	243,750
Share capital	20,366	20,366

3. KEY RISK FACTORS

RISK FACTORS RELATED TO THE GROUP'S BUSINESS

Risk	Description	Risk management method
Risk of unfavourable macroeconomic trends	The Group is affected by macroeconomic conditions, especially the overall conditions in the EU and national and local economies, such as growth in gross domestic product, inflation, changes in interest rates, and unemployment rates. Unfavourable macroeconomic trends combined with the instability of the financial markets may have a negative impact on the Group's operations, rental income, the market value of the Group's properties, as well as the availability and cost of debt financing/refinancing.	▪ Ongoing monitoring of the market and macroeconomic conditions; ▪ securing of rental income through the execution of long-term lease agreements with indexed rent rates; ▪ ongoing analysis of the behaviour and needs of the tenants; ▪ making decisions on new projects based on current and estimated market conditions; and ▪ efforts to maintain a sufficient level of cash and available credit limits.

Geopolitical risk	Geopolitical factors, including the war in Ukraine, the economic sanctions imposed on Russia and Belarus, conflict in the Middle East, tensions between China and Taiwan, and the uncertainties surrounding US foreign policy in light of the recent political transition may present uncertainties for the region. Combined with a number of other macroeconomic and geopolitical factors, including general political uncertainty in certain countries in which the Group conducts its operations (including Hungary and Germany), may negatively affect the Group's operations and financial results. The continuation of existing conflicts may result in further disruption in supply chains, limited availability of subcontractors and a general increase in the prices of materials, along with an increase in energy prices.	▪ Ongoing monitoring of the geopolitical situation in terms of its potential impact on the Group, individual projects and the Group's long-term investment plans; ▪ as at the date of this Report, the Group has not identified specific risks, which result directly from existing conflicts, which may have impacted the Group's operations, financial results or development process.
Risks related to the implementation of strategy	The Group may be unable to implement its strategy in part or in full and there can be no assurance that the implementation of the Group's strategy would achieve its goals. The success of the Group's strategy relies, in part, on various assumptions and contingencies (e.g. with respect to the level of profitability of any acquisition targets, investment criteria that have been developed by the Group, and the valuation of a project) that may prove to be partially or wholly incorrect or inaccurate resulting in a lower than expected return on investment. There is a risk that the Group will not be able to carry out its planned sale strategy in its entirety or in part or at the assumed prices (which may differ from the acquisition value) or, with respect to certain projects, cooperation of the majority partner in joint venture projects may be required. There is a risk that the Group will not be able to identify and secure new investments at attractive prices and on favourable terms and conditions that will satisfy its rate of return objectives and realise their values. Consequently, the Group may not be able to acquire properties and develop planned projects, and acquisitions may not actually	▪ Experienced, goal-oriented management for the Group; ▪ qualified team of specialists; ▪ monitoring market conditions (both global and regional) and other factors that are relevant for the achievement of the strategic goals of the Group; ▪ periodic verification of key strategic goals; and ▪ cooperating with renowned brokers and agents as well as reputable legal, tax, commercial and technical advisors in the due diligence process and in the process of new investment acquisitions.

	generate the expected income. The Group may also fail to achieve its 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, such as volatile market conditions, a lack of capital resources needed for expansion and the changing price and availability of investment targets in the relevant markets, as well as changes to laws.	
Risk related to investments in new sectors and new markets	The Group decided to pursue potential new investments in certain new sectors and geographical regions, including in: (i) innovation and technology parks; (ii) renewable energy facilities; and (iii) broad living sector, covering PRS, senior living and student housing properties. No assurance can be given that its investments in such new sectors may achieve the expected returns and increase the Group's profitability. The success of investments in new sectors and in new markets depends, to a significant extent, on possessing good knowledge of a given market and/or sector and an ability to locate and acquire properties at attractive prices and on favourable terms and conditions, and more experienced commercial real estate developers that have operated in such sectors for longer periods may have an advantage over the Group and constitute significant competition for the Group. Moreover, the successful implementation of the Group's new strategy may result in certain changes to the Group's property portfolio, including its geographic composition and composition by asset classes (i.e. retail, office, residential and other properties) and as a result, various measures of the Group's business and recurring cash flows derived from rental income may change.	▪ Investing in new sectors on a small scale (such investments do not constitute more than 10% of the Group's assets); ▪ investing as a minority shareholder in investment platforms with experienced developers and financial investors; ▪ conducting comprehensive analyses of new sectors and markets; ▪ cooperating with local specialists familiar with the conditions of a given market; and ▪ conducting a detailed due diligence prior to making a decision on whether to proceed with a new project.
Risk related to changes in tenant and consumer preferences	A post-pandemic change in the typical work model resulting in a share of employees working in hybrid mode combining work from home with office work, or working only from home, as well as changes in shopping preferences combined with the growing significance of	▪ Conducting ongoing analyses of the latest trends based on industry reports and own analyses of consumer preferences;

	online shopping instead of conventional shopping may lead to reduced demand for office and retail space, which, in turn, may cause reduced or negative rental returns and profits and, as a result, could have a material adverse effect on the Group's business, financial condition and results of operations.	▪ flexibly responding to changing consumer and tenant preferences; ▪ attempting to secure high-quality projects that are attractive to tenants; ▪ improving amenities for tenants and implementing tenant-friendly solutions in buildings; and ▪ adapting the Group's strategy in accordance with the changing market trends and situation.
Risk related to the development process	The Group is exposed to risks related to development processes, including, among others, a contractor's bankruptcy, claims and legal disputes with subcontractors, delays in work, the improper quality of work, increased prices of materials and labour, and shortages of qualified teams of professionals. Failure in any of these may negatively affect the Group's reputation and the marketability of the completed properties. The construction of the Group's projects may also be delayed or otherwise negatively affected by other factors over which the Group has limited or no control, such as acts of nature, industrial accidents, changes in applicable laws, and increases in the cost of external financing. Additionally, no assurances can be given that permits or other decisions required from various authorities in connection with existing or new development projects will be obtained by the Group in a timely manner. Such decisions may be challenged by third parties, which may result in delays in the development timetable, failing to meet deadlines and/or an investment being abandoned. The Group's land may also require rezoning or a new or the obtaining of an amended local spatial development plan or planning permission. Obtaining the required permission cannot be guaranteed, and the Group has encountered such difficulties in the past.	▪ Cooperating with renowned and experienced contractors, subcontractors and suppliers; ▪ checking the financial condition and technical capabilities of a contractor or supplier prior to signing contracts; ▪ applying mechanisms in construction contracts protecting investors (e.g. lump sum remuneration, indemnification regarding subcontractors, obligation to provide the respective bank guarantees or other collateral securing the proper performance of work and guarantee periods); ▪ conducting ongoing supervision over construction projects by project managers; ▪ conducting detailed analyses of the zoning designation of land prior to acquisition; ▪ developing experience in obtaining permits from major cities in Hungary; ▪ cooperating with experienced external architectural and urban planning studios as well as specialists in the fields of planning and administrative procedures; and ▪ limiting the number of new developments of the Group conducted at the same time (in light of the fact that development

		is not a core business operation of the Group).
Risk related to potentially insufficient capital expenditures allocated for the residential portfolio in Germany	The portfolio of residential real estate for rent in Germany bought by the Group comprises properties built from 1950 to 1969, along with newer properties built from 1970 to 1984. The Group has allocated funds for capital expenditures to carry out planned refurbishment work to bring the buildings into ESG compliance, however, it may turn out that the allocated amount is insufficient. It may also be the case that the buildings require additional work that is not included in the technical assessments of the buildings made prior to their acquisition. Additionally, the European Union may adopt new regulations concerning mandatory refurbishment that the Group will be required to perform, the costs of which are not included in the secured capital expenditures.	▪ Extensive experience in bringing buildings into ESG compliance; ▪ a comprehensive technical assessment of the portfolio conducted prior to any acquisitions; and ▪ monitoring regulations concerning ESG requirements.
Risk of not adjusting the Group's properties to sustainability criteria and not reducing its impact on the environment	The Group is required to adapt to adopted EU legal acts in the area of ESG, to meet multiple sustainability criteria, and to take actions aimed at reducing the environmental impact of the Group's operations. There is a risk that the adaptation of the Group's buildings to be net zero effective, as well as actions taken by the Group to improve building efficiency may require significant capital expenditures and, in some cases, could be difficult to implement. One cannot rule out that, for the purpose of the reduction of their carbon footprint, tenants will be looking for space that provides a low carbon footprint or will limit their office space or place great importance on working from home (in an effort to generate fewer or even no carbon emissions) instead of working from an office, which may lead to reduced demand for office space, and have a negative impact on the rental returns and profitability of the Group. There is a risk that buildings that do not meet sustainability criteria will not be attractive either to tenants or potential purchasers and, as a consequence, the sale of such	▪ Focusing on a thorough analysis of the environmental impact of the operation of the Group's buildings; ▪ continuously improving the monitoring and management of buildings based on the most recognised environmental certification systems such as BREEAM or LEED; ▪ reducing the Group's carbon footprint primarily by ensuring the energy efficiency of buildings and investing in energy from renewable sources; ▪ using green energy from certified sources in all buildings in Hungary, Poland, Romania and Croatia, and partially in Bulgaria; ▪ publishing a comprehensive ESG report (being the first commercial developer in CEE to do so); ▪ supporting local communities and educational and cultural activities by working with over a hundred organisations, including NGOs, schools and universities; ▪ implementing a diversity and inclusion policy, employing an array of employees that vary in terms of

	buildings may be difficult, or the price offered for such buildings will not be satisfactory to the Group. Also, the observed changes in the climate (in particular, changes in the average air temperature in the region in which the Group operates) may require changes in the operation of the Group's properties as well as its equipment (including, for instance, changing air conditioners, replacing old lighting with LED, etc.). Not making these changes in a timely manner could create a competitive disadvantage and a decrease in rental revenue; moreover, making such changes may require additional capital expenditures.	gender, age, education, and cultural background; and ▪ delivering new buildings, and acquiring and managing assets with a focus on environmental protection.

LEGAL AND REGULATORY RISKS

Risk	Description	Risk management method
Risk of changes in laws	The Group's operations are subject to various regulations in Hungary, Serbia and other jurisdictions in which the Group conducts business activities (including fire and safety requirements, environmental regulations, labour laws and land zoning) and is exposed to the risk of changes to laws in such jurisdictions. New, or amendments to existing, laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose additional obligations and/or restrictions on the use of the Group's properties and/or its operations.	▪ Ongoing monitoring of changes in laws applicable to the Group's operations (while still in the legislative process) so that new requirements can be quickly implemented in the Group's operation; and ▪ cooperating with renowned legal advisors in the jurisdictions where the Group conducts business activities.
Risk of changes in tax laws or their interpretation	Taking into account that the tax regulations in the countries in which the Group operates, are complex and subject to frequent changes, and the approaches of the various tax authorities are not uniform and consistent, the Group is exposed to the risk that tax authorities will employ a different interpretation of tax laws that apply to the Group, which may prove unfavourable for the Group. No assurance can be given that specific tax interpretations already obtained and applied by the Group will not be changed or challenged. There is also a risk that new tax law regulations will be introduced,	▪ Monitoring changes in tax law applicable to the Group's operations; ▪ obtaining a tax interpretation in the case of any uncertainty concerning the tax treatment of a given transaction and executing the transaction in line with such interpretation; ▪ hiring experienced accountants and financial specialists; and ▪ cooperating with renowned legal and tax advisors.

	which may result in greater costs due to circumstances related to complying with any changed or new regulations. Moreover, in relation to the cross-border nature of the Group's business, international agreements, including double taxation treaties which apply to members of the Group, may also have an effect on the Group companies' business.	
Risk of legal disputes	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, contractors or visitors to the sites. Claims may also be brought against the Group in connection with executed transactions concerning the sale of projects (e.g. for a breach of warranties made by the Group, and/or for the existence of defects of which the Group was not aware, but of which it should have been aware when it executed the transaction). The Group may be also involved in small-scale litigation and other legal proceedings in connection with lease agreements in the case of breaches of certain obligations of the landlord set out in such agreements.	▪ Applying high standards in the fields of health, safety and the environment; ▪ monitoring compliance with health, safety and environmental procedures by the Group's employees as well as contractors and their employees and subcontractors; ▪ introducing a mechanism limiting the Group's liability in transaction documents (e.g. time limitations, monetary limitations); and ▪ cooperating with renowned legal advisors in the case of a dispute.

RISK FACTORS RELATED TO THE GROUP'S FINANCIAL CONDITION

Risk	Description	Risk management method
Risk of decline in occupancy levels	Any significant decline in occupancy levels in the Group's properties, especially the loss of reputable anchor tenants, could have a material adverse effect on the ability of the Group to generate cash flows at the expected levels. There can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies and, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to sign replacement leases on commercial terms satisfactory for the Group (especially taking into account increasing tenant expectations in respect of fit-out standards and incentives). This risk is particularly noticeable on the Hungarian	▪ Attempting to secure high quality projects that are attractive to tenants; ▪ strengthening the rental and marketing strategies; ▪ building good, long-term relationships with tenants; ▪ continuously analysing market trends and promptly adapting to changes; ▪ improving amenities for tenants and implementing tenant-friendly solutions in buildings; ▪ effective management of the Group's commercial properties; ▪ experienced leasing team; and ▪ cooperating with reputable brokers and leasing agencies.

	market, where the level of rentals as well as pre-rentals of both the existing buildings of the Group as well as buildings under construction (e.g. Centerpoint 3) is not satisfactory for the Group. This is not only due to a relatively high office vacancy rate that is approximately 14% but also taking into account the current macroeconomic and political situation of Hungary. Furthermore, it is plausible that the vacancy rates on the private office market in Hungary will be further reduced as a consequence of public programmes aimed at increasing the supply of state-controlled office space, which is currently under construction. All of such factors may result in the failure to achieve the target rental level or even lead to a further decrease of the rental level and, in consequence, negatively affect the financial results of the Group.	
Risk of not fully recovering the operating costs from tenants	The Group may not be able to fully pass on all operating 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 or retail properties or has to improve conditions offered to attract new tenants to its projects. If vacancy rates in the Group's buildings increase, the Group must cover the portion of the service charges that is related to the vacant space. Some of the lease agreements concluded by the Group provide for a cap on increases of the service changes payable by the tenant. In such cases, if the maintenance charges increase, the Group would be unable to pass on such increases to the tenants.	▪ Effective property management focused on minimising maintenance costs without compromising the quality of services; ▪ the vast majority of the lease agreements concluded with tenants are triple-net leases, which means all operational costs as well as property taxes are covered by the tenants; and ▪ limited caps on service charges passed on to tenants.
Risk related to the valuation of the Group's properties	The Group's income depends partially on changes in the value of assets on property markets, which are subject to fluctuations. The valuation of a property is inherently subjective and uncertain as it is based on different methodologies, forecasts and assumptions (e.g. as to expected rental values, fit-out costs, the time necessary for renting a specific property, etc.). The Group's property	▪ Performing valuations of the Group's properties semi-annually (as at 30 June and 31 December of each year); ▪ having reputable external valuers assess the properties; and ▪ conducting internal reviews of property valuations and, if necessary, having a certified independent appraiser confirm such valuations.

	valuations are made based on the discounted cashflow method (DCF), using the discount rates applicable to the relevant local real estate market or, in the case of certain properties, by reference to the sale value of comparable properties, and any change in the valuation methodology used by the valuer will have an impact on the valuation of a given property and may result in gains or losses in the Group's consolidated income statement. As a result, the Group can generate significant non-cash revenue gains or losses from period to period depending on the changes in the fair values of its investment properties, regardless of whether such properties are sold. If the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove to be inaccurate or are subject to changes, the actual values of the projects in the Group's portfolio may differ materially from those stated in the valuation reports. Valuations based on inaccurate assumptions concerning the Group's properties and fluctuations in valuations may have a material adverse effect on the Group's business, financial condition and compliance with bank loan agreements.	
Risk related to the Group's debt financing	The Group's existing leverage and external debt financing may have material adverse consequences for the Group, including: (i) increasing its vulnerability to and reduced possibility to respond to downturns in the Group's business or generally adverse economic and industry conditions; (ii) limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes, which may be necessary for the Group to achieve the envisaged returns on its project, as well as increasing the cost of any future borrowings; (iii) forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain	▪ Monitoring the regular repayment of debt and securing funds for such repayment; ▪ monitoring to ensure the proper performance of all obligations imposed on the Group and/or the companies thereof under financing documents; ▪ ensuring loan funds are spent in accordance with the purpose of a given loan; ▪ attempting to ensure the proper liquidity of the Group; and ▪ maintaining available credit limits and good relationships with financing banks.

	covenants under loan agreements; (iv) requiring the allotment of a substantial portion of the Group's cash flows from operations to the payment of the principal and the interest on its indebtedness; and (v) placing the Group at a competitive disadvantage compared to its competitors that are less leveraged. A potential risk of obtaining financing and/or obtaining it on favourable terms may apply to financing of several investment properties under construction. This may be due to several factors, including low pre-leasing levels during the construction process, slower sales of residential units during the construction phase. As a result, higher levels of equity may be required to be deployed for the purposes of development of new investment properties and the recycling of such equity may take longer and depend on external conditions.	
Risk of the failure to meet obligations under financing agreements	The Group could fail to make the principal and/or interest payments due under the Group's loans or breach any of the covenants included in loan agreements – in some cases also due to circumstances that may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratios, 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.	▪ Monitoring the regular repayment of debt and securing funds for such repayment; ▪ employing specialists responsible for handling the existing debt financing of the Group; ▪ ensuring that loan funds are spent in accordance with the purpose of a given loan; and ▪ conducting monitoring to ensure the proper performance of all obligations of the Group under existing financing documents so as to prevent the occurrence of any breach and/or default.
Risk related to refinancing	The Group's real estate projects are financed under secured loans and unsecured bonds that have been provided for a limited term. The Group may not be able to renew or refinance its	▪ Monitoring to ensure the proper performance of all obligations of the Group under existing financing documents so as not to lead to any breach and/or default;

	remaining obligations in part or at all, or may have to accept less favourable terms in respect of such refinancing. The costs of new financing and/or refinancing may be significantly higher than under the existing facility agreements. If the Group is unable to renew a loan or bond or secure refinancing, the Group could be forced to sell one or more of its properties in order to procure the necessary liquidity or to use its existing cash to repay the loan. Additionally, if the Group is not able to renew certain loans or bonds, the properties that are financed by way of such loans or bonds will become low-leveraged and, as a consequence, will not be able to generate the expected returns on equity. The refinancing is also connected with a risk of changes in interest rates, which may be less favourable than under the existing indebtedness. 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, 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. Any combination of the above may have material adverse effects on the Group's business, cash flows, financial condition and results of operations.	▪ maintaining the creditworthiness of the Group at a sufficient level; ▪ consolidation of cash prior to the maturity date of the bonds through the disposal of non-core assets; ▪ owning significant assets that can serve as collateral for financing banks; ▪ owning significant assets that can be disposed of for the purposes of partial repayment of existing debt; ▪ extensive experience in obtaining financing and refinancing; ▪ effectively managing the Group's leverage; ▪ building good and long-term relationships with financing banks; ▪ employing experienced financial specialists; and ▪ limiting exposure to changes in interest rates by incurring debt at a fixed interest rate, or changing interest from a variable to a fixed rate via hedging instruments.
Currency risk	The Group's functional currency is euro. The Group is exposed to currency risks arising, *inter alia,* from the fact that certain of the Group's costs (such as certain construction costs, labour costs and remuneration for certain general contractors) are incurred and some of the income is gained in the currencies of the geographical markets in which the Group operates, including the Hungarian forint, and the Serbian dinar. The exchange rates between local currencies and the euro have fluctuated historically. A portion of the Group's debt is denominated in currencies other than EUR and, as a result, a portion of the	▪ Obtaining debt financing denominated in euros or converting financing obtained in other currencies into euros using hedging derivatives; ▪ concluding agreements with contractors specifying remuneration expressed in euros; and ▪ engaging in other forms of currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns.

	financial costs is incurred by the Group in such other currencies (the currency risk applies, in particular, to interest on the bonds issued by the Group in Hungarian forints).	
Risk of loss of liquidity by the Group	There is a potential risk of a loss of liquidity by the Group in the case of significant disturbance in the balance between its receivables and liabilities, and a material cash flow disruption in the absence of access to debt financing.	▪ Permanent monitoring of the forecast and actual short and long-term cash flows, as well as receivables and liabilities; ▪ maintaining a sufficient cash level in order to ensure proper liquidity management; ▪ maintaining free credit limits on current accounts; ▪ experienced management of the Group; and ▪ diversification of the Group's portfolio as well as investing in new sectors that might go through different phases of the business cycle at different times.

RISK FACTORS RELATED TO THE SHAREHOLDING STRUCTURE

Risk	**Description**	**Risk management method**
Risk related to the Group's controlling shareholder	GTC's dominant entity is Optimum Venture Private Equity Fund ("**Optima**"), which indirectly holds 62.61% of the shares in the Company's share capital. Optima is controlled by Pallas Athéné Domus Meriti, a Hungarian foundation which was founded by the National Bank of Hungary. Optima and the foundation controlling it have recently been the subject of ongoing media reports and public commentary relating to alleged irregularities. These matters do not concern the Company, any of its group companies, or their respective employees. The Company remains an independent legal entity, not responsible for, nor guaranteeing, any obligations of its shareholders. None of the Company's assets have been pledged as collateral in relation to any liabilities of its shareholders, nor do the Company's shareholders provide any form of financing to the Company beyond their already-fulfilled equity contributions.	▪ Applying most of the principles of corporate governance set out in the Good Practices of Companies Listed on the WSE 2021; ▪ protecting the rights of minority shareholders in the articles of association, including the appointment of a shareholder meeting delegate (supervisory board member appointed by the general meeting), adhering to independence criteria for at least two supervisory board members, and special approval requirements for related-party transactions; and ▪ periodic monitoring of media reports, adhering to high standards of corporate governance, transparency, and operational independence.

	While the Company is not involved in any way in these matters, and operates under the oversight of the supervisory board (several of the members of which are independent), it cannot be ruled out that further developments, depending on their nature and public response, could affect the perception of the Company among certain investors, financing institutions, or business partners. This could potentially influence the Company's ability to access capital, refinance the existing debt, or pursue certain commercial opportunities. Moreover, the Group cannot exclude the risk of a potential conflict of interest between Optima and the remaining shareholders. When considering an investment, the business and operational matters of the Group, and/or the most appropriate uses of the Group's available cash, the interests of Optima may not be aligned with the interests of the Group or of its other shareholders, especially as Optima operates in the same markets as the Group and it might compete over investments.	
Risk associated with related-party transactions	As the Group executes transactions with related parties, it is exposed to the risk of such transactions being challenged by tax authorities, taking into account the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of determining arm's-length terms for the purpose of such transactions, as well as difficulties in identifying comparable transactions for reference purposes.	▪ Monitoring legal and tax regulations as well as amendments to laws governing related-party transactions; ▪ monitoring market practice (including the approach of the authorities) in determining arm's-length terms for the purpose of related-party transactions; and ▪ cooperating with experienced tax and legal advisors.

RISK FACTOR RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES

Risk	Description	Risk management method
Risk associated with countries in emerging markets	The markets in the regions of CEE and SEE in which the Group operates are subject to greater legal, economic, fiscal and political risks than mature markets, and are subject to rapid and sometimes unpredictable changes. CEE and SEE	▪ Monitoring political and economic situations in the regional markets in which the Group operates; ▪ hiring local specialists familiar with the conditions of a given market;

	countries still present various risks to investors, such as economic instability or changes in national or local government, land expropriation, changes in taxation legislation or regulations, changes to business practices or customs, changes to laws and regulations related to currency repatriation, and limitations on the level of foreign investment or development. 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 and the general economies of individual countries. The ongoing armed conflict in the territory of Ukraine and uncertainties regarding its duration and scale, and the relationship of CEE and SEE countries with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in countries neighbouring Ukraine and Russia where the Group operates. The Group may be exposed to risks related to investing in real estate in CEE and SEE countries resulting from the unregulated or uncertain legal status of certain real properties (e.g. due to reprivatisation claims).	▪ conducting a detailed due diligence review prior to making a decision on whether to proceed with a new project; ▪ implementing legal protection measures in concluded contracts; and ▪ securing rental income by way of the execution of long-term lease agreements.

IT RISK FACTOR

Risk	Description	Risk management method
Risk of unauthorised access to data	The Group is exposed to the risk related to unauthorised access to data from inside and outside the organisation that may result in the leakage of confidential data concerning the Group.	▪ Implementing internal IT security standards; ▪ continuous monitoring and detection of threats to IT systems and infrastructure; ▪ cooperating with reputable providers of IT and cybersecurity services; and ▪ building employee awareness in the field of cybersecurity.

4. PRESENTATION OF THE GROUP

4.1 General information about the Group

Group's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development. As of 31 December 2024, the Company`s property portfolio comprised the following properties:

- **7 completed office projects** (including office held for sale) with a total combined commercial space of approximately 128 thousand sq m of GLA,
- **1 office** project **under construction** with a total GLA of approximately 36 thousand sq m; and
- **commercial landbank** designated for future development.

As of 31 December 2024, the book value of the Company's portfolio amounts to EUR 452,160 with: (i) the Group's completed investment properties account for 72% thereof; (ii) investment properties under construction for 20%; and (iii) an investment landbank intended for future development for 8%.

4.2 Main events of 2024

On 1 January 2024, the Company entered into a mutual employment contract termination agreement with Mr. Csaba Zovát, former Member of Management Board of the Company. Subsequently, Mr. Zovát resigned from his seat on the Management Board of the Company and subsidiaries.

On 1 January 2024, the shareholder of the Company appointed Mr. Balazs Gosztony as a member of the on the Management Board of the Company, effective immediately.

GTC Group has successfully negotiated the acquisition of a portfolio of residential assets in Germany (the "Portfolio") The acquisition of the portfolio fits perfectly into GTC's strategy to diversify by investing in Western Europe and in the residential market. GTC Hungary has granted loan of EUR 6 million to GTC Germany and EUR 13.8 million to GTC Elibre until 31 December 2024. GTC Hungary has also provided a loan to GTC SA, with the loan amount being EUR 12,7 million.

On 23 October 2024, GTC Group signed a sale and purchase agreement concerning the sale of Glamp d.o.o., an owner of A-class office building in Belgrade – GTC X for EUR 52.2 million. Net proceeds from sale of subsidiary shall be EUR 24.2 million. Difference between the sale price and net proceeds is mainly due to the fact that part of the price will be used for bank loan repayment before the sale. Further details about that transaction are presented in note 15 and 28 of consolidated financial statements for year ended 31 December 2024

On 16 December 2024, GTC Hungary Real Estate Development Company Pltd. has sold GTC Univerzum Projekt Kft, a wholly-owned subsidiary of the Company, owning the Ericsson Headquarter Office Building and the evosoft Hungary Headquarter (Siemens Group) Office Building two class A office buildings in Budapest to GTC Univerzum S.á.r.l within GTC Group for net proceeds of EUR 34.4 million.

On 16 December 2024, GTC Hungary Real Estate Development Company Pltd. has sold Kompakt Land Kft, a wholly-owned subsidiary of the Company, owning Pillár office building in Budapest to GTC Kompaktland S.á.r.l within GTC Group for a net proceeds of EUR 36.9 million.

EVENTS AFTER 31 DECEMBER 2024:

On 31 January 2025, the Group finalized the sale of the entire share capital of Serbian subsidiary Glamp d.o.o. Beograd (Project X). The free cash generated from this disposal, as per Initial purchase price, is EUR 22.7 million. The refinancing of the Erste bank and GTC SA loans was completed in January 2025 with the total repayment of EUR 32 million.

4.3 Structure of the Group

The structure of GTC Hungary Real Estate Development Pltd. Capital Group as of 31 December 2024 is presented in the unaudited consolidated financial statements for year ended 31 December 2024 in Note 8 “Investment in subsidiaries.”

The were 2 changes in the structure of the Group occurred in the year ended 31 December 2024: Kompakt Land Kft. and GTC Univerzum Projekt Kft. were sold **within GTC** Group to newly established entities in Luxembourg for the purpose of share pledges establishment required for securing financing granted by Baupost for GTC Paula SARL, leading GTC Group to the acquisition of the portfolio of residential assets in Germany.

4.4 The Group’s Strategy

The GTC Hungary is part of the GTC Group and as a result it strategy is aligned with the Strategy of the parent company. The GTC Group's strategy centres around stable growth, financial prudence and environmental] sustainability with a commitment to create long-term value for its stakeholders.

The Group’s growth should be based on GTC ‘score competences, i.e. construction of new real assets to earn developer’s profit and adding value to the standing properties via strong asset management.

Core asset classes:

- Green office buildings (both newly constructed and existing ones)
- Green shopping malls (operations only)
- Broadly understood living sector (residential for sale and rent, senior living and student housing) to be newly constructed;
- Renewable energy
- Hospitality sector

Countries to operate in:

- Existing European countries of GTC presence to remain GTC’s core markets
- New strong markets with growth potential (Germany, UK)
- Highly rated countries to increase the overall rating of the Group.

Portfolio management priorities:

- Active management of our portfolio to improve rental income and occupancy and maintain cost efficiency
- Repositioning of old / non energy efficient assets or the ones located in challenging (especially regional) markets
- Sale of non-core assets to unlock equity for new developments and acquisitions and increase the return on invested equity

- Selective disposals of operating commercial properties that are either capex intensive or reached a peak of the book value (fully rented with high WAULT)
- Value-add acquisitions that provide tangible potential through reletting, improvement in occupancy and rental upside and realisation of redevelopment potential
- Entering asset classes and countries which offer higher returns / further growth potential meeting investment criteria adopted by the Group
- Running at any time at least one construction in each of the countries of GTC presence
- Converting ongoing development projects and land reserves into income-generating properties

Active liabilities' management:

- Gradual exit from bond capital markets and financing investment needs from senior bank debt
- Active management of financing cost through continuous refinancing to increase the return on equity
- While LTV shall be decreased in longer term interim increases of the ratio connected with capital markets exit or cash intensive developments in project's development early stages would be acceptable

Sustainability measures (ESG):

- Focus on green buildings, carbon footprint reduction, and sustainable portfolio certification to mitigate climate change
- Prioritize tenant relationships and community impact through responsible investments
- Uphold anti-corruption and anti-money laundering measures and effectively manage risks
- Actively raise employees' awareness of ESG aspects and encourage reporting of ESG-related issues
- Restrictively adhere to sanctioned countries and individuals policies
- Support initiatives in ESG area and membership on organisations which promulgate ESG ideas

Others:

- Further optimisation of overheads through processes' improvements and digitalisation
- Centralisation of selected functions and outsourcing of functions where competences are missing

ESG Policy Pillars

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

(E) Environment: concern for the environment

We are reducing our environmental footprint. We deliver and manage green-certified buildings (saving energy and resources, lowering carbon emissions). We contribute to a circular economy.

Focus areas of the pillar:

E.1. Green Buildings

E.2. Climate Change Mitigation

(S)Social: empowerment, respect and diversity

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.

Focus areas of the pillar:

S.1. Tenants

S.2. Employees

S.3. Communities

(G) Governance : best governance practices

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.

Focus areas of the pillar:

G.1. Compliance

G.2. Rusk management

G.3. Transparency

4.5 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 Budapest supplemented by selected development activities. As of 31 December 2024, the book value of the Group's investment property including office held for sale amounted to EUR 452,160. The Group's investment properties include income generating assets (completed properties), projects under construction, commercial landbank and assets held for sale.

INVESTMENT PORTFOLIO

COMPLETED INVESTMENT PORTFOLIO AND REAL ESTATE ASSETS HELD FOR SALE

As of 31 December 2024, the Group manages completed commercial properties with a combined gross rentable area of approximately 128 thousand sq m, including 6 office buildings located in Budapest and 1 office building located in Belgrade (held for sale), which constituted 72% 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, including MBH Bank, KEF, Honeywell, Metlife, Huawei, AON, and others.

PROJECTS UNDER CONSTRUCTION

As of 31 December 2024, the Group had one office buildings classified as an investment under construction with a book value of EUR 89,000, which constituted 20% of the Group's total property portfolio.

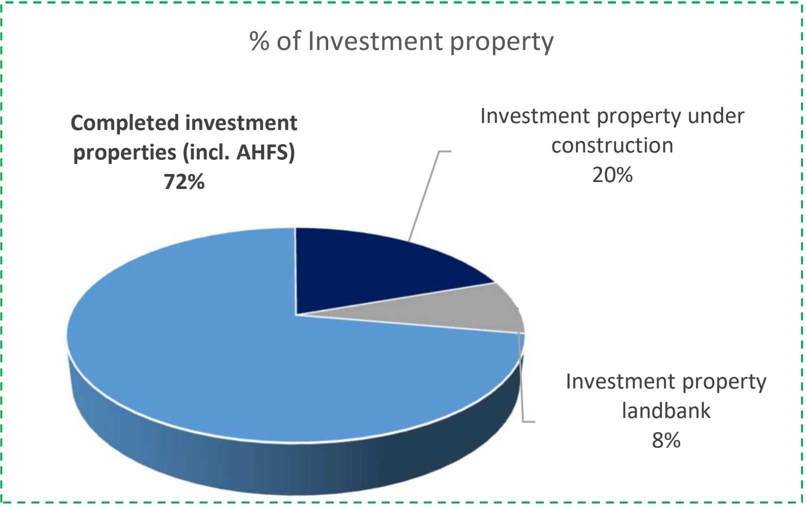
INVESTEMENT PROPERTY LANDBANK

As of 31 December 2024, the Group had land classified as an investment property landbank designated for the future development of EUR 36,910, which constituted 8% of the Group's total property portfolio (by value).

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.

4.5.1 Overview of the investment portfolio

The Group`s strategy focuses on creating value from active management of a growing real estate portfolio Budapest and Belgrade. The Group focused on commercial assets, mainly office buildings and office parks. The Group's investment properties include income generating assets (completed properties, projects under construction, investment property landbank.



4.5.1.1 Overview of income generating portfolio including building held for sale

As of 31 December 2024, the Group office portfolio comprises six office building located in Budapest and one (held for sale) located in Belgrade The Group's total gross rentable area comprises 128 thousand sq m to 199 thousand sq m as of 31 December 2023. The total value of the office portfolio as of 31 December 2024 was EUR 452,160 compared to EUR 664,540 as of 31 December 2023. The decrease come from sale of 3 office buildings: Pillar, Ericsson HQ and evosoft HQ within GTC Group to newly established entities in Luxembourg for the purpose of share pledges establishment required for securing financing granted by Baupost for GTC Paula SARL, leading GTC Group to the acquisition of the portfolio of residential assets in Germany.

Office portfolio in Budapest

The Group's total gross rentable area in Hungary comprises 110 thousand sq m in six office buildings located in Budapest. The occupancy rate was 75% as of 31 December 2024 as a compared to 86% as of 31 December 2023. The applied average yield was 6.6% month as compared to 6.9% as of 31 December 2023. The average rental rate generated by the office portfolio in Hungary was EUR 18.4 sq m/month as compared to EUR 20.0/sq m/month as of 31 December 2023. The book value of the Group's office portfolio in Hungary amounted to € EUR 274,037 as of 31 December 2024, as compared to EUR 536,637 as of 31 December 2023. The decrease come from sale of 3 office buildings: Pillar, Ericsson HQ and evosoft HQ within GTC Group to newly established entities in Luxembourg for the purpose of share pledges establishment required for securing financing granted by Baupost for GTC Paula SARL, leading GTC Group to the acquisition of the portfolio of residential assets in Germany.

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

Property	Location	GTC's share	Total gross rentable area	Year of completion
		(%)	(sq m)	
CenterPoint I&II	Budapest	100%	40,800	2004/2006 under refurbishment
Duna Tower	Budapest	100%	31,300	2006
GTC Metro	Budapest	100%	16,200	2010
Vaci 173-177 (GTC Future)[1]	Budapest	100%	6,400	-
Vaci Greens D	Budapest	100%	15,600	2018
		Total	**110,300**	

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

Office portfolio in Belgrade (held for sale)

The Group's total gross rentable area in Belgrade comprises 18 thousand sq m in one office building. The occupancy rate was at the level of 97% as of 31 December 2024 as compared to 100% as of 31 December 2023. The applied average yield was 7.5% as compared to 7.7% as of 31 December 2023. The average rental rate generated by the office portfolio in Belgrade was at EUR 18.9/sq m/month as compared to EUR 18.4/sq m/month as of 31 December 2023. The book value of the Group's office portfolio in Belgrade amounted EUR 52,213 as of 31 December 2024 compared to EUR 49,543 as of 31 December 2023. This increase is attributable to the signing of sale agreement. In February 2025, GTC X was sale was finalized.

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

Property	GTC's share	Total gross rentable area	Year of completion
	(%)	(sq m)	
GTC X	70%	17,700	2022
	Total	**17,700**	

4.5.1.2 Overview of properties under construction

As of 31 December 2023, the Group had one office project with a total gross rentable area of 36 thousand sq m and a book value of EUR 89,000.

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

Property	Segment	Location	GTC's share	Total gross leasable area (sq m)	Expected completion
Center Point 3	office	Budapest, Hungary	100%	36,000	Q3 2025
Total				**36,000**	

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

As of 31 December 2024, the Group had land classified as investment property landbank designated for future commercial development of EUR 36,910. The landbank, designated for future commercial development, includes projects on Group`s focus for the coming years.

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 Overview of the markets on which the Group operates

This market commentary was prepared by Jones Lang LaSalle IP, Inc. and , iO Partners. 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, that the presented market commentaries are based on information available to us as of 31 March 2025.

OFFICE MARKET

I. Budapest

The total modern office stock in Budapest currently adds up to 4.5 million sq m. It consists of 3.6 million sq m of 'A' and 'B' category speculative office space as well as 851,605 sq m of owner-occupied space.

In 2024, developers handed over 103,700 sq m of office space, a similar amount as in 2023. The three largest deliveries include the north wing of Liberty office building on 19,780 sq m, the fourth phase of Madarász office Park amounting to 14,600 sq m and new HQ building for Richter on 17,400 sq m. At the end of 2024, there was only 96,580 sq m office space under construction which is the lowest figure since 2015.

Furthermore, over 320,000 sq m of office space is under construction as a part of the Hungarian government's relocation plans on an owner-occupied basis. According to our forecasts, the office stock in Budapest is set to grow by 8% over the next 2.5 years.

Total demand was estimated at 170,630 sq m in Q4 2024 reflecting a 30% increase year-on-year. Renewals reached an exceptionally high share from the total leasing activity, taking up 76% in Q4 2024. New leases accounted for 18% of the total leasing. Expansions took up 4%, while pre-leases reached a share of 2% of the total leasing activity in Q4 2024.

In 2024, total demand amounted to 502,150 sq m, showing 8% increase compared to 2023. Net take-up (excl. renewals and owner-occupied transactions) reached 190,730 sq m in 2024, indicating 20% decrease compared to the annual result of 2023.

In Q4 2024, the office vacancy rate increased slightly to 14.1%, representing a 0.1 pps growth quarter-on-quarter and 0.8 pps increase year-on-year. The lowest vacancy was registered in Central Buda with a vacancy rate of 8%, whereas the highest vacancy rate remained in the Periphery submarket (28.6%).

Average headline remained stable at €25.00/sq m/month in Budapest's premium locations, while asking rents of category 'A' buildings can vary between €15.0 - €26.0 /sq m/month. The highest rents were still reported in the CBD submarket.

II. Belgrade

The stock of modern office space in Belgrade (CBD, City Center, Wider City Areas, Other City Areas, and Outer City) amounts to approximately 1.3 million sq m. Currently, ca. 100,000 sq m of modern office space is under construction. Class A represents 70% of the total stock, while Class B 30%. Approximately 70% of modern office space is located in New Belgrade (CBD), 21% in the city centre of Belgrade and the remaining 9% is located in the other parts of the city.

During 2024, the projects Artklasa, Brankov Business Center, and St. Sava Business Center were completed. These projects have increased the office stock by nearly 23,000 sq m. As the result, only around 2% of new office space has been delivered to the market. The completion of the BIGZ office building has been postponed and is currently in its final phase.

About 70% of all new lease deals occurred in the central business district. The majority of the leased areas were of 200-600 square meters. The vacancy rate was at 4.3% on average for the market while for Class A reached under 4.0%. It is approximately 3% lower than reported at the end of 2022.

Prime headline rents for A class range from €17.0 to €18.0 /sq m/month (up from €17.0 reported in 2023).

INVESTMENT MARKET

I. Hungary

The 2024 annual investment volume amounted to ca. € 425 million, the lowest annual volume since 2015, indicating a softening of ca. 30% year-over-year. The muted market performance was the result of a combination of factors, but mainly the continued pricing uncertainty, the lack of benchmark transactions and the elevated borrowing costs.

It is no surprise that in such turbulent times local buyers are more willing to commit to acquisitions; they generated nearly 75% of the 2024 volume. According to our conversations with buyers, Hungarian and regional investors continue to dominate the purchasing landscape (in 2023 local buyers represented 90%).

Looking ahead we expect institutional investors to remain cautious and private capital to keep on actively sourcing deals.

The decline in activity within the office asset class, evident throughout 2023, continued in 2024, with only two income-producing office deals closed. At the same time, it is important to note that there are various buildings currently under offer, and we anticipate numerous transactions during the first half of 2025. Based on our experience, assets with value-creation potential or offered at opportunistic pricing, typically with smaller ticket sizes below €30 million, are the most attractive. Anything above this threshold struggles to generate significant interest unless it offers a unique selling point, such as a CBD location or a long WAULT with a fully leased property. In total, we recorded eight deals in this asset class: two income producing assets, two for owner occupation and four for redevelopment. These eight assets collectively amounted to approximately €90 million. The most notable transaction in the asset class was the off-market disposal of Honvéd Center, a prime, CBD asset on 6,500 sq m by WING. The asset was sold to a new German market entrant, Helmut Greve Bau und Boden.

Retail assets showed robust activity in 2024, contributing approximately 24% to the total investment volumes and amounting to ca €104 million. Highly desirable assets were those occupied by high-performing retailers, usually with long WAULTs. The most notable transaction of the year was the sale of Vörösmarty No1 by Revetas to Indotek. The deal was signed at the end of 2023 and the transactional closing took place in Q1 2024. Furthermore, two countryside Interspar units were purchased by the Hungarian Unione, a seasoned professional in the asset class, who increased the size of their retail portfolio to 6 with these acquisitions. Erste Real Estate Fund continued expanding its retail portfolio by acquiring an OBI stand-alone DIY store in the outskirts of Budapest from the Hungarian investment manager, Adventum. Additionally, the fund purchased a brand-new Aldi grocery store with an exceptionally long lease in Budapest. Two sale and leaseback transactions involving Decathlon units in Kecskemét and Zalaegerszeg were also recorded.

In our opinion prime yields were at 6.75% for offices (but CBD buildings can trade below) and 7.25% for shopping centres as of Q4 2024.

II. Serbia

The real estate market in the Republic of Serbia maintained stable growth dynamics throughout 2024, recording an annual increase of approximately 5% compared to the previous year. Investment activity was primarily driven by the retail and hospitality sectors, with notable transactions also occurring in the office segment.

The most significant transaction of the year was in the shopping center sector, where BIG CEE acquired the Promenada Novi Sad shopping center for €177 million, marking the largest retail deal in Serbia in recent years.

The office market, while more subdued, still recorded important transactions. The sale of two office buildings within Hyde Park City for €21 million and the Mia Dorćol office building for €9 million contributed to the overall investment volume in the segment. Despite moderate transaction activity, office assets remain an attractive option for investors.

Prime yield for office buildings was within a similar range for several years, ranging from 8.00% to 8.50% also as of Q4 2024.

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

As a part of GTC 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 participates in and supports local initiatives and local institutions such as:
    - organization of Christmas gift collection;
    - supports KAPTÁR Adult Day-care Center in Budapest (provided the day-care center with a monthly allowance).
- **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. As of 31 December 2024, approximately 98% of Group's properties holds a green certificate, which proves the sustainability of the properties that GTC develop and manage.

5. OPERATING AND FINANCIAL REVIEW

5.1 General factors affecting operating and financial results

GENERAL FACTORS AFFECTING OPERATING AND FINANCIAL RESULTS

Management board 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 from operations in the future.

The key factors affecting the Group's financial and operating results are pointed below:

- the economic slowdown in CEE and SEE which may slow down the general economy in the countries where the Group operates;
- availability and cost of financing;
- impact of the supply and demand on the real estate market in CEE and SEE region;
- impact of inflation (according to Eurostat, the euro area annual inflation was 2.4% in December 2024);
- impact of interest rate movements (however, as of 31 December 2024, 69% 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);
- impact of foreign exchange rate movements (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, bonds issued in other currencies than euro were hedged against foreign exchange rate movements using cross currency SWAPs).

5.2 Specific factors affecting financial and operating results

In the year, the Group continued the construction of Center Point 3 office building which increase the book value of the project.

In year 2024: GTC Group has successfully negotiated the acquisition of a portfolio of residential assets in Germany (the "Portfolio") and GTC Hungary has granted loan of EUR 6 million to GTC Germany and EUR 13.8 million to GTC Elibre until 31 December 2024. GTC Hungary has also provided a loan to GTC SA, with the loan amount being EUR 12,7 million.

On 23 October 2024, the Group signed a sale and purchase agreement concerning the sale of Glamp d.o.o., an owner of A-class office building in Belgrade – GTC X for EUR 52.2 million and as a result building was reclassified to assets held for sale.. In January 2025 the sale was finalized.

In December GTC Hungary sold:

- GTC Univerzum Projekt Kft, owner of the Ericsson Headquarter Office Building and the evosoft Hungary Headquarter (Siemens Group) within GTC Group for net proceeds of EUR 34.4 million.
- Kompakt Land Kft, owner of Pillár office building within GTC Group for a net proceeds of EUR 36.9 million.

5.3 Presentation of differences between achieved financial results and published forecasts

The Group did not publish forecasts for the year 2024.

5.4 Consolidated statement of financial position

Financial position as of 31 December 2024 compared to 31 December 2023

NON-CURRENT ASSETS

The value of non-current assets as of 31 December 2024 was EUR 1,008,647, out of which EUR 399,947 was investment properties (completed office buildings, investment property under constructions and landbank) and EUR 601,536 was loans granted to related parties.

The value of non-current assets as of 31 December 2023 was EUR 1,332,371, out of which EUR 664,540 was investment properties (completed office buildings, investment properties under constructions and landbanks) and EUR 658,056 was loans granted to related parties.

CURRENT ASSETS

The value of current assets as of 31 December 2024 was EUR 262,793, out of which EUR 190,718 was prepayments and deferred expenses, 55,816 was assets held for sale, 1,574 was trade receivables, EUR 3,241 was current blocked deposits and EUR 8,319 was cash and cash equivalents.

The value of the current assets as of 31 December 2023 was €48,163, out of which €1,906 was trade receivables, €19,218 was prepayments and deferred expenses, €4,485 was current blocked deposits and €15,380 was cash and cash equivalents.

LIABILITIES

The value of the liabilities as of 31 December 2024 was EUR 1,007,382 from which EUR 957,903 was long-term liabilities to related undertakings and EUR 49,479 was current liabilities.

The value of the liabilities as of 31 December 2023 was EUR 1,136,784 from which EUR 1,119,736 was long-term liabilities to related undertakings and EUR 17,048 was current liabilities.

PRESENTATION OF EQUITY, SHORT -LONG TERM LOANS

The equity was EUR 264,058 as of 31 December 2024 and EUR 243,750 on the date of 31 December 2023.

The value of the long-term liabilities as of 31 December 2024 was EUR 957,903 from which EUR 234,597 was long-term part of Issuer's subsidiaries' bank loan financing and EUR 667,531 was long-term loans from shareholders. The value of the short-term liabilities as of 31 December 2024 was EUR 49,479 from which EUR 5,956 was short-term part Company's subsidiaries' bank loan financing.

The value of the long-term liabilities as of 31 December 2023 was EUR 1,119,736 from which EUR 411,812 was long-term part of Issuer's subsidiaries' bank loan financing and EUR 662,383 was long-term loans from shareholders. The value of the short-term liabilities as of 31 December 2023 was EUR 17,048 from which EUR 5,956 was short-term part Company's subsidiaries' bank loan financing.

5.5 Consolidated income statement

Comparison of financial results for the year ended 31 December 2024 with the result for the corresponding period of 2023

REVENUE FORM OPERATIONS

The Group achieved revenue from operations of EUR 45,293 in the year ended 31 December 2024 which amount comes solely from the GTC and its subsidiaries' domestic activity in both years. The revenue from operations of GTC in the year ended 31 December 2023 was EUR 44,587.

Revenue from operations jais driven by the rental income received that was 75% of sales revenue in year ended 31 December 2024 and 72% of sales revenue in year ended 31 December 2023.

GROSS MARGIN

The amount of the gross margin in the year ended 31 December 2024 was EUR 32,530. The amount of the gross margin in the year ended 31 December 2023 was EUR 30,997.

The average statistical number of employees was 41 as of 31 December 2024 and 44 as of 31 December 2023.

LOSS/PROFIT FROM REVALUATION OF ASSETS

The profit from revaluation of assets was EUR 6,300 in the year ended 31 December 2024 and was EUR 17,988 lost in the year ended 31 December 2023.

OPERATIONAL RESULTS

The profit from continuing operations was EUR 35,426 and the amount of the EBITDA was EUR 28.878 in the year ended 31 December 2024.

The profit from continuing operations was EUR 6,366 and the amount of the EBITDA was EUR 24.308 in the six-month period ended 31 December 2023.

FINANCIAL EXPENSES, NET

The financial expenses, net in the year ended 31 December 2024 was of EUR 6,231 and in the year ended 31 December 2023 was of EUR 5,324.

Financial income is mainly driven by interest on loan granted to related-parties (EUR 20,271 in the year ended 31 December 2024 and EUR 20,627 in the year ended 31 December 2023). While financial expenses mainly consist of interest on loans granted by related-parties (EUR 17,783 in the year ended 31 December 2024 and EUR 17,400 in the year ended 31 December 2023) and interest expenses (on financial liabilities that are not fair valued through profit or loss), banking costs and other charges interest on member loans (EUR 8,532 in the year ended 31 December 2024 and EUR 8,220 in the year ended 31 December 2023).

LOSS/PROFIT FOR THE PERIOD

The profit for the period in the year period ended 31 December 2024 was EUR 28,220 and in the year ended 31 December 2023 was EUR 103.

SEGMENTAL ANALYSIS

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets, and other factors. Operating segments are divided into geographical zones, which have common characteristics and reflect the nature of management reporting structure: Hungary and Serbia. The Group has operation in office segments only.

Financial data prepared for the purposes of management reporting, on which segment reporting is based, are based on the same accounting principles that are used in the preparation of the consolidated financial statements of the Group.

Segment analysis of rental income and costs for the year ended 31 December 2024 and 31 December 2023 is presented below:

31 December 2024	**Rental income**	**Service charge income**	**Service charge costs**	**Management fee**	**Gross margin from operations**
Hungary	33,801	11,024	(12,763)	-	32,062
Serbia (1)	3,698	1,070	(819)	-	3,949
Not allocated (2)	-	-	-	357	357
Total	**37,499**	**12,094**	**(13,582)**	**357**	**36,368**

31 December 2023

	Rental income	Service charge income	Service charge costs	Management fee	Gross margin from operations
Hungary	31,965	11,924	(13,590)	-	30,299
Serbia (1)	2,549	1,024	(825)	-	2,748
Not allocated (2)	-	-	-	581	581
Total	**34,514**	**12,948**	**(14,415)**	**581**	**33,628**

(1) This contains the income from GTC X office only.
(2) Comprise of management fee income of the Company

Segment analysis of assets and liabilities is presented below:

31 December 2024

	Real estate (1)	Cash and deposits	Other	Total assets
Hungary	402,864	13,118	19,866	**435,848**
Serbia (1)	-	-	55,830	**55,830**
Not allocated (4)	-	531	779,233	**779,764**
Total	**402,864**	**13,649**	**854,929**	**1,271,442**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	96,117	13,576	12,708	**122,402**
Serbia (3)	-	-	29,561	**29,561**
Not allocated (2)	811,967	56	43,397	**855,419**
Total	**908,084**	**13,632**	**85,666**	**1,007,382**

31 December 2023

	Real estate (1)	Cash and deposits	Other	Total assets
Hungary	617,968	16,436	27,357	**661,761**
Serbia (3)	50,678	2,684	341	**53,703**
Not allocated (4)	-	3,462	661,608	**665,070**
Total	**668,646**	**22,582**	**689,306**	**1,380,534**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	238,370	19,321	13,495	**271,186**
Serbia (3)	24,785	2,512	1,154	**28,451**
Not allocated (2)	816,996	56	20,095	**837,147**
Total	**1,080,151**	**21,889**	**34,744**	**1,136,784**

(1) Real estate comprises of investment property, assets held for sale and value of buildings and related improvements presented within property, plant and equipment (including right of use).
(2) Borrowings not allocated comprises of bonds and loans granted by related parties, including current portion.
(3) This contains Glamp d.o.o. Beograd's assets and liabilities, which entity is incorporated in Serbia.
(4) Other, not allocated comprises of loans granted to related parties

5.6 Consolidated cash flow statement

Cash flow analysis

The table below presents an extract of the cash flow for the year ended 31 December 2024 and 2023:

		Year
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**39,472**	**19,398**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures on investment property and property, plant and equipment	(43,579)	(52,596)
Provision of loan	17,375	1,628
Interest received	7,210	13,157
Change in short term deposits designated for investment	1,647	1,770
Net cash used in investing activities	**(17,347)**	**(36,041)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	25,000
Repayment of long-term borrowings	(5,634)	(3,959)
Repayment from related party loans	-	(1,482)
Interest paid and other financing fees	(24,287)	(22,394)
Decrease / (Increase) in short term deposits	-	343
Repayment of lease liabilities	326	(11)
Loans origination payment	168	(250)
Net cash from (used in) financing activities	**(29,427)**	**(2,753)**
Net foreign exchange difference, related to cash and cash equivalents	241	(212)
Net increase/(decrease) in cash and cash equivalents	**(7,061)**	**(19,608)**
Cash and cash equivalents, at the beginning of the year	**15,380**	**34,988**
Cash and cash equivalents, at the end of the period	**8,319**	**15,380**

The net cash from operating activities of group was EUR 39,472 in the year ended 31 December 2024 and EUR 19,398in the year ended 31 December 2023.

The net cash used in investing activities was EUR 17,347 in the year ended 31 December 2024 compare to the net cash used in investing activities EUR 36,041 in the year ended 31 December 2023.

The net cash used in financing activities was EUR 29,427 in the year ended 31 December 2024 compare to the net cash from financing activities EUR 2,753 in the year ended 31 December 2023.

5.7 Future liquidity and capital resources

As of 31 December 2024 the Group believes that its cash balances, cash generated from disposal of properties, cash generated from leasing activities of its investment properties, and cash available under its existing and future loan facilities will fund its needs.

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

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

AVAILABILITY OF FINANCING

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

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

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

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

6. 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 GTC Hungary Real Estate Development Pltd.
the Group or the GTC Hungary	are to GTC Hungary Real Estate Development Pltd. and its consolidated subsidiaries
the GTC SA	are to Globe Trade Centre S.A.
the GTC Group	are to Globe Trade Centre S.A. and its consolidated subsidiaries
Shares	are to the shares in GTC Hungary Real Estate Development Pltd., fully-owned by Globe Trade Centre S.A.
Bonds	are to the bonds issued by GTC Hungary Real Estate Development Pltd. and introduced to alternative trading market on Xbond and marked with the ISIN codes HU0000360102 and HU0000360284
the Report	are to the consolidated annual report prepared according to Act CXX of 2001on the Capital Market and Prime Minister Decree no. 24/2008. (VIII. 15.)
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;
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, financial assets, 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;
HUF	is to the lawful currency of Hungary;

GTC Hungary Real Estate Development Pltd.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EUROPEAN UNION (EU) FOR THE YEAR ENDED 31 DECEMBER 2024 TOGETHER WITH THE INDEPENDENT AUDITOR`S REPORT

Content

The independent auditor’s report is a separate document.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of 31 December 2024
(in thousands of Euro)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Properties, plant and equipment	17	3,409	5,010
Investment property	18	399,947	664,540
Blocked deposits		2,089	2,717
Loans granted to related parties	26	601,536	658,056
Derivatives	20	166	1,043
Deferred tax asset	16	1,500	1,005
		1,008,647	**1,332,371**
Current assets			
Trade receivables		1,574	1,906
Accrued income		576	2,102
Prepayments, deferred expenses and other receivables	19	190,718	19,218
Derivatives	20	499	3,119
VAT receivables		994	1,204
Income tax receivables	16	1,056	749
Current blocked deposits		3,241	4,485
Cash and cash equivalents	21	8,319	15,380
Assets held for sale	15	55,816	-
		262,793	**48,163**
TOTAL ASSETS		**1,271,440**	**1,380,534**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of 31 December 2024
(in thousands of Euro)

	Note	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	2	20,366	20,366
Share premium		20,350	20,350
Foreign currency translation reserve		(6,209)	(6,209)
Cash-flow hedge reserve	20	(13,344)	(5,557)
Transaction reserve	22	(1,416)	(1,416)
Retained earnings		238,218	210,875
		257,965	**238,409**
Non-controlling interest	23	6,093	5,341
Total Equity		**264,058**	**243,750**
Non-current liabilities			
Non-current portion of long-term borrowing	25	234,597	411,812
Non-current portion of long-term loans from related parties	26	661,570	654,934
Non-current portion of long-term loans from non-controlling interest		5,961	7,449
Lease liabilities		410	82
Derivatives	20	34,161	18,329
Deferred tax liabilities	16	13,632	21,889
Deposits from tenants		2,089	2,717
Share based payment liabilities		-	-
Other long-term liabilities		5,483	2,524
		957,903	**1,119,736**
Current Liabilities			
Trade payables and provisions	24	11,983	8,512
Deposits from tenants		511	343
Current portion of long-term borrowing	25	5,956	5,956
Current portion of lease liabilities		0	2
VAT payables		412	864
Income tax payables	16	92	336
Advances received		988	1,035
Liabilities related to assets held for sale	15	29,537	-
		49,479	**17,048**
TOTAL EQUITY AND LIABILITIES		**1,271,440**	**1,380,534**

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
(in thousands of Euro)

	Note	31 December 2024	31 December 2023
Continuing operation			
Rental income	11	33,801	31,964
Management fees		468	699
Service charge income	11	11,024	11,924
Service charge costs	11	(12,763)	(13,590)
Gross margin from operations		**32,530**	**30,997**
Profit / (Loss) from revaluation of investment property	18	6,300	(17,988)
Selling expenses	12	(280)	(681)
Administrative expenses	13	(2,545)	(5,307)
Other income		113	68
Other expense		(692)	(723)
Profit from continuing operations before tax, finance income / cost and foreign exchange gain / (loss), net		35,426	6,366
Foreign exchange loss		(475)	(273)
Finance income	14	20,442	20,748
Finance cost	14	(26,673)	(26,072)
Profit before tax from continuing operation		**28,720**	**769**
Taxation	16	(3,420)	(2,164)
Profit / (loss) for the period from continuing operation		**25,300**	**(1,395)**
Discontinued operation			
Profit after tax from discontinued operation	15	2,920	1,498
Profit for the year		**28,220**	**103**
Attributable to:			
Equity holders of the Company		27,343	(346)
Non-controlling interest	23	877	449
(Loss) / Gain on cash-flow hedge	20	(8,727)	17,740
Deferred tax expense on cash-flow hedge	16	815	(1,597)
Net (Loss) / Gain on cash-flow hedge		**(7,912)**	**16,143**
Total other comprehensive income		(7,912)	16,143
Total comprehensive income for the period, net of tax		**20,308**	**16,246**
Attributable to:			
Equity holders of the Company		19,556	15,797
Non-controlling interest		752	449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(in thousands of Euro)

	Share capital	Share premium	Cash-flow hedge reserve	Foreign currency translation reserve	Transaction reserve	Retained earnings	Total	Non-controlling interest	Total
Balances as of 1 January 2023	**20,366**	**20,350**	**(21,700)**	**(6,209)**	**(1,416)**	**211,221**	**222,612**	**4,892**	**227,504**
Other comprehensive income	-	-	16,143	-	-	-	**16,143**	-	**16,143**
Loss for the period	-	-	-	-	-	(346)	**(346)**	-	**(346)**
Non-controlling interest	-	-	-	-	-	-	-	449	**449**
Balances as of 31 December 2023	**20,366**	**20,350**	**(5,557)**	**(6,209)**	**(1,416)**	**210,875**	**238,409**	**5,341**	**243,750**
Balances as of 1 January 2024	**20,366**	**20,350**	**(5,557)**	**(6,209)**	**(1,416)**	**210,875**	**238,409**	**5,341**	**243,750**
Other comprehensive income	-	-	(7,787)	-	-	-	**(7,787)**	(125)	**(7,912)**
Profit for the period	-	-	-	-	-	27,343	**27,343**	-	**27,343**
Non-controlling interest	-	-	-	-	-	-	-	877	**877**
Balances as of 31 December 2024	**20,366**	**20,350**	**(13,344)**	**(6,209)**	**(1,416)**	**238,218**	**257,965**	**6,093**	**264,058**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024
(in thousands of Euro)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**31,933**	**1,830**
Adjustments for			
Depreciation		268	256
(Profit) / loss from revaluation of investment property	18	(7,764)	17,700
Provision for / (release of) share-based payment		-	(111)
Foreign exchange loss, net		-	283
Finance income	14	(20,442)	(20,748)
Finance cost	14	28,615	27,773
Operating cash flow before working capital changes		**32,610**	**26,983**
Changes in trade receivables and other current assets		(496)	(223)
Changes in deposits from tenants		45	(2,717)
Changes in trade and other payables		9,090	300
Cash generated in operations		**41,249**	**24,343**
Tax paid in the period		(1,777)	(4,945)
Net cash from operating activities		**39,472**	**19,398**
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on investment property and property, plant and equipment	18	(43,579)	(52,596)
Change in short-term deposits designated for investment		1,647	1,770
Provision of loan	26	17,375	1,628
Interest received		7,210	13,157
Net cash (used in) / from investing activities		**(17,347)**	**(36,041)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	25	-	25,000
Repayment of long-term borrowings	25	(5,634)	(3,959)
Proceeds/ (Repayment) from related party loans	26	-	(1,482)
Interest paid and other financing fees		(24,287)	(22,394)
Repayment of lease liabilities		326	(11)
(Increase) / Decrease in short-term deposit		-	343
Loans origination payment		168	(250)
Net cash used in financing activities		**(29,427)**	**(2,753)**
Net foreign exchange difference, related to cash and cash equivalents		241	(212)
Net (decrease) / increase in cash and cash equivalents		**(7,061)**	**(19,608)**
Cash and cash equivalents, at beginning of year	21	**15,380**	**34,988**
Cash and cash equivalents at the end of the period	21	**8,319**	**15,380**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

1. PRINCIPAL ACTIVITIES

GTC Hungary Real Estate Development Pltd. ("the Company", "GTC") and its subsidiaries (together "the Group") are real-estate corporation in Hungary and Serbia. The Company was registered in Budapest on 11 September 1998. The Company's registered office is in Budapest, Hungary at 22 Népfürdő street, Tower "A" 15th floor. The Company owns - through its subsidiaries - commercial office companies in Budapest, Hungary and Belgrade, Serbia. The Company is developing, and leasing or selling space to commercial and individual tenants, through it's directly and indirectly owned subsidiaries.

The Group's business activity is development and rental of office and retail areas. There is no seasonality in the business of the Group companies.

As of 31 December 2024, and 31 December 2023 the number of full-time equivalent personnel working in the Group companies was 41 and 44 respectively.

2. SHAREHOLDERS STRUCTURE

The Company is a wholly-owned subsidiary of Globe Trade Centre S.A. ("GTC Poland", "GTC SA"), a company listed on the Warsaw Stock Exchange (WSE) and inward listed on Johannesburg stock exchange (JSE). The majority shareholder of the GTC SA is Optimum Ventures Private Equity Funds, though GTC Dutch Holdings B.V. ("GTC Dutch") and GTC Holding Zrt. The ultimate controlling party of the Group is Pallas Athéné Domus Meriti Foundation.

Share capital comprises the following as of December 31, 2024 and as of December 31, 2023:

Shares	Authorized in HUF	Issued and fully paid in EUR	Issued and fully paid in HUF	Nr of shares issued	Nominal value in HUF
Class "B" Common shares	7,107,400,000	20,358,042	7,107,400,000	7,107,400	1,000
Class "A" Preference shares	2,499,000	8,035	2,499,000	2,499	1,000
Total	**7,109,899,000**	**20,366,077**	**7,109,899,000**	**7,109,899**	

3. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Company maintains its books of account in accordance with the accounting principles and practices employed by enterprises in Hungary as required by Hungarian Accounting Law (Act C/2000). The accompanying consolidated financial statements reflect certain adjustments not reflected in the Company's books to present these statements in accordance with standards issued by the International Accounting Standards Board as adopted by EU and Hungarian Accounting Law (Act C/2000).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU („EU IFRS"). At the date of authorization of these consolidated financial statements, taking into account the EU 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.

The functional currency of the Group is mainly euro, as the Group primarily generates and expends cash in euro: prices (rental income) are denominated in euro, and all borrowings are denominated in euro or hedged to euro through swap instruments. The functional currency of some of entities in the Group is other than euro.

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

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 27.

As of 31 December 2024, the Group's net working capital (defined as current assets, less current liabilities) was positive and amounted to EUR 213,314.

The management has analyzed the timing, nature and scale of potential financing needs of particular subsidiaries and believes that there are no 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 date of the financial statements. 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 date of the financial statements.

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 from the date of this financial statements.

Impact of the situation in Ukraine on GTC Group

As at the date of these financial statements, the direct impact of the war in Ukraine on the Group's operations is not material. However, it is not possible to estimate the scale of such impact in the future and due to high volatility, the Company monitors the situation on an ongoing basis and analyses its potential impact both from the perspective of individual projects and the entire Group and its long-term investment plans.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these 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 2024 except for the new standards, which are effective as at 1 January 2025 (Note 6).

There were no changes in significant accounting estimates and management's judgements during the period.

6. NEW STANDARDS, AND INTERPRETATIONS THAT HAVE BEEN ISSUED

(a) Standards issued and effective for financial years beginning on or after 1 January 2024

- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-current (issued on 23 January 2020 amended 15 July 2020 and 31 October 2023).

The Group's assessment is that the above changes (new standards/amendments) have no material impact on the financial statements of the Group, except for amendments to IAS 1. The amendments to IAS 1 resulted in the review of accounting policies disclosed in financial statements, and some of the previously disclosed policies were deleted. The material accounting policies are disclosed in the relevant notes.

6. NEW STANDARDS, AND INTERPRETATIONS THAT HAVE BEEN ISSUED (CONTINUED)

(b) Standards issued but not yet effective

- Annual improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026)
- IFRS 18 *Presentation and Disclosure in Financial Statements* (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027)

Other standards issued but not effective are not expected to impact the Group's 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.

7. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, investment property under construction ("IPUC") if the certain condition described in Note 18 are met, share based payments and derivative financial instruments that are measured at fair value.

Key accounting principles are described in particular notes and significant accounting judgements and estimates are presented below.

(b) 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 discount rates applicable for the local real estate market and updated by the Management judgment or - as deemed appropriate – on the basis of the income capitalisation or the yield method. The applied methods and main assumptions are defined by the valuers and are disclosed in Note 18.

The Group uses estimates in determining the depreciation rates used (Note 17).

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 20).

The Group uses estimates in determining the settlement of share-based payments in cash.

7. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments:

7. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The functional currency of GTC Hungary and most of its subsidiaries is euro, as the euro has a significant and pervasive impact on them:

- ► valuation of investment property is carried out in EUR;
- ► loans and borrowings are mainly denominated in EUR. Debt in other currencies (bonds in HUF) are hedged to EUR through cross currency interest rate swaps;
- ► the majority of all lease contracts is denominated in the EUR.

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 operating leases.

Significant accounting judgements related to investment property are presented in Note 18, related to determination of IPUC valuation.

Significant accounting judgements related to market liquidity of investment property are presented in Note 18.

The Group determines whether a transaction or other event is a business combination by applying the definition of a business in IFRS 3.

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 16).

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.

(d) 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 2024.

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.

The entity might wish to designate an acquisition date at the beginning or end of a month, the date on which it closes its books, rather than the actual acquisition date during the month. Unless events between the 'convenience' date and the actual acquisition date result in material changes in the amounts recognised, that entity's practice would comply with the requirements of IFRS 3.

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.

7. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Business Combination Under Common Control (BCUCC)

IFRS 3 'Business Combination' excludes from its scope 'a combination of entities or businesses under common control'.

Because IFRS does not specify the accounting approach to be followed, the Group has option to select from two approaches to follow as an accounting policy choice to be applied consistently to all similar transactions for business combinations involving entities under common control:

- The acquisition method (as set out in IFRS 3), or
- Book value accounting

The rationale for applying IFRS 3 is that, although it is part of a group of entities under common control, the acquirer is still a separate entity in its own right. Consequently, from that entity's perspective there has been a substantive transaction.

The rationale for book value accounting is that the business has simply been moved from one part of a group of entities under common control to another. This view might be taken in circumstances in which businesses have been moved around a group as part of a restructuring or for tax planning purposes, or in preparation for the sale or listing of part of an existing group.

The following factors are considered by the Group:

- The transaction affect non-controlling shareholders of the receiving company
  If the non-controlling shareholder is not affected, book value method can be applied.
- The receiving company's shares traded in a public market
  If the receiving company's shares traded in a public market, acquisition method can be applied.
- All non-controlling shareholders related parties of the receiving company
  If the receiving company's shares are not traded in a public market and all non-controlling shareholders related parties of the receiving company, book value method can be applied.

Since the non-controlling shareholders of the receiving company is not affected by this transaction, therefore book value method was used. Based on book value method, any difference between consideration paid and the book value of the assets and liabilities received is recognized as Transaction reserve within equity.

(f) Non-current assets held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.Inter-company transactions without any adjustments are eliminated within continuing and discontinued operations. Further information please see Note 18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

8. INVESTMENT IN SUBSIDIARIES

The consolidated financial statements comprise the financial statements of GTC and the financial statements of its subsidiaries for the year ended 31 December 2024.

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 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):

	Name	Incorporated	Functional currency	31 December 2024	31 December 2023
1	Váci Út 81-85 Kft. (Center Point 1-3)	Hungary	EUR	100%	100%
2	Center Point I. Kft. (Center Point 1-2)	Hungary	EUR	100%	100%
3	Center Point II. Kft. (Center Point 3)	Hungary	EUR	100%	100%
4	GTC Metro Kft. (Metro)	Hungary	EUR	100%	100%
5	Albertfalva Kft. (Szeremi Gate)	Hungary	EUR	100%	100%
6	GTC Future Kft. (GTC Future)	Hungary	EUR	100%	100%
7	Spiral I. Kft.	Hungary	HUF	100%	100%
8	GTC White House Kft.	Hungary	EUR	100%	100%
9	GTC Duna Kft. (Duna Tower)	Hungary	EUR	100%	100%
10	VRK Tower Kft. (Twins)	Hungary	EUR	100%	100%
11	Kompakt Land Kft. (Pillar) (1)	Hungary	EUR	0%	100%
12	Globe Office Investments Kft. (Váci Greens D)	Hungary	EUR	100%	100%
13	GTC Investments Sp. z.o.o.	Poland	EUR	100%	100%
14	GTC Univerzum Projekt Kft. (Univerzum) (1)	Hungary	EUR	0%	100%
15	Glamp d.o.o. Beograd) (GTC X)	Serbia	EUR	70%	70%

(1) Sold

9. EVENTS IN THE PERIOD

(a) Management board changes and other corporate events

On 1 January 2024, the Company entered into a mutual employment contract termination agreement with Mr. Csaba Zovát, former Member of the Management Board of the Company. Subsequently, Mr. Zovát resigned from his seat on the Management Board of the Company and other subsidiaries.

On 1 January 2024, the shareholder of the Company appointed Mr. Balázs Gosztonyi as member of the Management Board of the Company, effective immediately.

(b) Effects of climate-related matters on financial statements

The climate and environmental risks are subject to risk management and the Risk Management Policy. The role of the Management is to supervise corporate risk, define the scope of risk management, define directions for the development of the risk management system, and determine acceptable risk exposure levels. The Group analysed potential impact of the climate-related matters and concluded that the climate-related matters do not significantly affect these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

9. EVENTS IN THE PERIOD (CONTINUED)

(c) Transactions

GTC Group has successfully negotiated the acquisition of a portfolio of residential assets in Germany (the "Portfolio") The acquisition of the portfolio fits perfectly into GTC's strategy to diversify by investing in Western Europe and in the residential market. GTC Hungary has granted loan of EUR 6 million to GTC Germany and EUR 13.8 million to GTC Elibre until 31 December 2024. GTC Hungary has also provided a loan to GTC SA, with the loan amount being EUR 12,7 million.

On 23 October 2024, GTC Group signed a sale and purchase agreement concerning the sale of Glamp d.o.o., an owner of A-class office building in Belgrade – GTC X for EUR 52.2. Net proceeds from sale of subsidiary shall be EUR 24.2. Difference between the sale price and net proceeds is mainly due to the fact that part of the price will be used for bank loan repayment before the sale. Further details about that transaction are presented in note 15 and 28. (Subsequent events).

On 16 December 2024 GTC Hungary Real Estate Development Company Pltd. has sold GTC Univerzum Projekt Kft, a wholly-owned subsidiary of the Company, owning the Ericsson Headquarter Office Building and the evosoft Hungary Headquarter (Siemens Group) Office Building two class A office buildings in Budapest to GTC Univerzum S.á.r.l within GTC Group for net proceeds of EUR 34.4 million.

On 16 December 2024 GTC Hungary Real Estate Development Company Pltd. has sold Kompakt Land Kft, a wholly-owned subsidiary of the Company, owning Pillár office building in Budapest to GTC Kompaktland S.á.r.l within GTC Group for a net proceeds of EUR 36.9 million.

The Results of of GTC Univerzum Projekt Kft and Kompakt Land Kft impacting the Consolidated Financial Statements of GTC Hungary Pltd are presented below:

	GTC Univerzum	Kompakt Land	Total
Rental Income	6,834	9,734	16,568
Management fees	(174)	(300)	(474)
Service charge income	1,486	3,717	5,203
Service charge costs	(1,316)	(3,334)	(4,650)
Operating income	**6,830**	**9,817**	**16,647**
Profit from revaluation of investment property	1,029	(514)	515
Selling and Administrative expenses	(87)	(109)	(196)
Other income	6	10	16
Other expenses	(9)	(95)	(104)
Foreign exchange difference	(75)	(43)	(118)
Finance income	8	5	13
Finance costs	(3,197)	(1,930)	(5,127)
Profit before tax	**4,505**	**7,141**	**11,646**
Taxation	(1,002)	(701)	(1,703)
Profit for the year	**3,503**	**6,440**	**9,943**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

10. SEGMENTAL ANALYSIS

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets, and other factors. Operating segments are divided into geographical zones, which have common characteristics and reflect the nature of management reporting structure: Hungary and Serbia. The Group has operation in office segments only.

Financial data prepared for the purposes of management reporting, on which segment reporting is based, are based on the same accounting principles that are used in the preparation of the consolidated financial statements of the Group.

Segment analysis of rental income and costs for the year ended 31 December 2024 and 31 December 2023 is presented below:

31 December 2024

	Rental income	Service charge income	Service charge costs	Management fee	Gross margin from operations
Hungary	33,801	11,024	(12,763)	-	32,062
Serbia [(1)]	3,698	1,070	(819)	-	3,949
Not allocated [(2)]	-	-	-	357	357
Total	**37,499**	**12,094**	**(13,582)**	**357**	**36,368**

31 December 2023

	Rental income	Service charge income	Service charge costs	Management fee	Gross margin from operations
Hungary	31,965	11,924	(13,590)	-	30,299
Serbia [(1)]	2,549	1,024	(825)	-	2,748
Not allocated [(2)]	-	-	-	581	581
Total	**34,514**	**12,948**	**(14,415)**	**581**	**33,628**

[(1)] This contains the income from GTC X office only.
[(2)] Comprise of management fee income of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

10. Segmental analysis (continued)

Segment analysis of assets and liabilities is presented below:

31 December 2024

	Real estate (1)	Cash and deposits	Other	Total assets
Hungary	402,864	13,118	19,866	**435,848**
Serbia (1)	-	-	55,830	**55,830**
Not allocated (4)	-	531	779,233	**779,764**
Total	**402,864**	**13,649**	**854,929**	**1,271,442**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	96,117	13,576	12,708	**122,402**
Serbia (3)	-	-	29,561	**29,561**
Not allocated (2)	811,967	56	43,397	**855,419**
Total	**908,084**	**13,632**	**85,666**	**1,007,382**

31 December 2023

	Real estate (1)	Cash and deposits	Other	Total assets
Hungary	617,968	16,436	27,357	**661,761**
Serbia (3)	50,678	2,684	341	**53,703**
Not allocated (4)	-	3,462	661,608	**665,070**
Total	**668,646**	**22,582**	**689,306**	**1,380,534**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	238,370	19,321	13,495	**271,186**
Serbia (3)	24,785	2,512	1,154	**28,451**
Not allocated (2)	816,996	56	20,095	**837,147**
Total	**1,080,151**	**21,889**	**34,744**	**1,136,784**

(1) Real estate comprises of investment property, assets held for sale and value of buildings and related improvements presented within property, plant and equipment (including right of use).
(2) Borrowings not allocated comprises of bonds and loans granted by related parties, including current portion.
(3) This contains Glamp d.o.o. Beograd's assets and liabilities, which entity is incorporated in Serbia.
(4) Other, not allocated comprises of loans granted to related parties

11. Rental and Service charge income and related costs

Renting of property to tenants is 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, where the Group does not transfer substantially all the risks and benefits of ownership of assets, are classified as operating leases. 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).

Rental income represents fixed contractual rental fees. Lease agreements typically contain rent incentives (e.g. rent-free periods and discounts).

The Group has entered into various operational lease contracts on its property portfolio in Serbia 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).

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 EUR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

11. RENTAL AND SERVICE CHARGE INCOME AND RELATED COSTS (CONTINUED)

Future minimum rental revenue under operating leases (not discounted lease payments) from completed projects are as follows:

	31 December 2024	31 December 2023
Within 1 year	17,354	38,401
After 1 year, but not more than 5 years	38,234	90,321
More than 5 years	5,222	16,373
Total	**60,810**	**145,095**

Except from rental revenue mentioned above, the Group has service charge revenue stream. Service charges represent 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 with standard payment terms, 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. Revenue from other services in lease agreements represent non-lease components and are accounted for using rules described below.

The Group recognises revenue from service charge over time because the customer simultaneously receives and consumes the benefits provided to them.

The Group recognizes service charge revenue under two models:

- **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. For financial statements purposes such income and expenses are disclosed on a net basis, as GTC acts as an agent. The Group has no such service charge in the reporting period.
- **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 bills for deficit or return the overpayment to the tenant if it is required. For financial statements purposes such expenses are disclosed on a gross basis, as GTC acts as a principal, because it typically controls the goods or services before transferring them to the customer.

Details about rental and service charge revenue by country are presented in Note 10.

Service charge costs comprise remuneration costs of EUR 665 thousands (2023: EUR 532 thousands) and third party services, material and energy usage and other operating costs.

12. SELLING EXPENSES

Selling expenses comprise the following:

	31 December 2024	31 December 2023
External services - advertising and marketing	95	266
Payroll and related expenses	185	415
Total	**280**	**681**

(in thousands of Euro)

13. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	31 December 2024	31 December 2023
Remuneration and other employee benefits	1,073	3,728
Audit and valuations	417	298
Legal, tax, IT and other advisory	129	157
Office and insurance expenses	129	164
Travel expenses	16	47
Depreciation (17)	227	227
Other expenses	90	63
Office rent (26)	22	20
Management fees (26)	442	714
Change in provision for share-based payments	-	(111)
Total	**2,545**	**5,307**

14. FINANCE INCOME AND COST

Finance income comprise the following:

	31 December 2024	31 December 2023
Interest on deposits and other	171	121
Interest on loan granted to related-parties	20,271	20,627
Total	**20,442**	**20,748**

Finance cost comprise the following:

	31 December 2024	31 December 2023
Interest expenses (on financial liabilities that are not fair valued through profit or loss), banking costs and other charges	8,532	8,220
Finance costs related to lease liability	-	2
Arrangement fee	-	273
Amortization of long-term borrowings raising costs	183	177
Interest on loan granted by related-parties	17,783	17,400
Other finance costs	175	0
Total	**26,673**	**26,072**

15. DISCONTINUED OPERATIONS

The balance of assets held for sale increased significantly due to the planned disposal of the Group's Serbian entity, Glamp D.o.o Beograd.

For further information please refer also to Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

15. DISCONTINUED OPERATIONS (CONTINUED)

The results of Glamp D.o.o Beograd for the year are presented below:

	31 December 2024	31 December 2023
Rental Income	3,698	2,550
Management fees	(111)	(118)
Service charge income	1,070	1,024
Service charge costs	(819)	(825)
Operating income	**3,838**	**2,631**
Profit from revaluation of investment property	1,464	288
Selling and Administrative expenses	(142)	(147)
Other expenses	(3)	(7)
Foreign exchange difference	(2)	(3)
Finance costs	(1,942)	(1,701)
Profit before tax from discontinued operation	**3,213**	**1,061**
Taxation	(293)	437
Profit for the year from discontinued operation	**2,920**	**1,498**

The major classes of assets and liabilities classified as held for sale as of 31 December 2024 was as follows:

	31 December 2024
Assets	
Real estate	52,212
Cash and deposit	3,333
Other assets	271
Total	**55,816**
Liabilities	
Borrowings	25,309
Deferred tax liability	2,581
Other liabilities	1,647
Total	**29,537**
Net assets	**26,279**
Amounts included in the accumulated OCI:	
Loss on Cash-flow hedge	(488)
Deferred tax income on cash-flow hedge	73
Reserve classified as held for sale	**(415)**

Net Cash flow incurred by Glamp D.o.o Beograd as follows:

	2024	2023
Operating	1,334	(1,678)
Investing	946	(603)
Financing	(1,700)	2,576
Net Cash inflow	**580**	**295**

(in thousands of Euro)

16. Taxation

Current corporate income tax of the Group companies is calculated in accordance with tax regulations ruling in a particular country of operations and is based on the profit or loss reported under relevant tax regulations.

The Group companies do not recognize the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset that might be utilized. At each reporting date, the Group companies re-assess unrecognized deferred tax assets and the carrying amount of deferred tax assets.

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.

The Group companies are subject to taxes in the following jurisdictions: Hungary, Serbia and Poland. The Group does not constitute a tax group under local legislation. Therefore, every company in the Group is a separate taxpayer. The enacted tax rates in the various countries were as follows:

	31 December 2024	31 December 2023
Hungary	9%	9%
Serbia	15%	15%
Poland	19%	19%

The major components of tax expense are as follows:

	31 December 2024	31 December 2023
Current corporate and capital gain tax expense	(1,076)	(1,394)
Deferred tax expense / (income)	(2,345)	(770)
Total	**(3,420)**	**(2,164)**

The reconciliation between tax expense and accounting profit multiplied by the applicable tax rates is presented below:

	31 December 2024	31 December 2023
Accounting profit before tax	28,720	764
Taxable expenses at the applicable tax rate	(2,585)	(69)
Tax rate differences of different jurisdictions	2	12
Tax effect of foreign currency differences	(212)	(880)
Unrecognised deferred tax asset on losses in current year	(155)	(452)
Local tax on income, net	(609)	(722)
Other	139	(53)
Total	**(3,420)**	**(2,164)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

16. 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 ('DTA') comprise the following:

	Financial instruments[1]
1 January 2023	**2,958**
Credit / (charge) to Income Statement	-
Credit / (charge) to Equity	(1,953)
Netting (to)/from DTL	-
31 December 2023	**1,005**
Credit / (charge) to Income Statement	-
Credit / (charge) to Equity	495
Netting (to)/from DTL	-
31 December 2024	**1,500**

(1) It contains the revaluation of a cross currency interest rate swap (cash flow hedge).

Net deferred tax liability ('DTL') comprises of the following:

	Financial instruments[1]	Tax loss carry forward	Basis difference in non-current assets[2]	Net DTL
1 January 2023	**1,427**	**1,801**	**(25,276)**	**(22,048)**
Credit / (charge) to Income Statement	(1,675)	(91)	996	**(770)**
Credit / (charge) to Income Statement from discontinued operation[3]	-	-	573	**573**
Credit / (charge) to Equity	356	-	-	**356**
31 December 2023	**108**	**1,710**	**(23,707)**	**(21,889)**
Credit / (charge) to Income Statement	1,077	(56)	(3,366)	**(2,345)**
Credit / (charge) to Income Statement from discontinued operation[3]	-	-	(142)	**(142)**
Credit / (charge) to Equity	320	-	-	**320**
Reclassify to Asset Held for Sale[3]	-	-	2,581	**2,581**
Derecognition[4]	(922)	(444)	9,209	**7,843**
31 December 2024	**583**	**1,210**	**(15,425)**	**(13,632)**

(1) It contains mostly foreign exchange differences, deferred loan cost and valuation of derivatives.
(2) Related to difference between book value and tax value of investment properties.
(3) Deferred tax liability regarding Glamp is reclassified to Asset held for sale (Note 16)

(4) Deferred tax regarding sold subsidiaries (GTC Univerzum Kft and Kompakt Land Kft.) (Note 9)

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.

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:

(in thousands of Euro)

16. TAXATION (CONTINUED)

- 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.

The Group companies have tax losses carried forward as of 31 December 2024 available in the amount of EUR 36 million (EUR 51 million as of 31 December 2023). The expiry dates of these tax losses are presented below:

	31 December 2024
Within 1 year	15
2-5 years	14
Afterwards	7

The Company hasn't recognized deferred tax assets for losses carried forward as of 31 December 2024 and 2023 in the amount of approximately EUR 22 million and EUR 32 million, respectively.

17. PROPERTY, PLANT, AND EQUIPMENT

Plant and equipment consist of vehicles and equipment. Property, plant and equipment are recorded at cost less accumulated depreciation and impairment adjustment. Depreciation is provided using the straight-line method over the estimated useful life of an asset. Reassessment of the useful lives and indications for impairment is performed each quarter.

The following depreciation rates have been applied:

	Depreciation rates
Equipment	10-33%
Buildings (own-used assets)	2%
Vehicles	20%

The movement in property, plant, and equipment for the year ended 31 December 2024 was as follows:

	Buildings and related improvements	Equipment and Software	Vehicles	Total
Gross carrying amount				
1 January 2024	**4,396**	**543**	**951**	**5,890**
Additions	0	46	58	**104**
Reclassified to assets held for sale	(1,170)	(66)	0	**(1,236)**
Disposals and other decreases	-	(6)	(303)	**(309)**
31 December 2024	**3,226**	**517**	**706**	**4,449**
Accumulated Depreciation				
1 January 2024	**277**	**356**	**247**	**880**
Charge for the period	55	78	94	**268**
Charge for the period from discontinued operation (15)	28	13	-	**41**
Reclassified to assets held for sale	(51)	(20)	0	**(71)**
Disposals and other decreases	-	(5)	(32)	**(37)**
31 December 2024	**309**	**422**	**309**	**1,040**
Net book value at 31 December 2024	**2,917**	**95**	**398**	**3,409**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movement in property, plant, and equipment for the year ended 31 December 2023 was as follows:

	Buildings and related improvements	Equipment and Software	Vehicles	Total
Gross carrying amount				
1 January 2023	**3,225**	**512**	**692**	**4,429**
Additions	16	106	433	**555**
Disposals and other decreases	-	(9)	(240)	**(249)**
Transfer	1,155	(66)	66	**1,155**
31 December 2023	**4,396**	**543**	**951**	**5,890**
Accumulated Depreciation				
1 January 2023	**190**	**292**	**174**	**656**
Charge for the period	87	68	101	**256**
Disposals and other decreases	-	(4)	(28)	**(32)**
31 December 2023	**277**	**356**	**247**	**880**
Net book value at 31 December 2023	**4,119**	**187**	**704**	**5,010**

18. INVESTMENT PROPERTY

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 that are owned by the Group are office and retail space.

(a) Completed Investment property

Completed investment property are stated at fair value according to the fair value model, which reflects market conditions at the reporting date.

Completed investment property was externally valued by independent appraisers as of 31 December 2024 and 31 December 2023 based on open market values (RICS Standards). Completed properties are valued on the basis of discounted cash flow (DCF). Level 3 category of fair value hierarchy is applied.

Completed investment property are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use, and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to completed 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.

(b) Investment property under construction ("IPUC")

Investment properties under construction are measured at fair value, once a substantial part of the development risks has been eliminated so fair value can be established reliably. IPUC, which does not meet this condition, is presented at a recoverable amount, not exceeding the sum of fair value of land and capitalized expenditures. The recoverable amount is determined based on 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).

(in thousands of Euro)

18. Investment Property (continued)

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);
- financing is secured (including internal).

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. Level 3 category of fair value hierarchy is applied.

The future assets' value is estimated based on the expected future income from the project, using discount rate which includes business risk, related to construction process (completion on time or within the budget). 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 is deducted from the value. The profit margin deducted is adjusted when the construction is closer to completion.

Borrowing costs directly attributable to the construction of an IPUC 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. Borrowing costs consist of interest and other costs that the Group 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 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. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

(c) Investment property landbank

Investment property landbank are valued using residual (30% of total balance) or comparison methods (70% of total balance), by independent appraisers at year end and half year based on open market values (RICS Standards). Level 3 category of fair value hierarchy is applied.

(d) Presentation of content and changes in Investment property

The Investment property can be split up as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Completed investment properties	274,037	586,180
Investment property under construction ('IPUC')	89,000	41,400
Investment property landbank	36,910	36,960
Total	**399,947**	**664,540**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

18. INVESTMENT PROPERTY (CONTINUED)

The movements in investment property were as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Fair value as of 1 January	**664,540**	**650,821**
Capitalized expenditure (1)	49,342	31,887
Adjustment to fair value / (impairment)	7,764	(17,699)
Borrowing cost capitalized (2)	1,401	688
Reclassified to Property, Plant and Equipment	-	(1,157)
Reclassified to Assets held for Sale (Note 15)	(52,300)	-
Disposals(3)	(270,800)	-
Fair value as of period end	**399,947**	**664,540**

(1) The additions are related to refurbishment of Center Point 1-2, construction of Center Point 3 and a general CAPEX and fit-out works on the completed office buildings.
(2) Represents borrowing costs capitalized during the current year using a capitalization rate of 4% (prior year 4%).
(3) Sale of Kompakt Land Kft and GTC Univerzum Projekt Kft (Note 9)

Reconciliation between capitalized subsequent expenditure and paid subsequent expenditure is presented below:

	Year ended 31 December 2024	Year ended 31 December 2023
Capitalized expenditure (including Purchase of completed assets and land)	**49,342**	**31,887**
Change in payables and provisions related to investing activities	(47)	3,449
Change in receivables related to investing activities	(12,912)	16,705
Related party loan conversion on acquisition of assets and land	-	-
Purchase of property, plant and equipment.	105	555
Expenditures on investment property and property, plant and equipment (Cash Flow statement)	**36,488**	**52,596**

Adjustment to fair value / (impairment) consists of the following:

	Year ended 31 December 2024	Year ended 31 December 2023
Adjustment to fair value of completed investment properties	(3,670)	(13,829)
Adjustment to the fair value of investment properties under construction	(4,183)	(1,438)
Adjustment to fair value/(impairment) of assets held for sale	-	-
Reversal of impairment/(Impairment)	89	(2,433)
Profit from revaluation of investment property	**(7,764)**	**(17,700)**

Segment analysis of adjustment to fair value of completed investment properties is presented below:

	Year ended 31 December 2024	Year ended 31 December 2023
Hungary	(2,206)	(14,117)
Serbia (Discontinued operation (Note 15))	(1,464)	288
Adjustment to fair value of completed investment properties	**(3,670)**	**(13,829)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

18. INVESTMENT PROPERTY (CONTINUED)

Assumptions used in the fair value valuations of completed assets as of 31 December 2024 are presented below:

Input	Unit	Hungary	Serbia	Total
Book value	€ thousand	274,037	-	274,037
Gross leasable area (GLA)	thousand sqm	110	-	110
Average occupancy	%	75	-	75
Actual average rent	€/sqm/month	18.4	-	18.4
Average ERV (1)	€/sqm/month	16.4	-	16.4
Average Yield (2)	%	6.6	-	6.6

(1) Estimated Rent Value (ERV): 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.
(2) Average yield is calculated as in-place rent divided by fair value of asset.

Assumptions used in the fair value valuations of completed assets as of 31 December 2023 are presented below:

Input	Unit	Hungary	Serbia	Total
Book value	€ thousand	536,637	49,543	586,180
Gross leasable area (GLA)	thousand sqm	181	18	199
Average occupancy	%	86	100	87
Actual average rent	€/sqm/month	20.0	18.4	19.7
Average ERV (1)	€/sqm/month	17.0	18.5	17.1
Average Yield (2)	%	6.9	7.7	7.0

(1) Estimated Rent Value (ERV): 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
(2) Average yield is calculated as in-place rent divided by fair value of asset.

Information regarding investment properties under construction as of 31 December 2024 and 31 December 2023, respectively is presented below:

	Book value 31.12.2024 € thousand	**Book value 31.12.2023** € thousand	**Estimated area** thousand sqm
Center Point 3 (Hungary)	89,000	41,400	36
Total	**89,000**	**41,400**	**36**

Inter-relationship between key unobservable inputs and fair value measurements of completed assets for the discounted cash flow (DCF) method in the year ended 31 December 2024:

Key unobservable inputs	Change in input	Estimated change	Estimated FV following the change
Estimated rental value (ERV)	5 %	13,600	287,637
Estimated rental value (ERV)	(5) %	(13,800)	260,237
Capitalisation rate (Cap rate)	25 bp	(9,100)	264,937
Capitalisation rate (Cap rate)	(25) bp	9,600	283,637

The following table presents the significant unobservable inputs used in the fair value measurement of investment property under construction for the residual method in the year ended 31 December 2024:

Key unobservable inputs	Unit	Center Point 3
Estimated rental value (ERV)	€ / sqm / month	21.1
Capitalisation rate (Cap rate)	%	6.15
Expected constructions costs	€ / sqm / GLA	4,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

18. INVESTMENT PROPERTY (CONTINUED)

Inter-relationship between key unobservable inputs and fair value measurements of investment property under construction for the residual method in the year ended 31 December 2024:

Key unobservable inputs	Change in input	Estimated change	Estimated FV following the change
Estimated rental value (ERV)	5 %	6,400	95,400
Estimated rental value (ERV)	(5) %	(6,500)	82,500
Capitalisation rate (Cap rate)	25 bp	(5,100)	83,900
Capitalisation rate (Cap rate)	(25) bp	5,500	94,500
Expected construction costs	5 %	(2,100)	86,900
Expected construction costs	(5) %	2,000	91,000

Inter-relationship between key unobservable input and fair value measurements of investment property/landbank for the comparable method in the year ended 31 December 2024:

Key unobservable input	Change in input	Estimated change	Estimated FV following the change
Price	5 %	1,846	38,756
Price	(5) %	(1,846)	35,065

19. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Advances for construction (1)	4,930	17,841
Advances for potential transaction	-	394
Deferred expenses	196	113
Related party receivables (Note 26)	185,203	416
Other receivables	389	454
Total	**190,718**	**19,218**

(1) Advance payments to construction relating development of Center Point 3 office building

20. DERIVATIVES

The Group uses derivative financial instruments, such as interest rate swaps and caps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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.

The Group applies hedge accounting. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group uses both qualitative and quantitative methods for assessing effectiveness of the hedge.

(in thousands of Euro)

20. DERIVATIVES (CONTINUED)

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group holds instruments (IRS, CAP and cross-currency interest rate SWAP) that hedge the risk involved in fluctuations of interest rate and foreign currencies' rates. The instruments hedge interest on loans and bonds for a period of 1-8 years.

The fair value of derivatives is determined by using discounted cash flow method using observable inputs (fair value level hierarchy 2). Fair value of derivatives is measured using cash flows models based on the data from publicly available sources.

Derivatives are presented in financial statements as below:

	31 December 2024	31 December 2023
Non-current assets	166	1,044
Current assets	499	3,119
Non-current liabilities	(34,161)	(18,329)
Fair value as of the end of the year	**(33,496)**	**(14,167)**

The movement in derivatives for the years ended 31 December 2024 and 31 December 2023 was as follows:

	31 December 2024	31 December 2023
Fair value as of the beginning of the year	**(14,167)**	**(39,696)**
Charged to other comprehensive income (1)	(8,397)	28,469
Charged to profit or loss (2)	(10,334)	(2,940)
Derecognition (3)	(598)	-
Fair value as of the end of the year	**(33,496)**	**(14,167)**

(1) Change is mainly attributable to the revaluation of IRS instruments related borrowings.
(2) This result mainly offset a foreign exchange difference (loss)/gains on bonds nominated in HUF.
(3) GTC Hungary Zrt sold 100% of shares in Kompakt Land Kft. (Note 9)

Derivatives as of 31 December 2024 and 31 December 2023 consist mainly of IRS and cross-currency interest rate swaps.

Instruments	Measurement	Rate range for interest	Currency rate for SWAP
CCIRS (BUBOR/HUF)	Fair value	0.93% - 0.99%	360.33 - 367.66
IRS (EURIBOR 3M)	Fair value	(0.32%) – (0.08%)	N/A

Instruments	Nature	Nominal amount	Ccy	Fair value as at 31 December 2024	Nominal amount	Ccy	Fair value as at 31 December 2023
CCIRS (BUBOR/HUF)	Bond	59,400	HUF m	(34,161)	59,400	HUF m	(18,329)
IRS (EURIBOR 3M)	Loan	263	€ m	665	240	€ m	4,162
Fair value				**(33,496)**			**(14,167)**

For more information regarding derivatives, see Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

21. 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. Group cooperates mainly with banks with investment ranking above BBB-.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2024 and 31 December 2023:

	Year ended 31 December 2024	Year ended 31 December 2023
Cash at banks and on hand	8,319	15,380
Cash at banks related to assets held for sale	1,806	-
Cash and cash equivalents at the end of the period	**10,125**	**15,380**

22. CAPITAL AND RESERVES

(a) Transaction reserve

On 5 April 2022, GTC Hungary acquired 70% of the shares in Glamp d.o.o. Beograd - which existing capital shares were fully held by GTC S.A. - after increase of share capital of the Company. At the acquisition date the fair value of the net assets of this asset in total was EUR 4,437 thousand while the fair value of total consideration transferred in cash was EUR 4,522 thousand. Consequently, in the business combination the company recognized negative transaction reserve in the equity with the amount of EUR 1,416 thousand.

GTC X	**Fair value at acquisition date**
Investment properties	20,121
Cash and deposit	4,632
Other Assets	61
Total Assets	**24,814**
Loans	17,074
Other liabilities	3,303
Total Liabilities	**20,377**
Fair value of net assets	**4,437**
Non-controlling interest	1,331
Transaction reserve	(1,416)
Total consideration transferred	**4,522**

(b) Dividend payments

No distribution of the profit was authorized or paid to the shareholder of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

23. NON-CONTROLLING INTEREST

The company has 70% of the shares in Glamp d.o.o Beograd (GTC X) incorporated in Serbia and the remaining 30% of the shares are held by GTC S.A.

Summarized financial information of the material non-controlling interest as of 31 December 2024 and 31 December 2023 are presented below:

	2024	2023
Non-current assets	-	51,245
Current assets	55,830	2,458
Total assets	**55,830**	**53,703**
Equity	20,308	17,803
Non-current liabilities	5,961	35,244
Current liabilities	29,561	656
Total equity and liabilities	**55,830**	**53,703**
Revenue	3,698	2,549
Profit / (loss) for the year	2,920	1,497
Other comprehensive profit/(loss)	(415)	-
NCI share in equity	6,093	5,341
NCI share in profit / (loss)	877	449

No loans granted to / received from NCI.

The movement in NCI for the years ended 31 December 2024 and 31 December 2023 was as follows:

	31 December 2024	31 December 2023
Balance as of the beginning of the year	**5,341**	**4,892**
Disposal	-	-
NCI Recognized at acquisition date	-	-
Other comprehensive income for the period	(125)	-
Profit for the period	877	449
Balance as of end of the year	**6,093**	**5,341**

24. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	1,780	2,055
Construction payables	9,792	4,884
Related party payables (Note 26)	279	698
Other payables	132	875
Total trade and other payables	**11,983**	**8,512**

(in thousands of Euro)

25. LONG-TERM BORROWINGS

All loans and borrowings and debt securities are initially recognized at fair value, net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings and debt securities are measured at amortized cost using the effective interest rate method.

Long-term borrowings are linked to the following currencies and have been separated into the non-current portion and the current portion as disclosed below:

Non-current portion	Currency linkage	31 December 2024	31 December 2023
Loan from OTP (Center Point 1-2)	EUR	39,359	42,027
Loan from OTP (Duna Tower)	EUR	30,522	32,592
Loan from Erste (Váci Greens D)	EUR	21,438	22,188
Loan from OTP (Univerzum)	EUR	-	80,000
Loan from UniCredit (Pillar)	EUR	-	57,000
Loan from Erste (GTC X)	EUR	-	25,000
Green bonds mature in 2027-2030 (HU0000360102)	EUR	96,564	103,454
Green bonds mature in 2028-2031 (HU0000360284)	EUR	48,282	51,727
Deferred debt expenses	EUR	(1,568)	(2,175)
		234,597	**411,812**

Current portion	Currency linkage	31 December 2024	31 December 2023
Loan from OTP (Center Point 1-2)	EUR	2,667	2,221
Loan from OTP (Duna Tower)	EUR	2,070	1,722
Loan from Erste (Váci Greens D)	EUR	750	750
Loan from UniCredit (Pillar)	EUR	0	794
Green bonds mature in 2027-2030 (HU0000360102)	EUR	72	72
Green bonds mature in 2028-2031 (HU0000360284)	EUR	397	397
		5,956	**5,956**

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 (‘LTV’) and Debt Service Coverage (‘DSCR’) ratios in the subsidiary that holds the project.

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

All bank loans are denominated in EUR, while green bonds (series maturing in 2027-2030) and green bonds (series maturing in 2028-2031) are denominated in HUF. The initial fair value differed from the transaction price. The Group presents the difference as part of the amortized cost of the bonds under "Long-term liabilities" in the balance sheet. As of December 31, 2024, the unreconciled difference in the income statement is EUR 109 thousand (2023: EUR 109 thousand).

(in thousands of Euro)

25. LONG-TERM BORROWINGS (CONTINUED)

As at 31 December 2024, the Group continue to comply with the financial covenants set out in their loan agreements and bonds' terms and conditions.

For further information please refer also to Note 27.

The movement in long term loans and bonds for the years ended 31 December 2024 and 31 December 2023 was as follows:

	31 December 2024	31 December 2023
Balance as of the beginning of the year	**417,768**	389,089
Drawdowns and issuance of bonds	-	25,000
Repayments	(5,634)	(3,959)
Interest payments	(11,984)	(8,722)
Change in accrued interest	11,298	9,626
Change in deferred issuance debt expenses	233	(39)
Reclassification Assets held for sale	(24,835)	-
Derecognition due to sale of subsidiary	(135,959)	-
Foreign exchange difference	(10,334)	6,773
Balance as of end of the year	**240,553**	**417,768**

From financing activities the Company had no proceeds from related party loans in 2024 (2023: EUR 1,782 thousand).

26. RELATED PARTY TRANSACTIONS

The Company has entered into a variety of transactions with its related parties. All related party transactions are occurred in the normal course of business on an arm's-length basis.

(a) Major transactions with related parties

Major transactions with related parties for the year ended 31 December 2024 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Rental income	-	-	-
Management fees [(1)]	-	-	357
Service charge income [(1)]	-	-	127
Administrative expenses	-	-	511
Finance income	-	220	20,050
Finance cost	-	4,434	13,560

[(1)] Management fee income from GTC S.A.'s subsidiaries in Hungary, which are outside of this Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Major transactions with related parties for the year ended 31 December 2023 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Rental income [1]	-	-	-
Management fees [2]	-	-	581
Service charge income [1]	-	-	98
Administrative expenses	-	-	613
Finance income	-	-	20,627
Finance cost	-	4,469	13,523

(1) Rental revenue and Service charge revenue in relation to rental guarantees provided by sellers, controlled entities of the ultimate controlling party.
(2) Management fee income from GTC S.A.'s subsidiaries in Hungary, which are outside of this Group.

(b) Related party balances

Related party balances for the year ended 31 December 2024 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Loans granted to related parties	-	-	601,536
Trade receivables	-	185,203	-
Non-current portion of long-term loans from related parties	-	163,034	504,496
Trade and other payables	-	252	27
Other long-term liabilities	500	-	-

Related party balances for the year ended 31 December 2023 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Loans granted to related parties	-	-	658,056
Trade receivables	-	416	-
Non-current portion of long-term loans from related parties	-	160,066	502,317
Trade and other payables	500	531	167
Other long-term liabilities	500	-	-

Outstanding loans (from)/to related parties are unsecured and presented with accrued interest in both financial years.

(c) Transactions with Management Board

Remuneration of the Management Board of the Company for the year ended 31 December 2024 was amounted to EUR 46 thousand (in 2023: EUR 1,684 thousand). In 2024 0 phantom shares was vested (in 2023: 177,000 phantom share was vested). The valuation of share-based program as of 31 December 2024 was close to zero.

There was no other transaction with the Management Board of the Company.

27. 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 Group's financial assets at amortised cost include trade receivables, loans to associate, short-term deposits under current financial assets and cash and cash equivalents.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates and loans granted.

The Group has a portfolio of fixed and variable rate loans and borrowings. The Group's policy is to minimize interest rate risk, by entering into interest rate swaps, currency swaps or interest rate cap transactions.

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

As at 31 December 2024, 69% of the Group's long-term loans and bonds is hedged (as at 31 December 2023 – 80%).

For 2024, a 50bp increase in EURIBOR rate would lead to EUR 289 thousand change in result before tax (2023: EUR 271 thousand change in result before tax).

(b) Foreign currency risk

The Group enters into transactions in currencies other than the functional currency of the Group's subsidiaries. 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. It is element of hedge accounting policy of the Group.

As a result of the Company's investments, the Company's balance sheet and profit or loss can be affected by movements in the HUF/EUR exchange rates. The table below presents the sensitivity of profit/(loss) before tax due to changes in foreign exchange rates (data in thousands euro):

2024 HUF/EUR				**2023** HUF/EUR			
+10%	+5%	(5)%	(10)%	+10%	+5%	(5)%	(10)%
9	4	(4)	(9)	**158**	**78**	(78)	(158)

There is no currency risk related to bonds denominated in HUF as they are fully hedged. Exposure to other currencies and other positions in the statement of financial position is not material.

(c) 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. As of reporting date the Group doesn't have material impaired receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

27. 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 or impaired.

(d) Liquidity risk

As of 31 December 2024, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of approximately EUR 8,319 thousand. 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 (the amounts are not discounted):

	31 December 2024	31 December 2023
First year	11,491	13,620
Second year	31,670	15,910
Third year	19,844	115,058
Fourth year	24,579	104,217
Fifth year	24,369	26,206
Thereafter	164,010	199,764
Total	**275,963**	**474,775**

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.

Repayments of non-current derivative payables are scheduled as follows (the amounts are not discounted):

	31 December 2024	31 December 2023
Within 5 years	-	-
Thereafter	34,161	18,329
Total	**34,161**	**18,329**

Derivative instrument payables in the current year mature within 7-8 years from the balance sheet date.

Non-current portion of long-term loans from related parties mature in 5 years with option to prolong the final maturity date.

(in thousands of Euro)

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Maturity dates of current financial liabilities as of 31 December 2024 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	**11,983**	-	9,010	2,120	853
Current portion of long-term borrowing	**5,956**	-	-	1,753	4,203
Income tax payable	**92**	-	-	-	92
Other [(1)]	**923**	-	214	198	511
Total	**18,954**	**-**	**9,224**	**4,071**	**5,659**

(1) Includes VAT payables, Deposits from tenants and Current portion of lease liabilities

Maturity dates of current financial liabilities as of 31 December 2023 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	**8,512**	-	3,800	2,660	2,052
Current portion of long-term borrowing	**5,956**	-	794	1,386	3,776
Income tax payable	**336**	-	-	-	336
Other [(1)]	**1,209**	-	864	-	345
Total	**16,013**	**-**	**5,458**	**4,046**	**6,509**

(1) Includes VAT payables, Deposits from tenants, Derivatives, and Current portion of lease liabilities

(e) Fair value

As of 31 December 2024, 100% of all bank loans bears floating interest rate (67% as of 31 December 2023). However, as of 31 December 2024, 23% of all bank loans are hedged (64% as of 31 December 2023). As of 31 December 2024, 100% of these bonds are hedged (100% as of 31 December 2023).

For information related to loans granted/received from related parties please refer to Note 26.

Fair value of all financial assets/liabilities is close to their carrying value.

For the fair value of investment property, please refer to Note 18.

Fair value hierarchy

As at 31 December 2024 and 2023, the Group held several derivatives 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 derivatives are considered as level 2 fair value measurements. During the year ended 31 December 2024 and 31 December 2023, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements in respect to financial instruments.

27. Financial instruments and risk management (continued)

(f) 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 2024.

(g) 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 maximize 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 2024 and 31 December 2023.

GTC S.A. monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, 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 GTC S.A. may deviate temporarily. As of 31 December 2024, LTV of the GTC S.A. group was 52.9% (49.3% as of 31 December 2023).

(h) Leasing arrangements

Investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimizing tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimize vacancy rates across all properties; and
- minimize the turnover of tenants with high quality credit ratings.

28. Commitments

As of 31 December 2024 (31 December 2023), the Group had commitments contracted for in relation to future building construction without specified date, amounting to EUR 22.8 million (EUR 69.9 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future installments under already contracted sale agreements and yet to be contracted sale agreements.

29. Subsequent events

On 31 January 2025, the Group finalize the sale of the entire share capital of Serbian subsidiary Glamp d.o.o. Beograd (Project X). The free cash generated from this disposal, as the Initial purchase price is EUR 22.7 million. The refinancing of the Erste bank and GTC SA loans was completed in January 2025 with the total repayment of EUR 32 million, including bank and Intercompany loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2024
(in thousands of Euro)

30. GROUP APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for the issue by the Management Board on 30 April 2025.

31. DISCLOSURE OBLIGATION ACCORDING TO HUNGARIAN ACCOUNTING LAW

(a) Audit

The auditor of the Group is PWC Könyvvizsgáló Kft. and the signing auditor is Balázs Mészáros. PWC Könyvvizsgáló Kft. had not provided any services besides auditing the financial statements to the Group.

In accordance with Section 133 of the Hungarian Accounting Law, the financial statements include the fees paid for mandatory statutory audit of consolidated financial statements and other non-audit services for the financial year by the auditor or auditing company. The fee charged by the auditor company (PwC Könyvvizsgáló Kft.) for the Group's consolidated financial statements for the year 2024 was EUR 240 thousand.

(b) Persons required to sign the Statement of Responsibility

Name	Position	Address	Mother's maiden name
Gyula Nagy	Board Member	1114 Budapest, Bocskai út 34/B 2. em. 1..	Zsuzsanna Hoffer
Zsolt Farkas	Board Member	DE-14193 Berlin, Germany, Humbold utca 36	dr. Mária Edit Nagyimre
Balázs Gosztonyi	Board Member	1125 Budapest, Béla király út 13/A B. ép. fsz. 2.	Györgyi Mária Gosztonyi

(c) Presentation of company controls

In accordance with Section 89 of the Hungarian Accounting Law, the financial statements include a detailed list of the names, registered offices, and percentages of voting rights of the various economic entities in which the company exercises majority control, in accordance with the provisions of the Hungarian Civil Code. Please refer to the Note 8 for more information.

(d) Contact information

Name: GTC Magyarország Ingatlanfejlesztő Zrt
Address: HU – 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.
Website: https://www.gtcgroup.com/en

Statement of responsibility

The Management Board of GTC Hungary Real Estate Development Pltd. (“**Company**”) represented by:

Name	**Position**
Gyula Nagy	Member of the Board
Balázs Gosztonyi	Member of the Board

hereby represents that to the best of its knowledge:

(i) the consolidated financial statements is in accordance with the applicable accounting standards to the best knowledge of the Company and the annual results provide a true and fair view of the assets, liabilities, financial position and income statement of the Company and its subsidiaries (the Group); and

(ii) the consolidated management report provides a reliable picture of the situation, development and performance of the Company and its subsidiaries (the Group), describing the main risks and uncertainties as well.

Felelősségvállalási nyilatkozat

A GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság **(“Társaság”)** Igazgatóság képviseletében:

Név	**Beosztás**
Nagy Gyula	Igazgatósági tag
Gosztonyi Balázs	Igazgatósági tag

ezúton kijelenti, hogy legjobb tudomása szerint:

(i) a konszolidált pénzügyi kimutatások a Társaság legjobb tudomása szerint megfelel az alkalmazandó számviteli standardoknak, és az éves eredmények megbízható és valós képet adnak a Társaság és leányvállalatai (a Csoport) eszközeiről, kötelezettségeiről, pénzügyi helyzetéről és eredménykimutatásáról; és

(ii) a konszolidált vezetőségi jelentése megbízható képet ad a Társaság és leányvállalatai (a Csoport) helyzetéről, fejlődéséről és teljesítményéről, ismertetve a főbb kockázatokat és bizonytalanságokat is.

Budapest, 30 April 2025 / 2025. április 30.

Gyula Nagy
Member of the Board / Igazgatósági tag

Balázs Gosztonyi
Member of the Board / Igazgatósági tag

INDEPENDENT AUDITOR'S REPORT

To the shareholder of GTC Magyarország Ingatlanfejlesztő Zrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of GTC Magyarország Ingatlanfejlesztő Zrt. (the "Company") and its subsidiaries (together the "Group") for the financial year ended on 31 December 2024 which comprise the consolidated statement of financial position as at 31 December 2024 (in which total assets equal to total equity and liabilities are TEUR 1,271,440), the consolidated income statement and other comprehensive income (in which the total comprehensive income for the period, net of tax is TEUR 20,308 profit), the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year then ended and the notes to the consolidated financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall group materiality	Overall group materiality applied was TEUR 12,700
Group Scoping	We included in our audit three subsidiaries beside the parent company, each of them operating in Hungary, which amount up to

	88% of the consolidated total assets.
Key Audit Matter	Determination of the fair value of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Materiality	TEUR 12,700
Determination	1% of the consolidated total assets
Rationale for the materiality benchmark applied	We chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We have identified three subsidiaries beside the parent company, which, in our view, required an audit of their complete financial information, due to their financial significance or risk to the group. Those reporting components are the major investment property entities in the group and in Hungary.

In addition, we performed the audit of specific balances and transactions of five subsidiaries out of which four are located in Hungary and one in Serbia.

For the remaining components we performed analytical review on Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Determination of the fair value of investment properties	
The balance of investment properties as of 31 December 2024 is TEUR 399,947 thousand, which is 31.46% of the consolidated total assets.	In the course of our audit procedures, we included our real estate appraisers in the audit of the valuation in order to assess the estimates and methodology used by management.
Disclosures related to investment properties, which present the key assumptions used to determine fair values, are set out in notes 7b, 7.c, and 18.	As part of this, we tested the validity of the data used in the model, assessed the qualifications and reputation of the appraiser employed by management regarding the preparation of the real estate appraisal.
The fair value of investment properties in project companies is determined annually by the management with the involvement of an independent appraiser.	We checked whether the accounting policy applied by the Group is in accordance with the provisions of *IAS 40 Investment properties*. We checked whether the Group made disclosures according to *IAS 40 Investment properties* standard.
The valuation of investment properties is an area that requires significant judgment and is highly dependent on estimates of future rents, discount rates, inflation and occupancy. Therefore, we identified the valuation of investment properties as a key area of the audit.	We read the disclosures presented in point 18 of the notes and considered whether the assumptions to which the valuation model is most sensitive are disclosed and whether the disclosures are consistent with the requirements contained in the *IAS 40 Investment properties* standard.

Other information

Other information comprises the consolidated business report which is named as the management's board report of the Group in the annual report of the Group for the financial year ended on 31 December 2024. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the consolidated financial statements does not cover the consolidated business report or the annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated, we are required to report this fact, and based on the Accounting Act, also the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the consolidated business report is consistent with the consolidated financial statements.

In our opinion, the other information is consistent, in all material respects, with the consolidated financial statements for the financial year ended on 31 December 2024, and the consolidated business report is consistent, in all material respects, with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the consolidated business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the other information, therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the consolidated financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The engagement partner on the audit resulting in this independent auditor's report is Mészáros Balázs Árpád.

Budapest, 30 April 2025

Radványi László Károly
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Licence number: 001464

Mészáros Balázs Árpád
Statutory auditor
Licence number: 005589

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the consolidated financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this English translation.