

RENTS INDEXATION AND FUTURE INVESTMENTS TO PROVIDE FOR FFO AND VALUE CREATION WHILE SECURED LOW INTEREST COST AND SAFE MATURITY PROFILE TO OFFER DOWNSIDE PROTECTION

RENTAL REVENUES	FFO I	NET LTV	OCCUPANCY	CASH
€43M	€16M	45.2%¹	87%	€147m

Q1 2023 FINANCIAL HIGHLIGHTS

- **Revenues from rental activity** at €43m in Q1 2023 (€42m in Q1 2022)
- **Gross margin from rental activity** at €30m in Q1 2023 (€30m in Q1 2022)
- **FFO I** at €16m in Q1 2023 (€16m in Q1 2022), FFO per share at €0.03
- **EPRA NTA** at €1,276m as of 31 March 2023 (€1,273m as of 31 December 2022)
EPRA NTA per share at €2.22 (PLN 10.39)
- **Net LTV** at 45.2%¹ as of 31 March 2023 (44.5%² as of 31 December 2022)
- Strong **cash position** of €147m as of 31 March 2023 and available undrawn credit facility in the amount of €94m

Q1 2023 PORTFOLIO HIGHLIGHTS

- **Occupancy** at 87% as of 31 March 2023 (88%³ as of 31 December 2022)
 - **Office leasing activity** reached 20,700 sq m in Q1 2023 (25,600 sq m in Q1 2022)
 - **Retail leasing activity** reached 3,500 sq m in Q1 2023 (8,800 sq m in Q1 2022)
- Average weighted lease term at 3.6 yrs.
- **86% of assets green certified**, 13% under certification process
- **Disposal of Forest Offices Debrecen** closed in January 2023

Corporate news

- GTC recommends to the AGM to **keep the profit for 2023 in the Company** to finance capital expenditures and investments that may provide measurable benefits to the shareholders
- GTC management will seek **authorization for a shares buy back**:
 - for up to 15% of the share capital, i.e. 86,138,268 shares
 - price range between PLN 5 to PLN 7
 - valid until 30 June 2024

“We are observing the markets closely and constantly looking for opportunities to grow our business adjusting it to changing environment and market trends. We recommended to the Shareholders Meeting to keep the profits in the Company to fund future investments and capital expenditures to prepare our properties for increasing tenants’ demand, especially in the field of sustainability. In parallel we are also seeking authorization of the shares buy back as an alternative way to return capital investment to shareholders. With such a flexibility granted the Company will be able to react to dynamically changing market conditions and manage its future financial position.” – commented Zoltán Fekete, GTC’s President of the Management Board.

¹ Includes non-current financial assets;

² Includes non-current financial assets and adjusted for disposal of Forest Offices Debrecen, concluded on 30 January 2023;

³ Includes asset held for sale.

OPERATING ACHIEVEMENTS

Offices: new projects in the portfolio combined with stronger leasing activity	<ul style="list-style-type: none"> • Occupancy at 84% as of 31 March 2023 (84%⁴ in December 2022) • Average weighted lease term of 3.6 yrs. • Leasing activity reached 20,700 sq m in Q1 2023 (25,600 sq m in Q1 2022): <ul style="list-style-type: none"> ○ Nexi Croatia signed a lease in Matrix C, Zagreb (c. 5,000 sq m) ○ Prolongation of UPS lease in University Business Park, Lodz (c. 2,600 sq m) ○ Prolongation of Ford lease in Vaci Greens D, Budapest (c. 2,300 sq m) ○ Prolongation of KPMG lease in Francuska Office Centre, Katowice (c. 1,700 sq m) ○ Prolongation of Strabag lease in Korona Office Complex, Krakow (c. 1,400 sq m) ○ Arthrex Adria chose Matrix C, Zagreb (c. 1,300 sq m) ○ Prolongation of AON lease in Vaci Greens D, Budapest (c. 1,300 sq m) • Disposal: <ul style="list-style-type: none"> ▪ Forest Offices Debrecen, office building in Hungary in January 2023. The selling price under the agreement is €49m.
Retail: back to pre-Covid levels	<ul style="list-style-type: none"> • Occupancy at 96% as of 31 March 2023 (96% as of 31 December 2022) • Average weighted lease term of 3.6 yrs. • Leasing activity reached 3,500 sq m in Q1 2023 (8,800 sq m in Q1 2022): <ul style="list-style-type: none"> ○ Tedi chose Galeria Północna, Warsaw (c. 750 sq m) ○ Prolongation of Deichmann in Avenue Mall, Zagreb (c. 440 sq m) ○ Prolongation of Tchibo in Galeria Północna, Warsaw (c. 200 sq m) ○ Fun Box signed a lease in Mall of Sofia, Sofia (c. 180 sq m) ○ Prolongation of Sportkontroll in Hegyvidék Shopping Center, Budapest (c. 180 sq m) • Positive trends in retail continue, footfall is growing, and turnover exceeded pre-Covid levels (112% in Q1 2023 vs 2019; 115% in Q1 2023 vs 2022 and 117% in April 2023 vs 2019; 104% in April 2023 vs 2022)

FINANCIALS

Rental and service revenues	<ul style="list-style-type: none"> • At €43m in Q1 2023 as compared to €42m in Q1 2022 <p>Mainly from increase in rental revenues of €1m following the completion of Pillar in Budapest and GTC X in Belgrade and an increase in an average rental rate following the indexation of its rental rates to the European CPI. The increase was partially compensated by a decrease in rental revenues following the sale of Forest Offices Debrecen in the first quarter of 2023 as well as Cascade and Matrix office buildings in the third and fourth quarter of 2022 combined with a decline in average occupancy rate of the office portfolio in Poland and Hungary.</p>
Gross margin from operations	<ul style="list-style-type: none"> • At €30m in Q1 2023 as compared to €30m in Q1 2022 <p>Mainly due to an increase in the service charge cost due to inflation, decline in an average occupancy rate in Poland and Hungary combined with a loss in rental and service revenues due to the sale of office buildings in Romania and Croatia.</p>

⁴ Includes asset held for sale.

Administrative expenses	<ul style="list-style-type: none"> Administrative expenses (before provision for share based program) at €4m as compared to €4m in Q1 2022 mainly due to an increase in remuneration fees and other advisory expenses. <p>After provision for share based program administration expenses at €4m in Q1 2023 compared to €3m in Q1 2022.</p>
Profit /(loss) from revaluation of investment property	<ul style="list-style-type: none"> Amounted to €3m loss as compared to €3m profit in Q1 2022 <p>Loss in the three-month period ended 31 March 2023 is mainly a result of capitalized expenditures on completed buildings. Profit in the three-month period ended 31 March 2022 was mainly a result of fair value gain on completion Pillar project in Budapest.</p>
Financial expenses, net	<ul style="list-style-type: none"> Financial expenses, net at €8m as compared to €8m in Q1 2022. Average interest rate at 2.25% resulting from refinancing activity, bonds issued and hedging strategy.
Tax	<ul style="list-style-type: none"> Tax amounted to €3m as compared to €5m tax in Q1 2022 <p>Taxation consists mainly of €2m of current tax expenses and €1m of deferred tax expenses.</p>
Adjusted EBITDA and net profit	<ul style="list-style-type: none"> Adjusted EBITDA was at €24m (€26m in Q1 2022). Net profit amounted to €12m in Q1 2023 (€15m in Q1 2022). The decrease mainly resulted from lower gross margin from operations and loss from revaluation, partially offset by lower finance cost and foreign exchange gain.
Funds From Operations (FFO I)	<ul style="list-style-type: none"> At €16m as compared to €16m in Q1 2022, FFO I per share at €0.03.
Total investment and GAV	<ul style="list-style-type: none"> Total investment at €2,382m as of 31 March 2023 (€2,418m as of 31 December 2022) and GAV at €2,250m as of 31 March 2023 (€2,288m as of 31 December 2022), mainly due to sale of Forest Offices Debrecen of €48m, partially offset by investment of €14m mostly into assets under construction.
EPRA NTA / share	<ul style="list-style-type: none"> At €2.22 compared to €2.22 on 31 December 2022 <p>Corresponding to EPRA NTA of €1,276m compared to €1,273m as of 31 December 2022.</p>
Debt and debt related indicators	<ul style="list-style-type: none"> Debt at €1,244m compared to €1,238m as of 31 December 2022 <p>Mainly due to an increase in accrued interests combined with foreign exchange differences, compensated by repayments during the period.</p> <ul style="list-style-type: none"> Weighted average debt maturity of 4.3 years and average interest rate of 2.25% p.a. Net LTV 45.2% (44.5%⁵ on 31 December 2022)) Annualized consolidated coverage ratio (based on EBITDA) at 3.5x (3.5x on 31 December 2022) Unsecured debt at 56% and unencumbered properties up to 51% (52% as of 31 December 2022)
Cash	<ul style="list-style-type: none"> Cash balance of €147m as of 31 March 2023 (€115m as of 31 December 2022). <p>Mainly as a result of the disposal of Forest Offices Debrecen of €49m, partially offset by expenditures on investment property of €25m.</p> <ul style="list-style-type: none"> Available credit facility of €94m

⁵ Includes non-current financial assets and adjusted for disposal of Forest Offices Debrecen, concluded on 30 January 2023

	31 March 2023 (unaudited)	31 December 2022 (audited)
ASSETS		
Non-current assets		
Investment property	2,251,998	2,243,663
Residential landbank	26,768	26,610
Property, plant and equipment	12,238	11,141
Blocked deposits	12,628	11,948
Deferred tax asset	3,098	3,161
Derivatives	12,553	17,054
Non-current financial assets (related to investment property) measured at fair value through profit or loss	132,380	130,341
Other non-current assets	172	190
Loan granted to non-controlling interest partner	11,061	10,936
	2,462,896	2,455,044
Current assets		
Accounts receivables	8,734	7,913
Accrued income	6,494	4,391
VAT and other tax receivables	3,695	5,305
Income tax receivables	1,780	1,958
Prepayments, deferred expenses and other receivables	14,797	7,739
Derivatives	9,449	7,793
Short-term blocked deposits	12,467	13,025
Cash and cash equivalents	147,043	115,079
Assets held for sale	3,888	51,635
	208,347	214,838
TOTAL ASSETS	2,671,243	2,669,882

	31 March 2023 (unaudited)	31 December 2022 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	12,920	12,920
Share premium	668,904	668,904
Unregistered share capital increase	-	-
Capital reserve	(49,311)	(49,311)
Hedge reserve	(8,733)	(7,515)
Foreign currency translation reserve	(2,573)	(2,621)
Accumulated profit	501,686	490,532
	1,122,893	1,112,909
Non-controlling interest	22,180	22,678
Total Equity	1,145,073	1,135,587
Non-current liabilities		
Long-term portion of long-term borrowings	1,192,577	1,189,284
Lease liabilities	39,787	41,483
Deposits from tenants	12,628	11,948
Long term payables	2,396	2,394
Share based payment liabilities	349	758
Derivatives	38,494	46,798
Deferred tax liabilities	141,938	141,176
	1,428,169	1,433,841
Current liabilities		
Current portion of long-term borrowings	51,006	48,571
Current portion of lease liabilities	366	388
Trade payables and provisions	34,666	41,208
Deposits from tenants	1,784	1,639
VAT and other taxes payables	3,592	1,828
Income tax payables	3,758	3,571
Derivatives	1,520	2,180
Advances received	1,309	1,069
	98,001	100,454
TOTAL EQUITY AND LIABILITIES	2,671,243	2,669,882

	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
Rental revenue	31,107	31,322
Service charge revenue	11,610	10,443
Service charge costs	(13,137)	(11,471)
Gross margin from operations	29,580	30,294
Selling expenses	(590)	(392)
Administration expenses	(3,892)	(3,221)
Profit/(loss) from revaluation of investment property and residential landbank	(2,980)	3,063
Other income	37	35
Other expenses	(439)	(665)
Profit from continuing operations before tax finance income / expense and foreign exchange differences	21,716	29,114
Foreign exchange gain / (loss), net	233	(1,145)
Finance income	233	71
Finance cost	(7,902)	(8,117)
Profit before tax	14,280	19,923
Taxation	(2,724)	(4,699)
Profit for the period	11,556	15,224
Attributable to:		
Equity holders of the Parent Company	11,154	14,914
Non-controlling interest	402	310
Basic earnings per share (in euro)	0.02	0.03
Diluted earnings per share (in euro)	0.02	0.03

(in thousands of euro)

	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	14,280	19,923
Adjustments for:		
Loss/(profit) from revaluation of investment property and residential landbank	2,980	(3,063)
Foreign exchange differences, net	(233)	1,145
Finance income	(233)	(71)
Finance cost	7,902	8,117
Share based payment provision revaluation	(409)	(415)
Depreciation	147	121
Operating cash before working capital changes	24,434	25,757
Increase in accounts receivables and prepayments and other current assets	(6,072)	(2,042)
Decrease in advances received	240	1,135
Increase in deposits from tenants	826	1,338
Increase / (decrease) in trade and other payables	1,335	(2,784)
Cash generated from operations	20,763	23,404
Tax paid in the period	(1,147)	(1,633)
Net cash from operating activities	19,616	21,771
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property and property, plant and equipment	(25,304)	(29,938)
Purchase of completed assets and land	-	(50,356)
Sale of residential landbank	-	1,073
Sale of subsidiary, net of cash in disposed assets	-	125,112
Sale of completed assets	49,204	-
Expenditure on non-current financial assets	(1,333)	-
VAT/tax on purchase/sale of investment property	1,610	1,214
Interest received	108	3
Net cash from investing activities	24,285	47,108
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	-	432
Repayment of long-term borrowings	(5,468)	(3,358)
Interest paid and other financing breaking fees	(4,724)	(4,924)
Proceeds from issue of share capital, net of issuance costs	-	120,386
Repayment of lease liability	(611)	(525)
Decrease/(Increase) in short term deposits	(122)	163
Dividend paid to non-controlling interest	(900)	-
Net cash from financing activities	(11,825)	112,174
Net foreign exchange difference, related to cash and cash equivalents	(112)	(102)
Net increase/ (Decrease) in cash and cash equivalents	31,964	180,951
Cash and cash equivalents at the beginning of the period	115,079	96,633
Cash and cash equivalents at the end of the period	147,043	277,584

About GTC

The GTC Group is a leading real estate investor and developer focusing on Poland and capital cities in Central and Eastern Europe. During nearly 30 years of its activity, GTC has developed 79 high standard, modern office and retail properties with a total area of 1.4 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 43 commercial buildings providing ca. 740 ths. sq m of lettable office and retail space in Poland, Hungary, Bucharest, Belgrade, Zagreb and Sofia. In addition, GTC has a development pipeline of approx. 440 ths. sq m retail and office properties in capital cities of Central and Eastern Europe, 61 ths. sq m under construction.

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

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