GLOBE TRADE CENTRE S.A.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of EUR)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment property	17	2,273.4	2,243.7
Residential landbank	19	27.2	26.6
Property, plant and equipment	16	16.0	11.1
Blocked deposits	22	13.1	12.0
Deferred tax asset	15	1.8	3.2
Derivatives	20	2.3	17.1
Non-current financial assets measured at fair value through profit or loss	18	135.1	130.3
Other non-current assets		0.2	0.2
Loan granted to non-controlling interest partner	25	11.6	10.9
		2,480.7	**2,455.1**
Current assets			
Accounts receivables		15.7	12.3
VAT and other tax receivables		3.1	5.3
Income tax receivables		1.5	2.0
Prepayments and other receivables	28	52.4	7.7
Derivatives	20	11.9	7.8
Short-term blocked deposits	22	17.3	13.0
Cash and cash equivalents	23	60.4	115.1
Assets held for sale	29	13.6	51.6
		175.9	**214.8**
TOTAL ASSETS		**2,656.6**	**2,669.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of EUR)

	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	30	12.9	12.9
Share premium		668.9	668.9
Unregistered share capital increase		-	-
Capital reserve	30	(49.3)	(49.3)
Hedge reserve	20	0.7	(7.5)
Foreign currency translation reserve		(2.6)	(2.6)
Accumulated profit	30	471.3	490.5
		1,101.9	**1,112.9**
Non-controlling interest	25	24.3	22.7
Total Equity		**1,126.2**	**1,135.6**
Non-current liabilities			
Long-term portion of borrowings	26	1,228.7	1,189.3
Lease liabilities	27	43.2	41.5
Deposits from tenants	24	13.1	11.9
Long term payables		5.2	3.2
Derivatives	20	18.7	46.8
Deferred tax liabilities	15	135.1	141.2
		1,444.0	**1,433.9**
Current liabilities			
Current portion of borrowings	26	45.3	48.6
Trade payables and provisions	21	34.0	42.6
Deposits from tenants	24	2.4	1.6
VAT and other taxes payables		1.9	1.8
Income tax payables		2.4	3.6
Derivatives	20	-	2.2
Liabilities related to assets held for sale		0.4	-
		86.4	**100.4**
TOTAL EQUITY AND LIABILITIES		**2,656.6**	**2,669.9**

CONSOLIDATED INCOME STATEMENT
(in millions of EUR)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Rental revenue	10,14	137.2	123.6
Service charge revenue	10,14	46.2	43.0
Service charge costs	10,14	(55.2)	(47.4)
Gross margin from operations		**128.2**	**119.2**
Selling expenses	11	(2.7)	(1.8)
Administration expenses	12	(20.4)	(15.0)
Loss from revaluation	17	(56.3)	(29.4)
Other income		0.7	1.5
Other expenses		(4.2)	(3.0)
Net operating profit		**45.3**	**71.5**
Foreign exchange differences		2.3	(2.2)
Finance income	13	1.4	1.4
Finance costs	13	(34.6)	(33.1)
Result before tax		**14.4**	**37.6**
Taxation	15	(2.0)	(12.8)
Result for the year		**12.4**	**24.8**
Attributable to:			
Equity holders of the Parent Company		10.5	23.4
Non-controlling interest	25	1.9	1.4
Basic earnings per share (in Euro)	31	0.02	0.04
Diluted earnings per share (in Euro)	31	0.02	0.04

The accompanying notes are an integral part of this Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions of EUR)

	Year ended 31 December 2023	Year ended 31 December 2022
Result for the year	**12.4**	**24.8**
Other comprehensive income for the period, not to be reclassified to profit or loss in subsequent periods, net of tax	-	-
Gain on hedge transactions	8.0	27.5
Income tax	0.2	(4.1)
Net result on hedge transactions	**8.2**	**23.4**
Foreign currency translation	-	(0.1)
Other comprehensive income for the period, to be reclassified to profit or loss in subsequent periods, net of tax	8.2	23.3
Total comprehensive income	**20.6**	**48.1**
Attributable to:		
Equity holders of the Company	18.7	46.7
Non-controlling interest	1.9	1.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in millions of EUR)

	Share capital	Share premium	Unregistered share capital increase	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest ("NCI")	Total
Balance as of 1 January 2023	**12.9**	**668.9**	**-**	**(49.3)**	**(7.5)**	**(2.6)**	**490.5**	**1,112.9**	**22.7**	**1,135.6**
Other comprehensive income/(loss)	-	-	-	-	8.2	-	-	8.2	-	8.2
Result for the year	-	-	-	-	-	-	10.5	10.5	1.9	12.4
Total comprehensive income	**-**	**-**	**-**	**-**	**8.2**	**-**	**10.5**	**18.7**	**1.9**	**20.6**
Dividend paid	-	-	-	-	-	-	(29.7)	(29.7)	-	(29.7)
Transaction with NCI	-	-	-	-	-	-	-	-	1.9	1.9
Dividend paid to NCI	-	-	-	-	-	-	-	-	(2.2)	(2.2)
Balance as of 31 December 2023	**12.9**	**668.9**	**-**	**(49.3)**	**0.7**	**(2.6)**	**471.3**	**1,101.9**	**24.3**	**1,126.2**

	Share capital	Share premium	Unregistered share capital increase	Capital reserve	Hedge reserve	Foreign currency translation reserve	Accumulated profit	Total	Non-controlling interest ("NCI")	Total
Balance as of 1 January 2022	**11.0**	**550.5**	**120.3**	**(49.5)**	**(30.9)**	**(2.5)**	**501.7**	**1,100.6**	**16.4**	**1,117.0**
Other comprehensive income	-	-	-	-	23.4	(0.1)	-	23.3	-	23.3
Result for the year	-	-	-	-	-	-	23.4	23.4	1.4	24.8
Total comprehensive income	**-**	**-**	**-**	**-**	**23.4**	**(0.1)**	**23.4**	**46.7**	**1.4**	**48.1**
Registered share capital increase	1.9	118.4	(120.3)	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(34.6)	(34.6)	-	(34.6)
Transaction with NCI	-	-	-	0.2	-	-	-	0.2	5.6	5.8
Dividend paid to NCI	-	-	-	-	-	-	-	-	(0.7)	(0.7)
Balance as of 31 December 2022	**12.9**	**668.9**	**-**	**(49.3)**	**(7.5)**	**(2.6)**	**490.5**	**1,112.9**	**22.7**	**1,135.6**

CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions of EUR)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Result before tax		14.4	37.6
Adjustments for:			
Loss from revaluation	17	56.3	29.4
Foreign exchange differences		(2.3)	2.2
Finance income	13	(1.4)	(1.4)
Finance cost	13	34.6	33.1
Share based payment profit	12	(0.8)	(0.7)
Depreciation	16	1.0	0.5
Operating cash before working capital changes		**101.8**	**100.7**
Increase in accounts receivables and other current assets		(4.0)	(2.0)
Increase in deposits from tenants		2.0	1.2
Increase (decrease) in trade and other payables		2.7	(0.7)
Cash generated from operations		**102.5**	**99.2**
Tax paid in the period		(7.3)	(11.1)
Net cash from operating activities		**95.2**	**88.1**
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on investment property	17	(113.7)	(85.4)
Purchase of completed assets and land	17	(14.1)	(58.1)
Change in short term deposits designated for investment	28	(29.5)	-
Sale of landbank and residential landbank		-	11.2
Sale of subsidiary, net of cash in disposed assets		0.4	186.2
Sale of completed assets	29	49.2	-
Purchase of non-current financial assets		-	(130.3)
Expenditure on non-current financial assets		(3.6)	-
Advances received for assets held for sale		0.3	-
VAT/tax on purchase/sale of investment property		2.2	(2.4)
Interest received		0.8	1.1
Net cash used in investing activities		**(108.0)**	**(77.7)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	26	74.1	6.2
Repayment of borrowings	26	(48.2)	(52.1)
Interest paid		(30.5)	(28.8)
Proceeds from issue of share capital, net of issuance costs		-	120.4
Dividend paid to shareholders	30	(28.6)	(33.2)
Repayment of lease liabilities	27	(0.9)	(0.6)
Loans origination payment		(1.0)	(0.3)
Dividend paid to non-controlling interest	25	(2.2)	(0.7)
Decrease/(increase) in short term deposits		(5.5)	(0.1)
Net cash from/(used in) financing activities		**(42.8)**	**10.8**
Net foreign exchange differences, related to cash and cash equivalents		**0.9**	**(2.7)**
Net increase/ (decrease) in cash and cash equivalents		**(54.7)**	**18.5**
Cash and cash equivalents at the beginning of the period	23	**115.1**	**96.6**
Cash and cash equivalents at the end of the period	23	**60.4**	**115.1**

(in millions of EUR)

1. Principal activities

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

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

As of 31 December 2023 and 31 December 2022, the number of full-time equivalent working employees in the Group companies was 219 and 223, respectively.

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

As of 31 December 2023, the majority shareholder of the Company is GTC Dutch Holdings B.V. ("GTC Dutch") who holds 337.637.591 shares in the Company representing 58.80% of the Company's share capital, entitling to 337,637,591 votes in the Company, representing 58.80% of the total number of votes in GTC S.A. Additionally, GTC Holding Zrt. holds 21,891,289 shares, entitling to 21,891,289 votes in GTC S.A., representing 3.81% of the Company's share capital and carrying the right to 3.81% of the total number of votes in GTC S.A. Ultimate shareholder of GTC Dutch Holding B.V. and GTC Holding Zrt. is Optimum Venture Private Equity Funds, which indirectly holds 359,528,880 shares of GTC S.A., entitling to 359,528,880 votes in the Company, representing 62.61% of the Company's share capital and carrying the right to 62.61% of the total number of votes in GTC S.A.

The ultimate controlling party of the Group is Pallas Athéné Domus Meriti Foundation.

2. Functional and presentation currencies

The functional currency of GTC S.A. and most of its subsidiaries is 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 GTC's subsidiaries is other than euro.

All the financial data in these consolidated financial statements is presented in euro and expressed in million unless indicated otherwise. The financial statements of those companies prepared in their functional currencies are included in the consolidated financial statements by a translation into euro using appropriate exchange rates outlined in IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period if it approximates actual rate. All resulting exchange differences are classified in equity as "Foreign currency translation reserve" without affecting earnings for the period.

For companies with euro as a functional currency, transactions denominated in a foreign currency (including PLN) are recorded in euro at the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at period-end using period-end exchange rates. Foreign currency translation differences related to valuation as of balance sheet date and settlement of monetary positions denominated in foreign currency are charged to the income statement. The following exchange rates were used for measurement purposes:

	31 December 2023	31 December 2022
PLN/EUR	4.3480	4.6899
USD/EUR	1.1049	1.0654
HUF/EUR	382.78	400.23

3. Basis of preparation and statement of compliance

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by the Polish accounting regulations. The companies outside Poland maintain their books of account in accordance with local GAAP. The consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRS.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("EU IFRS"). At the date of authorisation of these consolidated financial statements, taking into account the EU IFRS's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no relevant difference between IFRS applying to these consolidated financial statements and IFRS endorsed by the European Union.

GTC S.A. is the parent that produces consolidated financial statements at the most senior level of the Group. Based on the Management's knowledge, consolidated financial statements at the higher level of the Group, which includes the Group as a subsidiary, are not prepared.

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 34.

As of 31 December 2023, the Group's net working capital (defined as current assets less current liabilities) was positive and amounted to EUR 89.5.

The management has analysed 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 these 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 2022 except for the new standards, which are effective as at 1 January 2023 (see 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

STANDARDS ISSUED AND EFFECTIVE FOR FINANCIAL YEARS BEGINNING ON OR AFTER 1 JANUARY 2023:

- IFRS 17 *Insurance Contracts* (issued on 18 May 2017 and amended on 25 June 2020).
- Amendments to IAS 1 - *Disclosure of accounting policies* and IAS 8 - *Definition of accounting estimates* (issued on 12 February 2022).
- Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (issued on 9 December 2022).
- Amendments to IAS 12: *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2022).

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.

STANDARDS ISSUED BUT NOT YET EFFECTIVE:

- 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) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024.

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 17(ii) are met, share based payments, non-current financial assets and derivative financial instruments that have been 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 17.

The Group uses estimates in determining the depreciation rates used (note 16, note 27).

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 18).

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

(c) SIGNIFICANT ACCOUNTING JUDGEMENTS

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

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

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

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 17(ii), related to determination of IPUC valuation.

Significant accounting judgements related to market liquidity of investment property are presented in note 34.

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle in most cases does not exceed 5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

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

The Group recognises deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable (note 15).

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.

(in millions of EUR)

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 2023.

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):

Subsidiaries

Name	Holding Company	Country of incorporation	31 December 2023	31 December 2022
GTC Konstancja Sp. Z o.o. w likwidacji[1]	GTC S.A.	Poland	-	100%
GTC Korona S.A.	GTC S.A.	Poland	100%	100%
Globis Poznań Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Aeropark Sp. Z o.o.	GTC S.A.	Poland	100%	100%
Globis Wrocław Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Satellite Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Sterlinga Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Karkonoska Sp. Z o.o. w likwidacji[1]	GTC S.A.	Poland	-	100%
GTC Ortal Sp. Z o.o.	GTC S.A.	Poland	100%	100%
Diego Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Francuska Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC UBP Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Pixel Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Moderna Sp. Z o.o.	GTC S.A.	Poland	100%	100%
Centrum Handlowe Wilanow Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Management Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Corius Sp. Z o.o.	GTC S.A.	Poland	100%	100%
Centrum Światowida Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Galeria CTWA Sp. Z o.o.	GTC S.A.	Poland	100%	100%
Artico Sp. Z o.o.	GTC S.A.	Poland	100%	100%
GTC Hungary Real Estate Development Company Pltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%
GTC Duna Kft.	GTC Hungary	Hungary	100%	100%
Váci út 81-85. Kft.	GTC Hungary	Hungary	100%	100%
Riverside Apartmanok Kft.[2]	GTC Hungary	Hungary	100%	100%
Centre Point I. Kft.	Váci út 81-85. Kft.	Hungary	100%	100%
Centre Point II. Kft.	Váci út 81-85. Kft.	Hungary	100%	100%
Spiral I. Kft.	GTC Hungary	Hungary	100%	100%
Albertfalva Üzletközpont Kft.	GTC Hungary	Hungary	100%	100%
GTC Metro Kft.	GTC Hungary	Hungary	100%	100%
Kompakt Land Kft.	GTC Hungary	Hungary	100%	100%
GTC White House Kft.	GTC Hungary	Hungary	100%	100%
Globe Office Investments Kft.	GTC Hungary	Hungary	100%	100%
GTC Investments Sp. Z o.o.	GTC Hungary	Poland	100%	100%
GTC Univerzum Projekt Kft.	GTC Hungary	Hungary	100%	100%
GTC Future Kft.	GTC Hungary	Hungary	100%	100%
VRK Tower Kft.	GTC Hungary	Hungary	100%	100%

[1] Liquidated.
[2] Under liquidation.

(in millions of EUR)

Name	Holding Company	Country of incorporation	31 December 2023	31 December 2022
GTC Origine Investments Pltd. ("GTC Origine")	GTC S.A.	Hungary	100%	100%
GTC HBK Project Kft.	GTC Origine	Hungary	100%	100%
GTC VI188 Property Kft.	GTC Origine	Hungary	100%	100%
GTC FOD Property Kft	GTC Origine	Hungary	100%	100%
G-Delta Adrssy Kft.	GTC Origine	Hungary	100%	100%
GTC KLZ 7-10 Kft.	GTC Origine	Hungary	100%	100%
GTC PSZTSZR Projekt Kft	GTC Origine	Hungary	100%	100%
GTC DBRNT Projekt Kft	GTC Origine	Hungary	100%	100%
GTC B41 d.o.o.	GTC Origine	Serbia	100%	100%
GTC MNG d.o.o.[4]	GTC Origine	Serbia	100%	-
GTC K43-45 Property Kft.	GTC Origine	Hungary	100%	100%
GTC Liffey Kft.	GTC Origine	Hungary	100%	100%
GTC UK Real Estate Investments Ltd.	GTC Origine	United Kingdom	100%	100%
GTC VRSMRT Projekt Kft.[3]	GTC Origine	Hungary	100%	-
GTC LCHD Projekt Kft.[3]	GTC Origine	Hungary	100%	-
GTC Nekretnine Zagreb d.o.o.	GTC S.A.	Croatia	100%	100%
Euro Structor d.o.o.	GTC S.A.	Croatia	70%	70%
Marlera Golf LD d.o.o.	GTC S.A.	Croatia	100%	100%
Nova Istra Idaeus d.o.o.	Marlera Golf LD d.o.o.	Croatia	100%	100%
GTC Matrix Future d.o.o.[4]	GTC S.A.	Croatia	100%	-
GTC Seven Gardens d.o.o.	GTC S.A.	Croatia	100%	100%
Towers International Property S.R.L.	GTC S.A.	Romania	100%	100%
Green Dream S.R.L.	GTC S.A.	Romania	100%	100%
Aurora Business Complex S.R.L.	GTC S.A.	Romania	100%	100%
City Gate Bucharest S.R.L.	GTC S.A.	Romania	100%	100%
Venus Commercial Center S.R.L.	GTC S.A.	Romania	100%	100%
City Gate S.R.L.	GTC S.A.	Romania	100%	100%
City Rose Park S.R.L.	GTC S.A.	Romania	100%	100%
Deco Intermed S.R.L.[5]	GTC S.A.	Romania	-	66.7%
GML American Regency Pipera S.R.L.[6]	GTC S.A.	Romania	-	75%
NRL EAD	GTC S.A.	Bulgaria	100%	100%
Advance Business Center EAD	GTC S.A.	Bulgaria	100%	100%
GTC Yuzhen Park EAD	GTC S.A.	Bulgaria	100%	100%
Dorado 1 EOOD	GTC S.A.	Bulgaria	100%	100%
GOC EAD	GTC S.A.	Bulgaria	100%	100%
GTC Flex EAD	GTC S.A.	Bulgaria	100%	100%
Commercial Development d.o.o. Beograd	GTC S.A.	Serbia	100%	100%
Glamp d.o.o. Beograd[7]	GTC S.A.	Serbia	100%	100%
GTC Aurora Luxembourg S.A.	GTC S.A.	Luxembourg	100%	100%
Europort Investment (Cyprus) 1 Limited	GTC S.A.	Cyprus	100%	100%

[3] Acquired (please refer to note 9). Accounted as an asset acquisition not a business combination.
[4] Newly established wholly-owned subsidiary.
[5] Sold.
[6] Liquidated.
[7] GTC S.A. holds 100% shares through a wholly-owned subsidiary GTC Hungary, which has 70% of shares and remaining 30% is held directly by GTC S.A.

9. Events in the period

TRANSACTIONS

As of 30 January 2023 the transaction of sale of the Forrest Office Debrecen building for ca. EUR 49.2 owned by GTC FOD Property Kft., a wholly-owned subsidiary of the Company, was completed.

On 31 March 2023, GTC Origine Zrt., a wholly-owned subsidiary of the Company, signed a quota transfer agreement to acquire 100% holding of Tiszai Fény Alfa Kft, which owns 9 newly developed solar power plants with installed nominal capacity of max 0.5 MW each, operating in Tiszafüred, Hungary for a consideration of HUF 2.4 billion (ca EUR 6.4). The transaction was subject to the satisfaction by GTC Origine Zrt. Of the Acknowledgement of Foreign Investor with respect to the acquisition by the Ministry of Economic Development („FDI approval"). The transaction was terminated as the FDI approval has not been obtained from the Ministry until the long stop date.

On 12 June 2023, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Gamma LCHD Kft. ("GTC LCHD Projekt Kft") from an investment fund related to the majority shareholder of the Company, which owns a hotel under refurbishment, for a consideration of EUR 9.6. The transaction was accounted for as an asset deal and presented as landbank within investment properties.

On 12 June 2023, GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, acquired 100% holding of G-Alpha VRSMRT Kft. ("GTC VRSMRT Projekt Kft") from an investment fund related to the majority shareholder of the Company for a consideration of EUR 3.5. The SPV owns a part of a condominium with a total area of 1,300 sqm and is designated to office project after refurbishment and fit-out works. The transaction was accounted for as an asset deal and presented as landbank within investment properties.

On 6 December 2023 GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, signed a sale and purchase agreement concerning the sale of GTC LCHD Projekt Kft, the owner of a real property located in Budapest. The sale price under the Agreement is EUR 13.2. If the conditions to close the transaction are not met until 28 June 2024 the transaction may be cancelled.

FINANCING

In April 2023, Seven Gardens d.o.o., a wholly-owned subsidiary of the Company, has signed EUR 14 loan agreement with Erste & Steiermarkische Bank d.d. with a maturity of five years following the end of construction period (latest repayment date is June 2029). As of 31 December 2023, EUR 13.1 out of this amount was drawn down.

On 4 May 2023, on the maturity date, GTC S.A. repaid partially bonds issued under ISIN code PLGTC0000318 (one-third of total issue) in the amount of EUR 17.1 (PLN 73.3 million) including the hedge component.

In May 2023, Glamp d.o.o. Beograd, a subsidiary of the Company, has signed EUR 25 loan agreement with Erste Group Bank AG and Erste Bank AD Novi Sad with a maturity of five years from the signing date. As of 31 December 2023, the full amount was drawn down.

On 6 November 2023, on the maturity date, GTC S.A. repaid the last tranche of bonds issued under ISIN code PLGTC0000318 (one-third of the total issue) in the amount of EUR 17.1 (PLN 73.3 million) including the hedge component. As of the publication date the bonds issued under ISIN code PLGTC0000318 are fully repaid.

In November 2023 GTC S.A. cancelled in full revolving credit facility agreement in the amount of EUR 94.

In December 2023, Advance Business Center EAD, a wholly-owned subsidiary of the Company, has signed EUR 36 loan agreement with UniCredit Bulbank EAD with a maturity of five years from the signing date. As of 31 December 2023, the full amount was drawn down.

MEMBERS OF THE GOVERNING BODIES

On 25 April 2023, Mr. Ariel Ferstman resigned from his seat on the Management Board of the Company. The resignation was effective as of 25 April 2023.

On 25 April 2023, the Supervisory Board of GTC S.A. nominated Barbara Sikora to the post of Chief Financial Officer of GTC Group and a member of the Management Board of GTC S.A. effective from 1 May 2023.

On 29 August 2023, the Company entered into a mutual employment contract termination agreement with Mr. Zoltán Fekete and János Gárdai. Mr. Fekete and Gárdai resigned from their seats on the Management Board of the Company. The resignation was effective as of 31 August 2023.

On 29 August 2023, the Supervisory Board of GTC S.A. appointed Gyula Nagy and Zsolt Farkas as members of the Management Board of GTC S.A. The appointment was effective from 31 August 2023.

OTHER

On 21 June 2023, the Company's shareholders adopted a resolution regarding distribution of a dividend in the amount of PLN 132.1 million (EUR 29.7). The dividend was paid in September 2023.

On 11 December 2023 the GTC Dutch Holdings B.V. ("GTC Dutch"), GTC Holding Zártkörüen Müködö Részvénytársaság ("GTC Holding") and Icona Securitization Opportunities Group S.à r.l. ("ISO" and jointly with GTC Dutch and GTC Holding, the "Shareholders") concluded a conditional global settlement agreement aimed to unwind their cooperation with respect to the Company (GSA). Pursuant to the GSA, the Parties agreed, among others, on the transfer of 15.7% shares in the share capital of the Company ("ISO Shares") by ISO to GTC Dutch in connection with redemption in kind of debt instruments issued by ISO ("ISO Shares Transfer") and on conditional termination (upon the due transfer of legal title to ISO Shares from ISO to GTC Dutch) of the following agreements:

- the shareholders' agreement concluded among the Shareholders on 18 February 2022 which entered into force on 1 March 2022, constituting an acting in concert agreement within the meaning of Articles 87(1)(5) and 87(1)(6) in connection with Article 87(3) of the Act on Public Offering on joint policy towards the Company and exercising of voting rights on selected matters in an agreed manner (the "SHA"); and

- the assignment agreement concluded between GTC Dutch and ISO on 18 February 2022 which entered into force on 1 March 2022, pursuant to which ISO assigned and transferred the voting rights attached to all ISO Shares to GTC Dutch and granted the power of attorney to GTC Dutch to exercise voting rights attached to all ISO Shares (the "Assignment Agreement").

The Company was informed that the transfer of shares in accordance with the GSA did not result in any change in the number of votes in the Company held either jointly or individually by the GTC Dutch and GTC Holding as all voting rights attached to shares were already exercised by GTC Dutch under the Assignment Agreement prior to the execution of the GTC SA.

On 14 December 2023 the Company received a notification that 15 December 2023 the terms of the agreement had been met.

<u>Effects of climate-related matters on financial statements</u>

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.

Climate-related matters were also described in the Group Management Report for the year ended 31 December 2023.

(in millions of EUR)

10. Revenue from operations and service charge 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 includes variable rental revenue based on tenants' turnover for the year ended 31 December 2023 of EUR 6.1 (2022: EUR 5.9). The remaining revenue is based on fixed contractual rental fees.

The Group has entered into various operational lease contracts on its property portfolio in Poland, Romania, Croatia, Serbia, Bulgaria, and Hungary. The commercial property leases typically include clauses to enable the periodic upward revision of the rental charge according to European Consumer Price Index (CPI).

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

	31 December 2023	31 December 2022
Within 1 year	130	124
Within 2 year	105	108
Within 3 year	80	79
Within 4 year	57	57
Within 5 year	37	38
Within 6 year	14	24
More than 6 years	16	33
Total	**439**	**463**

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.

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.
- **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. In the office segment, 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 14.

(in millions of EUR)

Service charge costs comprise the following:

	Year ended 31 December 2023	Year ended 31 December 2022
Usage of materials and energy	13.3	10.9
Third party services	30.0	26.0
Remuneration and fees	2.8	2.7
Taxes and fees	8.5	7.4
Other	0.6	0.4
Total	**55.2**	**47.4**

11. Selling expenses

Selling expenses comprise the following:

	Year ended 31 December 2023	Year ended 31 December 2022
External services – advertising and marketing	0.7	0.6
Payroll and related expenses	2.0	1.2
Total	**2.7**	**1.8**

12. Administration expenses

Administration expenses comprise the following:

	Year ended 31 December 2023	Year ended 31 December 2022
Remuneration and other employee benefits	13.5	9.2
Audit and valuations	1.4	1.3
Legal, tax, IT and other advisory	1.9	1.8
Office and insurance expenses	1.8	1.5
Travel expenses	0.4	0.4
Supervisory board remuneration fees	0.4	0.3
Depreciation	1.0	0.5
Investors relations and other expenses	0.8	0.7
Total before share based payment	**21.2**	**15.7**
Share based payment	(0.8)	(0.7)
Total	**20.4**	**15.0**

13. Finance income and finance expense

Finance income comprises the following:

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on deposits and other	0.8	1.1
Interest on loan granted to non-controlling interest	0.6	0.3
Total	**1.4**	**1.4**

(in millions of EUR)

Finance expense comprises the following:

	Year ended 31 December 2023	Year ended 31 December 2022
Interest expenses[8] (including hedge effect)	(30.2)	(28.9)
Finance costs related to lease liability	(1.9)	(1.9)
Other	(2.5)	(2.3)
Total	**(34.6)**	**(33.1)**

The weighted average interest rate (including hedges) on the Group's loans (excluding loans related to assets held for sale) as of 31 December 2023 was 2.48% p.a. (2.21% p.a. as of 31 December 2022).

14. 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: Poland, Hungary, Bucharest, Belgrade, Sofia, Zagreb and others. The Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment profit measure is gross margin from operations.
Financial data prepared for the purpose of management reporting, on which segment reporting is based, is based on the same accounting principles that are used in the preparation of the consolidated financial statements of the Group.

Sector analysis of rental and service charge income for the years ended 31 December 2023 and 31 December 2022 is presented below:

	Year ended 31 December 2023	Year ended 31 December 2022
Rental income from office sector	85.1	75.1
Service charge revenue from office sector	29.1	24.7
Rental income from retail sector	52.1	48.5
Service charge revenue from retail sector	17.1	18.3
Total	**183.4**	**166.6**

Segment analysis of rental income and costs for the years ended 31 December 2023 and 31 December 2022 is presented below:

	Year ended 31 December 2023				Year ended 31 December 2022			
Portfolio	Rental revenue	Service charge revenue	Service charge costs	Gross margin from operations	Rental revenue	Service charge revenue	Service charge costs	Gross margin from operations
Poland	53.9	17.9	(22.2)	49.6	49.9	18.3	(19.1)	49.1
Belgrade	10.6	3.6	(3.9)	10.3	7.9	2.5	(3.0)	7.4
Hungary	38.6	14.7	(16.8)	36.5	34.5	12.8	(13.5)	33.8
Bucharest	9.6	2.6	(3.2)	9.0	8.5	2.4	(3.4)	7.5
Zagreb	9.2	3.7	(4.6)	8.3	10.6	4.0	(4.4)	10.2
Sofia	15.3	3.7	(4.5)	14.5	12.2	3.0	(4.0)	11.2
Total	**137.2**	**46.2**	**(55.2)**	**128.2**	**123.6**	**43.0**	**(47.4)**	**119.2**

[8] Comprise interest expenses on financial liabilities that are not fair valued through profit or loss, banking costs and other charges.

(in millions of EUR)

Segment analysis of assets and liabilities as of 31 December 2023 is presented below:

	Real estate[9]	Cash and deposits	Other	Total assets	Loans, bonds and leases[10]	Deferred tax liabilities	Other	Total liabilities
Poland	859.0	40.6	14.2	**913.8**	269.9	55.5	19.2	**344.6**
Belgrade	177.7	5.9	2.6	**186.2**	25.8	2.5	5.0	**33.3**
Hungary	744.0	20.8	35.5	**800.3**	266.7	19.8	16.1	**302.6**
Bucharest	177.2	4.7	1.0	**182.9**	6.6	12.3	2.8	**21.7**
Zagreb	139.1	3.3	13.5	**155.9**	56.9	17.1	4.7	**78.7**
Sofia	198.5	6.3	1.6	**206.4**	36.1	8.7	4.0	**48.8**
Other	32.7	-	0.3	**33.0**	2.2	-	0.3	**2.5**
Non allocated[11]	-	9.2	168.9	**178.1**	660.0	19.2	19.0	**698.2**
Total	**2,328.2**	**90.8**	**237.6**	**2,656.6**	**1,324.2**	**135.1**	**71.1**	**1,530.4**

Segment analysis of assets and liabilities as of 31 December 2022 is presented below:

	Real estate[2]	Cash and deposits	Other	Total assets	Loans, bonds and leases[3]	Deferred tax liabilities	Other	Total liabilities
Poland	874.1	28.3	20.9	**923.3**	277.7	61.3	14.7	**353.7**
Belgrade	175.7	4.8	2.4	**182.9**	0.8	3.1	8.0	**11.9**
Hungary	747.0	17.2	24.8	**789.0**	269.6	19.4	15.3	**304.3**
Bucharest	179.3	6.5	1.6	**187.4**	9.4	12.0	2.8	**24.2**
Zagreb	125.1	5.6	12.0	**142.7**	43.7	16.4	5.6	**65.7**
Sofia	199.4	4.6	1.2	**205.2**	-	8.7	6.9	**15.6**
Other	30.6	0.4	0.4	**31.4**	2.3	-	-	**2.3**
Non allocated[12]	-	72.7	135.3	**208.0**	684.3	20.3	52.0	**756.6**
Total	**2,331.2**	**140.1**	**198.6**	**2,669.9**	**1,287.8**	**141.2**	**105.3**	**1,534.3**

15. 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 utilised. At each reporting date, the Group companies re-assess unrecognised 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: Poland, Serbia, Romania, Hungary, Bulgaria, Cyprus, Croatia, Luxembourg and United Kingdom. The Group does not constitute a tax group under any local legislation. Therefore, every company in the Group is a separate taxpayer.

[9] Comprise investment properties, residential landbank, assets held for sale and value of buildings (including right of use).
[10] Excluding deferred issuance debt expenses.
[11] Other assets represent mainly non-current financial assets. Loans, bonds and leases comprise mainly issued bonds. Other liabilities include mainly derivatives.
[12] Other assets represent mainly non-current financial assets. Loans, bonds and leases comprise mainly issued bonds. Other liabilities include mainly derivatives.

(in millions of EUR)

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These frequent changes result in there being little point of reference, inconsistent interpretations not consistent, and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies and between government bodies and companies. Tax settlements and other areas of activity (e.g., customs or foreign currency related issues) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest.

On 15 July 2016, amendments were made to the Polish Tax Ordinance to introduce the provisions of the General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. The implementation of the above provisions enables Polish tax authority to challenge arrangements realized by tax remitters as restructuring or reorganization.

The enacted tax rates in the various countries were as follows:

Tax rate	Year ended 31 December 2023	Year ended 31 December 2022
Poland	19%	19%
Hungary	9%	9%
Bulgaria	10%	10%
Serbia	15%	15%
Croatia	18%	18%
Romania	16%	16%
Cyprus	12.5%	12.5%
Luxembourg	24.94%	24.94%
United Kingdom	25%	25%

The major components of tax expense are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Current corporate and capital gain tax expense	6.5	12.6
Deferred tax expense / (income)	(4.5)	0.2
Total	**2.0**	**12.8**

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

	Year ended 31 December 2023	Year ended 31 December 2022
Accounting result before tax	14.4	37.6
Taxable expenses at the applicable tax rate	**(4.1)**	**5.9**
Tax effect of expenses that are not deductible	1.0	2.3
Commercial property tax	-	0.1
Tax effect of foreign currency differences	0.8	0.8
Withholding tax	0.6	0.5
Unrecognised deferred tax asset on losses in current year	3.5	2.4
Other	0.2	0.8
Tax expense / (income)	**2.0**	**12.8**

(in millions of EUR)

The components of the deferred tax balance were calculated at the rate applicable when the Group expects to recover or settle the carrying amount of the asset or liability.

Net deferred tax assets comprise the following:

	As of 1 January 2022	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2022	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2023
Financial instruments[13]	17.5	3.1	(1.0)	19.6	(6.0)	(1.4)	12.2
Tax loss carried forwards	4.1	(0.6)	-	3.5	1.5	-	5.0
Differences in non-current assets[14]	1.6	0.7	0.1	2.4	(2.0)	-	0.4
Accruals	1.6	(0.5)	-	1.1	(0.2)	-	0.9
Netting[15]	(21.0)	(3.2)	0.8	(23.4)	6.9	(0.2)	(16.7)
Net deferred tax assets	**3.8**	**(0.5)**	**(0.1)**	**3.2**	**0.2**	**(1.6)**	**1.8**

Net deferred tax liability comprises the following:

	As of 1 January 2022	Credit / (charge) to income statement	Credit / (charge) to equity	Disposal of subsidiary	As of 31 December 2022	Credit / (charge) to income statement	Credit / (charge) to equity	As of 31 December 2023
Financial instruments[13]	(21.4)	(1.6)	(3.2)	-	(26.2)	(1.9)	1.5	(26.6)
Differences in non-current assets[14]	(139.7)	(1.8)	-	3.1	(138.4)	13.3	-	(125.1)
Netting	21.0	3.7	(0.8)	(0.5)	23.4	(7.1)	0.3	16.6
Net deferred tax liability	**(140.1)**	**0.3**	**(4.0)**	**2.6**	**(141.2)**	**4.3**	**1.8**	**(135.1)**

[13] Mostly unrealized interest, foreign exchange differences and valuation of derivatives.
[14] Related to difference between book value and tax value of investment properties.
[15] Within a particular company, deferred tax assets are accounted separately from deferred tax liabilities as they are independent in their nature. However, as they represent a future settlement between the same parties, they are netted off for the purpose of the presentation in financial statements.

(in millions of EUR)

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:

- 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 2023 available in the amount of EUR 128.5 (EUR 161 as of 31 December 2022). The expiry dates of these tax losses are presented below:

Expiry date	Year ended 31 December 2023
Within one year	22.6
2-5 years	82.6
Afterwards	23.3

As of 31 December 2023, the Group did not recognize deferred tax assets for tax losses carried forward in the amount of EUR 72 (EUR 129 as of 31 December 2022), as the Group believes that these losses will not be utilized within the claim period.

(in millions of EUR)

16. 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	7-20%
Buildings (own used assets)	2-10%
Vehicles	20%

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

	Buildings and related improvements	Right of use assets[16]	Equipment and software	Vehicles	Total
Gross carrying amount					
As of 1 January 2023	**8.5**	**2.4**	**2.5**	**1.4**	**14.8**
Additions	2.5	0.3	0.3	0.6	**3.7**
Transfers	2.4	-	-	-	**2.4**
Disposals and other decreases	-	-	(0.2)	(0.3)	**(0.5)**
As of 31 December 2023	**13.4**	**2.7**	**2.6**	**1.7**	**20.4**
Accumulated Depreciation					
As of 1 January 2023	**1.4**	**0.1**	**1.6**	**0.6**	**3.7**
Charge for the period	0.3	0.3	0.2	0.2	**1.0**
Transfers	-	-	-	-	**-**
Disposals and other decreases	(0.1)	-	(0.1)	(0.1)	**(0.3)**
As of 31 December 2023	1.6	0.4	1.7	0.7	**4.4**
Net book value	**11.8**	**2.3**	**0.9**	**1.0**	**16.0**

The movement in property, plant, and equipment for the year ended 31 December 2022 was as follows:

	Buildings and related improvements	Right of use assets	Equipment and software	Vehicles	Total
Gross carrying amount					
As of 1 January 2022	**8.2**	**0.2**	**1.8**	**0.8**	**11.0**
Additions	1.0	2.4	0.4	0.7	**4.5**
Transfers	-	-	0.4	-	**0.4**
Disposals and other decreases	(0.7)	(0.2)	(0.1)	(0.1)	**(1.1)**
As of 31 December 2022	**8.5**	**2.4**	**2.5**	**1.4**	**14.8**
Accumulated Depreciation					
As of 1 January 2022	**1.2**	**0.1**	**1.4**	**0.4**	**3.1**
Charge for the period	0.2	0.1	**-**	0.2	**0.5**
Transfers	-	-	0.3	-	**0.3**
Disposals and other decreases	-	(0.1)	(0.1)	-	**(0.2)**
As of 31 December 2022	1.4	0.1	1.6	0.6	**3.7**
Net book value	**7.1**	**2.3**	**0.9**	**0.8**	**11.1**

[16] Mainly relates to building and related improvements.

17. 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.

(i) Completed Investment properties

Completed investment properties are stated at fair value according to the fair value model, which reflects market conditions at the reporting date. Any gain or loss arising from a change in the fair value of investment property is recognized in the profit or loss for the year in which it arose.

Completed investment properties were externally valued by independent appraisers as of 31 December 2023 and 31 December 2022 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.

Transfers are made to investment property only when there is a change in use, evidenced by the end of owner occupation or commencement of a lease. Transfers are made from investment property only when there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

The costs incurred to originate a lease (mainly brokers' fees) for available rental space are added to the carrying value of investment property until the date of revaluation of the related investment property to its fair value. If as of the date of revaluation, the carrying value is higher than the fair value, the costs are recognized in the income statement.

(ii) 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).

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.

(in millions of EUR)

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.

(iii) 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.

(iv) Right of use assets

Please refer to note 27.

(v) Investment property value

Investment property can be split up as follows:

	31 December 2023	31 December 2022
Completed investment property	2,007.4	2,002.9
Investment property under construction	67.5	51.5
Investment property landbank	158.5	150.4
Right of use of lands under perpetual usufruct (IFRS 16)	40.0	38.9
Total	**2,273.4**	**2,243.7**

(in millions of EUR)

The movement in investment property for the periods ended 31 December 2023 and 31 December 2022 was as follows:

	Right of use of lands under perpetual usufruct (IFRS 16)	Completed investment property	Investment property under construction	Landbank	Total
Carrying amount as of 1 January 2022	**38.4**	**1,930.0**	**132.4**	**139.8**	**2,240.6**
Capitalised expenditure	-	17.0	72.4	2.7	92.1
Purchase of completed assets	-	8.0	10.2	40.3	58.5
Reclassification[17]	-	182.3	(161.2)	(21.1)	-
Gain/(Loss) from revaluation	-	(25.3)	(2.3)	0.7	(26.9)
Revaluation of right of use of lands under perpetual usufruct	(0.5)	-	-	-	(0.5)
Reclassified to assets held for sale	(1.4)	(47.7)	-	(3.2)	(52.3)
Increase	2.4	-	-	-	2.4
Disposal of land[18]	-	-	-	(8.8)	(8.8)
Sale of completed building[19]	-	(61.4)	-	-	(61.4)
Foreign exchange differences	-	-	-	-	-
Carrying amount as of 31 December 2022	**38.9**	**2,002.9**	**51.5**	**150.4**	**2,243.7**
Capitalised expenditure	-	38.7	40.1	6.3	85.1
Purchase of land[20]	-	-	-	13.1	13.1
Reclassification[21]	-	34.0	(21.7)	(12.3)	-
Reclassified to assets held for sale	-	-	-	(10.1)	(10.1)
Gain/(Loss) from revaluation	-	(66.2)	(2.4)	11.1	(57.5)
Revaluation of right of use of lands under perpetual usufruct	(0.8)	-	-	-	(0.8)
Classified to assets for own use	-	(2.4)	-	-	(2.4)
Other changes	(0.1)	0.4	-	-	0.3
Foreign exchange differences	2.0	-	-	-	2.0
Carrying amount as of 31 December 2023	**40.0**	**2,007.4**	**67.5**	**158.5**	**2,273.4**

Reconciliation between capitalized expenditures and paid expenditures is presented below:

	Year ended 31 December 2023	Year ended 31 December 2022
Capitalized expenditures (including purchase of completed assets and land)	**98.2**	**150.6**
Change in payables and provisions related to investing activities	11.0	(9.8)
Change in receivables related to investing activities	14.1	(0.8)
Expenditures related to residential landbank	1.3	1.4
Purchase of property, plant and equipment	3.2	2.1
Paid expenditures in line with cash flow statement	**127.8**	**143.5**

[17] Completion of Pillar building in Hungary in Q1 2022 (EUR 112m), GTC X in Serbia (EUR 50.4m) and Sofia Tower in Sofia (EUR 19.9m) in Q4 2022. Moreover, commencement of Center Point III construction (transfer from landbank to under construction).
[18] Sale of land plots in Poland.
[19] Sale of Cascade and Matrix buildings.
[20] Further details in note 9 *Events in the period*.
[21] Completion of a part of Rose Hill project (EUR 10.9m) in Budapest (Hungary) in Q2 2023 and Matrix C (EUR 23.1m) in Zagreb (Croatia) in Q3 2023. Moreover, commencement of G-Delta Andrassy project in Budapest (transfer from landbank to under construction) in Q2 2023.

(in millions of EUR)

Fair value and impairment adjustment consists of the following:

	Year ended 31 December 2023	Year ended 31 December 2022
Adjustment to fair value of completed investment properties	(66.2)	(25.3)
Adjustment to the fair value of investment properties under construction	(2.4)	(2.3)
Adjustment to the fair value of landbank	11.1	0.7
Total adjustment to fair value of investment property	**(57.5)**	**(26.9)**
Adjustment to fair value of financial assets and other	2.7	(0.2)
Revaluation of right of use of lands under perpetual usufruct (including residential landbank)	(0.8)	(1.7)
Impairment of residential landbank	(0.7)	(0.6)
Total recognised in profit or loss	**(56.3)**	**(29.4)**

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

	Year ended 31 December 2023	Year ended 31 December 2022
Poland	(45.1)	(30.0)
Belgrade	(0.4)	10.5
Hungary	(14.0)	(1.5)
Bucharest	(7.0)	(3.5)
Zagreb	4.6	2.5
Sofia	(4.3)	(3.4)
Total adjustment to fair value of completed assets	**(66.2)**	**(25.4)**

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

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV[22]	Average Yield[23]
		sqm	%	EUR/ sqm/m	EUR/ sqm/m	%
Poland retail	432.6	114	95%	22.1	22.6	6.6%
Poland office	335.4	195	77%	15.5	14.3	8.3%
Belgrade retail	90.0	34	99%	19.9	21.7	9.0%
Belgrade office	49.5	18	100%	18.4	18.5	7.7%
Hungary office	595.8	203	87%	20.3	16.8	7.2%
Hungary retail	20.3	6	96%	20.9	18.2	7.8%
Bucharest office	161.9	62	82%	19.4	18.6	7.3%
Zagreb retail	85.0	28	99%	23.8	22.6	9.1%
Zagreb office	43.1	18	95%	16.3	16.6	7.6%
Sofia office	113.1	52	86%	16.5	15.9	7.8%
Sofia retail	80.7	23	99%	24.4	25.0	8.1%
Total	**2,007.4**	**753**	**87%**	**19.3**	**17.9**	**7.5%**

[22] ERV- Estimated Rent Value (the open market rent value that a property can be reasonably expected to attain based on characteristics such as a condition of the property, amenities, location, and local market conditions).
[23] Average yield is calculated as in-place rent divided by fair value of asset.

(in millions of EUR)

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

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV[22]	Average Yield[23]
		sqm	%	EUR/ sqm/m	EUR/ sqm/m	%
Poland retail	442.7	114	95%	21.5	21.6	6.2%
Poland office	356.4	195	80%	14.7	14.2	7.7%
Belgrade retail	90.0	34	100%	18.7	21.0	8.5%
Belgrade office	50.4	18	94%	18.0	18.2	7.2%
Hungary office	584.0	198	87%	16.8	16.3	6.0%
Hungary retail	20.7	6	89%	18.1	18.5	6.0%
Bucharest office	163.8	62	74%	18.8	17.8	6.3%
Zagreb retail	84.8	28	98%	21.7	22.3	8.3%
Zagreb office	14.8	7	96%	15.5	14.9	8.4%
Sofia office	113.6	52	89%	16.0	15.3	7.9%
Sofia retail	81.7	23	97%	22.3	23.1	7.2%
Total	**2,002.9**	**737**	**87%**	**17.7**	**17.3**	**6.8%**

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 2023:

	Estimated change	Estimated total fair value of completed assets following the change
Increase of 5% in ERV	86.3	2,093.7
Decrease of 5% in ERV	(86.4)	1,921.0
Increase of 25bp in Cap rates	(48.8)	1,958.6
Decrease of 25bp in Cap rates	50.9	2,058.3

Information regarding investment properties under construction as of 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023	31 December 2022	Estimated area (GLA)
			thousand sqm
Budapest (Center Point III)	41.4	19.5	36
Budapest (G-Delta Andrassy)	19.2	-	4
Budapest (Rose Hill Business Campus)	6.9	17.0	11
Zagreb (Matrix C)	-	15.0	-
Total	**67.5**	**51.5**	**51**

The following table presents significant unobservable inputs used in the fair value measurement of investment property under construction for the residual method in the year ended 31 December 2023:

Significant unobservable inputs	Range
Estimated rental value (ERV)	12.0 – 19.75 EUR/sqm /month
Capitalisation rate (Cap rate)	6.0 – 6.9%
Hard costs	2,000 – 4,700 EUR/sqm/GLA

(in millions of EUR)

Information regarding book value of investment property landbank for construction as of 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023	31 December 2022
Poland	53.1	38.8
Hungary	47.4	55.1
Serbia	36.2	34.5
Romania	7.5	7.4
Bulgaria	3.5	4.1
Croatia	10.8	10.5
Total	**158.5**	**150.4**

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 2023:

	Estimated change	Estimated total fair value of IPUC following the change
Increase of 5% in ERV	8.8	76.3
Decrease of 5% in ERV	(8.6)	58.9
Increase of 25bp in Cap rates	(6.7)	60.8
Decrease of 25bp in Cap rates	7.5	75.0
Increase of 5% in expected construction costs	(5.4)	62.1
Decrease of 5% in expected construction costs	5.4	72.9

The following table presents significant unobservable input used in the fair value measurement of investment property landbank for the residual method in the year ended 31 December 2023:

Significant unobservable inputs	Range
Capitalisation rate (Cap rate)	7.75% - 8.0%

Inter-relationship between key unobservable inputs and fair value measurements of investment property landbank for the residual method in the year ended 31 December 2023:

	Estimated change	Estimated total fair value of landbank following the change
Increase of 25bp in Cap rates	(6.7)	42.5
Decrease of 25bp in Cap rates	7.5	52.4

Inter-relationship between key unobservable inputs and fair value measurements of investment property landbank for the comparable method in the year ended 31 December 2023:

	Estimated change	Estimated total fair value of landbank following the change
Increase of 5% in price	5.6	116.8
Decrease of 5% in price	(5.6)	105.6

(in millions of EUR)

18. Non-current financial assets measured at fair value through profit or loss

As of 31 December 2023 and 31 December 2022 the fair values of non-current financial assets were as follows:

	31 December 2023	31 December 2022
Notes (Ireland)	119.1	117.6
Units (Trigal)	13.9	12.6
ACP Fund	2.1	0.1
Total	**135.1**	**130.3**

In the year ended 31 December 2023 GTC S.A. invested additionally EUR 3.6, including EUR 1.4 in the Irish project and EUR 2.2 in the ACP Fund.

Non-current financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

18.1 Notes (Ireland)

On 9 August 2022, a subsidiary of the Company invested via a debt instrument into a joint investment into the innovation park in County Kildare, Ireland (further Kildare Innovation Campus or "KIC"). The idea of the project is to build a database centre with power capacity of 179 MWs. GTC's investment comprised acquiring upfront notes in the value of EUR 115 and in accordance with the investment documentations GTC is obliged to further invest up to agreed amount of ca. EUR 9 to cover the costs indicated in the business plan and comprising such costs as permitting, financing, capex as well as operating costs of the business. As of 31 December 2023 the Company has already additionally invested EUR 4 , which were spent in accordance with the business plan as indicated above.

The investment was executed by acquisition of 25% of notes (debt instrument) issued by a Luxembourg securitization vehicle, a financial instrument which gives the right to return at the exit from the project and dependent on the future net available proceeds derived from the project, including a promote mechanism. The maturity date for these notes is 9 August 2032. GTC expects to execute a cash inflow from the project at the maturity date or at an early exit date.

The investment is treated as joint investment due to the following: GTC has indirect economical rights through their notes protected by the GTC's consent to the reserved matters such as material deviation from the business plan, partial or total disposal of material assets [transfer of units] etc. This debt instrument does not meet the SPPI test therefore it is measured at fair value through profit or loss.

Kildare Innovation Campus, located outside of Dublin, extends over 72 ha (of which 34 ha is undeveloped). There are nine buildings that form the campus (around 101,685 sqm): six are lettable buildings with designated uses including industrial, warehouse, manufacturing and office/lab space. In addition, there are three amenity buildings, comprising a gym, a plant area, a campus canteen, and an energy center. The KIC currently generates around EUR 3.7 gross rental income per annum from the rental of the office and warehouse space and parking spaces on the KIC grounds.

A masterplan was permitted whereby the site and the campus are planned to be converted into a Life Science and Technology campus with a total of approximately 148,000 sq m. The planning permit was issued initially on 7 September 2023 and was finalized on 22 January 2024.

In January 2024 the contract with a major client was signed for the full capacity of the project (179MW).

The next milestones for the project include completion of site highways and infrastructure works as well as power infrastructure works by 26 February 2028 (Phase 1).

GTC's investment is protected by customary investor protection mechanisms in the case of certain significant project milestones are not achieved in a satisfactory manner.

As of 31 December 2023 the fair value of the notes were valued by Kroll Advisory (Ireland) Limited ("Kroll") in accordance with IFRS 13 *Fair Value Measurement* (fair value at level 3). Kroll estimated the range of fair value of the notes between EUR 115 and EUR 135. The project value used in the valuation of the instrument was established by Kroll Advisory (Ireland) Limited as of 31 December 2023, in accordance with the appropriate sections of the Valuation Technical and Performance Standards (“VPS”) contained within the RICS Valuation – Global Standards 2022 (the “Red Book”). Key unobservable inputs used in the valuation are cost per MW, rent per KW/month and yield. Impact of changes by 2.5% or 5% in these inputs will not be higher than corresponding changes in GDV presented below.

(in millions of EUR)

Management concluded that the current book value of the notes represents their fair value, what is within the range estimated by Kroll.

The following table presents significant unobservable inputs used in the fair value measurement of the notes in the year ended 31 December 2023:

Significant unobservable inputs	Input
Estimated discount rate	35.23%
Gross Development Value (GDV)	4,600 EUR

Information regarding inter-relationship between key unobservable inputs and fair value measurements is presented below:

	Total Fair Value of financial instrument	
	Increase	Decrease
Change in estimated discount rate by 5%	118.5	129.1
Change in estimated discount rate by 10%	113.9	135.1
Change in estimated GDV by 2.5%	128.5	118.6
Change in estimated GDV by 5%	133.4	113.6

18.2 Units (Trigal)

On 28 August 2022, GTC Origine Investments Pltd., a wholly-owned subsidiary of the Company, acquired 34% of units in Regional Multi Asset Fund Compartment 2 of Trigal Alternative Investment Fund GP S.á.r.l. (“Fund”) for consideration of EUR 12.6 from an entity related to the Majority shareholder. The Fund is focused on commercial real estate investments in Slovenia and Croatia with a total gross asset value of EUR 68.75. The fund expected maturity is in Q4 2028. Valuation is based on fund management report, where NAV is measured at fair value allocated to our investment share (fair value at level 2).

18.3 ACP Fund

ACP Credit I SCA SICAV-RAIF (hereinafter referred as “ACP Fund”) is a reserved alternative investment fund seated in Luxemburg with 2 compartments. GTC has a total commitment of EUR 5 in ACP Fund, and total of EUR 2.2 was called up to the end of 2023. ACP Fund investment strategy is to build a portfolio of secured income-generating debt instruments in SMEs and medium-sized companies in Central Europe. Valuation is based on fund management report, where NAV is measured at fair value allocated to our investment share (fair value at level 2).

(in millions of EUR)

19. Residential landbank

Inventory related to residential projects under construction is stated at the lower of cost and net realisable value. The realisable value is determined using the Discounted Cash Flow method or Comparison method by independent appraisers. Costs relating to the construction of a residential project are included in the inventory.

Commissions paid to sales or marketing agents on the sale of real estate units, which are not refundable, are expensed in full when the contract to sell is secured.

The movement in residential landbank for the years ended 31 December 2022 and 31 December 2023 was as follows:

	Residential landbank
Carrying amount as of 1 January 2022	**27.0**
Revaluation of right of use of lands under perpetual usufruct	(0.1)
Capitalized expenditure	1.4
Reversal of impairment/(impairment)	(1.7)
Carrying amount as of 31 December 2022	**26.6**
Capitalized expenditure	1.3
Reversal of impairment/(impairment)	(0.7)
Carrying amount as of 31 December 2023	**27.2**

The carrying amount of residential landbank as of 31 December 2023 refers to non-core land plots designated for residential development in Croatia, Hungary and Romania.

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.

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

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 1-10 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.

(in millions of EUR)

Derivatives are presented in financial statements as below:

	31 December 2023	31 December 2022
Non-current assets	2.3	17.1
Current assets	11.9	7.8
Non-current liabilities	(18.7)	(46.8)
Current liabilities	-	(2.2)
Total	**(4.5)**	**(24.1)**

The movement in derivatives for the years ended 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
Fair value as of the beginning of the year	**(24.1)**	**(40.6)**
Charged to other comprehensive income	8.0	27.5
Charged to profit or loss[24]	11.6	(11.0)
Fair value as of the end of the year	**(4.5)**	**(24.1)**

During the reporting period no material ineffectiveness of hedging with effect in profit or loss occurred.

The movement in hedge reserve in equity for the years ended 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
Hedge reserve as of the beginning of the year	**(7.5)**	**(30.9)**
Charged to other comprehensive income	19.6	16.5
Realized in the period (charged to profit or loss)[25]	(11.6)	11.0
Total impact on other comprehensive income	8.0	27.5
Income tax on hedge transactions	0.2	(4.1)
Hedge reserve as of the end of the year	**0.7**	**(7.5)**

Instruments	Nature of hedge item	Nominal amount of hedge item	Currency	31 December 2023	Nominal amount of hedge item	Currency	31 December 2022
IRS (EURIBOR 3M)	Loans	325	EUR	12.5	315	EUR	23.7
SWAP (fixed to fixed / HUF)	Bonds	59,400	HUF	(18.3)	59,400	HUF	(46.8)
SWAP (WIBOR 6M / PLN)	Bonds	-	PLN	-	147	PLN	(2.2)
Other derivatives				1.3			1.2
Total				**(4.5)**			**(24.1)**

[24] This profit/loss mainly offset a foreign exchange difference losses/gains on bonds nominated in PLN and HUF.
[25] This profit/loss mainly offset a foreign exchange difference losses/gains on bonds nominated in PLN and HUF.

(in millions of EUR)

Derivatives as of 31 December 2023 and 31 December 2022 consist mainly of IRS and cross-currency interest rate swaps.

Instruments	Measurement	Rate range for interest	Currency rate for SWAP
IRS (EURIBOR 3M)	Fair value	(-0.3%) – (2.87%)	n/a
SWAP (fixed to fixed / HUF)	Fair value	0.92% - 0.99%	360.33 – 367.66
SWAP (WIBOR 6M / PLN)	Fair value	4.02%	4.2845

For more information regarding derivatives, see note 34.

21. Trade payables and provisions

Main titles of trade payables and provisions are presented below:

	31 December 2023	31 December 2022
Payables related to investing activity	13.1	26.0
Current portion of lease liabilities	0.5	0.4
Payables related to withholding tax	2.0	1.6
Advances received	2.1	1.1
Other trade payables and provisions	16.3	13.5
Total	**34.0**	**42.6**

22. Blocked deposits

Blocked deposits include deposits related to loan agreements and other contractual commitments and can be used only for certain operating activities as determined by underlying agreements. Blocked deposits related to contractual commitments include mostly tenants' deposit accounts, security accounts and capex accounts. Deposits related to loan agreements can be used anytime (for the defined purposes upon approval of the lender), as so, they are presented within current assets.

23. Cash and cash equivalents

Cash balance consists of cash at banks (including short-term demand deposits) and cash on 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. GTC Group cooperates mainly with banks with investment ranking above BBB-. The major bank, where Group deposits 15% of cash and cash equivalents and blocked deposits is financial institution with credit rating BBB. Second bank with major Group's deposits (13%) is institution with credit rating BBB+. Group monitors ratings of banks and manage concentration risk by allocating deposits in multiple financial institutions (over 10).

24. Deposits from tenants

Deposits from tenants represent amounts deposited by tenants to guarantee their performance of obligations under tenancy agreements. The deposits are refundable at the end of the lease. Deposits from tenants that shall be returned within a year are presented within current liabilities. The major bank, where Group keeps deposits from tenants is bank with investment ranking above BBB.

(in millions of EUR)

25. Non-controlling interest

The Company's subsidiary (Euro Structor d.o.o.) that holds Avenue Mall granted in 2018 to its shareholders a loan, pro-rata to their stake in the subsidiary. The loan principal and interest shall be repaid by 30 December 2026. In the event that Euro Structor renders a resolution for the distribution of dividend, Euro Structor has the right to set-off the dividend against the loan. In case a shareholder will sell its stake in Euro Structor, the loan shall be due for repayment upon the sale. Loan was granted on market terms.

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

	Euro Structor d.o.o.	Non-core projects	Total
Non-current assets	139.2	-	139.2
Current assets	2.8	-	2.8
Total assets	**142.0**	**-**	**142.0**
Equity	80.9	-	80.9
Non-current liabilities	59.2	-	59.2
Current liabilities	1.9	-	1.9
Total equity and liabilities	**142.0**	**-**	**142.0**
Revenue	12.1	-	12.1
Profit /(loss) for the year	6.4	-	6.4
Other comprehensive profit/(loss)	-	-	-
NCI share in equity	**24.3**	**-**	**24.3**
Loan granted to NCI	**(11.6)**	**-**	**(11.6)**
Loan received from NCI	**-**	**-**	**-**
NCI share in profit / (loss)	**1.9**	**-**	**1.9**

In 2023 dividend was distributed to non-controlling interest in the amount of EUR 2.2.

Summarized financial information of the material non-controlling interest as of 31 December 2022 is presented below:

	Euro Structor d.o.o.	Non-core projects	Total
Non-current assets	136.4	-	136.4
Current assets	5.8	0.8	6.6
Total assets	**142.2**	**0.8**	**143.0**
Equity	81.9	(5.6)	76.3
Non-current liabilities	58.5	6.4	64.9
Current liabilities	1.8	-	1.8
Total equity and liabilities	**142.2**	**0.8**	**143.0**
Revenue	11.0	0.0	11.0
Profit /(loss) for the year	4.6	2.2	6.8
Other comprehensive profit/(loss)	-	-	-
NCI share in equity	**24.6**	**(1.9)**	**22.7**
Loan granted to NCI	**(10.9)**	**-**	**(10.9)**
Loan received from NCI	**-**	**2.4**	**2.4**
NCI share in profit / (loss)	**1.4**	**-**	**1.4**

In 2022 dividend was distributed to non-controlling interest in the amount of EUR 0.7.

(in millions of EUR)

26. Long-term loans and bonds

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

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

	31 December 2023	31 December 2022
Bonds	660.0	684.2
Bank loans	620.5	559.4
Loans from NCI	-	2.4
Long-term borrowings' acquisition costs	(6.5)	(8.1)
Total borrowings	**1,274.0**	**1,237.9**
Of which		
Long-term borrowings	1,228.7	1,189.3
Short-term borrowings	45.3	48.6
Total borrowings	**1,274.0**	**1,237.9**

BONDS

	31 December 2023		31 December 2022	
	Current portion	Long-term portion	Current portion	Long-term portion
Bonds mature in 2023 (Poland) (PLGTC0000318)	-	-	31.5	`
Green bonds mature in 2027-2030 (HU0000360102)	0.1	103.4	0.1	98.9
Green bonds mature in 2028-2031 (HU0000360284)	0.4	51.7	0.4	49.5
Green bonds mature in 2026 (XS2356039268)	5.9	498.5	5.9	497.9
Total bonds	**6.4**	**653.6**	**37.9**	**646.3**

As securities for the bank loans, the banks have among others mortgages 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 Loan-to-Value and Debt Service Coverage ratios in the company that holds the project. ,

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

Bonds (series maturing in 2022-2023) were denominated in PLN (fully repaid in 2023). Green Bonds (series maturing in 2027-2030) and green bonds (series maturing in 2028-2031) are denominated in HUF. All other bank loans and bonds are denominated in euro.

For further information please refer also to note 34.

As at 31 December 2023, the Group continues to comply with the financial covenants set out in the loan agreements and bonds' terms and conditions.

(in millions of EUR)

Movements in long term loans and bonds for the years ended 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023	31 December 2022
Balance as of the beginning of the year	**1,237.9**	**1,299.4**
Drawdowns	74.1	6.2
Repayments	(48.2)	(52.1)
Conversion of loan from NCI to equity	-	(5.9)
Change in accrued interest	1.2	0.1
Other	(2.5)	-
Change in deferred issuance debt expenses	1.6	2.2
Foreign exchange differences	9.9	(12.0)
Balance as of end of the year	**1,274.0**	**1,237.9**

27. Lease liability and right of use

Lease liabilities include mostly lease payments for land subject to perpetual usufruct payments and classified as land under investment property (completed, under construction and landbank) and residential landbank.

Perpetual usufruct payments are payments, which are done in advance or in arrears on an annual or monthly basis within a define period (from 33 to 87 years). Perpetual usufruct payments are made in Poland, Croatia, Romania and Serbia.

Due to the fact that perpetual usage payments, by substance, are lease payments, they are accounted for under IFRS 16.

In the consolidated financial position statements, the Group recognized a right of use and lease liabilities:

a) Right of use of lands under perpetual usufruct is presented:
- as part of the Investment Property, with separate disclosure in a separate note;
- as part of the residential landbank.

b) Lease liabilities are presented separately, as a part of the short-term and long-term liabilities, with a separate disclosure.

The right of use of lands under perpetual usufruct is amortized over the lease period (for cost method) or valued using the fair value approach (for investment properties valued at fair value). For the right of use measured at fair value, the Group presents the change in fair value within the profit (loss) on revaluation. Interest incurred on land leases is presented as finance expenses.

The Group entered into several other leases (low value, short term), which are exempt from IFRS 16. In such cases, the lease is expensed without balance sheet recognition. The value of such expenses is immaterial.

The balance of right of use as of 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
Completed investment property	22.1	21.4
Investment property landbank at cost	17.9	17.5
Residential landbank	1.0	1.1
Property, plant and equipment	2.3	2.4
Total	**43.3**	**42.4**

(in millions of EUR)

The balance of lease liability as of 31 December 2023 and 31 December 2022 was as follows:

Country	31 December 2023	31 December 2022	Discount rate
Poland	32.6	30.4	4.2%
Romania	6.6	7.0	5.7%
Serbia	0.8	0.8	7.6%
Croatia	1.4	1.2	4.4%
Other	2.3	2.5	3.0%
Total	**43.7**	**41.9**	

The lease liabilities were discounted using discount rates applicable to long-term borrowing in local currencies in the countries where the assets are located.

The movements in rights of use for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Balance as of 1 January	**42.4**	**39.6**
Recognition / (derecognition) of right of use asset for lands under perpetual usufruct and other assets	0.2	4.8
Revaluation and amortization of right of use	(1.3)	(0.6)
Reclassification to assets held for sale	-	(1.4)
Foreign exchange differences	2.0	-
Balance as of 31 December	**43.3**	**42.4**

The movements in lease liabilities for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Balance as of 1 January	**41.9**	**39.0**
Recognition / (derecognition) of lease liability for lands under perpetual usufruct and other assets	0.2	4.8
Payments of leases	(0.9)	(0.6)
Change in provision	(0.3)	(0.4)
Change in accrued interest	0.8	0.7
Reclassification to liabilities related to assets held for sale	-	(1.3)
Foreign exchange differences	2.0	(0.3)
Balance as of 31 December	**43.7**	**41.9**

The Group pays an annual amount of EUR 2.0 (EUR 2.1 in 2022) as lease payment (principal and interest) for lands under perpetual usufruct. Payment of leases in the table above relates only to principal repayment.

28. Prepayments and other receivables

The balance of prepayments and other receivables increased from EUR 7.7 as of 31 December 2022 to EUR 52.4 as of 31 December 2023.

The majority of the increase in amount of EUR 29.5 relates to the cash transferred to an escrow account held with an external legal company with the purpose of acquiring green bonds issued by GTC Aurora (further "Aurora bonds"). Running the acquisition transactions was handed over to a financial expert (further the "Broker"). The agreement allowed the Broker for interim alternative short-term investments with yields and liquidity compiling with terms and conditions agreed in contract. The management by involving an Escrow agent ensured the properly securing the use of the funds. As of reporting date the Management analysed the condition of the counterparties and as a result concluded that there is no material risk of impairment for invested funds. No material credit losses were expected as of 31 December 2023.

(in millions of EUR)

As of reporting date the balance on an escrow account was valued in amortized cost with use of an effective interest rate. The difference between fair value and carrying value is immaterial.

In first quarter of 2024 the Broker bought back 4,400 Aurora bonds and transferred to GTC Group with nominal value of EUR 4.4 at cost of EUR 3.9. GTC Group recognized income from buy-back of Aurora bonds in amount of EUR 0.5.
In addition, on 13 March 2024 the Broker returned to GTC Group EUR 12.2 in cash, including interest income of EUR 0.4. For the remaining amount of EUR 13.8, GTC Group and the Broker signed an amendment to extend the current agreement for a further short-term period.

29. Assets held for sale

The balance of assets held for sale as of 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
Forest Office Debrecen	-	47.7
Romanian landbank	-	0.7
GTC LCHD Projekt	10.2	-
Landbank in Poland	3.4	3.2
Total	**13.6**	**51.6**

On 19 July 2022, GTC FOD Property Kft., a wholly-owned subsidiary of the Company, signed a sale and purchase agreement, concerning the sale of the office building owned by the subsidiary. The selling price under the Agreement was HUF 19.1 billion (ca. EUR 47.7 as of 31 December 2022). As of 30 January 2023 the full sale price (ca. EUR 49.2) was paid and the transaction was completed.

On 6 December 2023 GTC Origine Investments Pltd, a wholly-owned subsidiary of the Company, signed a sale and purchase agreement concerning the sale of GTC LCHD Projekt Kft, the owner of a real property located in Budapest. The sale price under the Agreement is EUR 13.2. If the conditions to close the transaction are not met until 28 June 2024 the transaction can be cancelled.

30. Capital and Reserves

SHARE CAPITAL

As of 31 December 2023 and 31 December 2022 share structure was as follows:

Number of Shares	Total value in PLN	Total value in EUR
574,255,122	57,425,512	12,919,912

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

In Q1 2022 the Group reclassified unregistered share capital to share capital of EUR 1.9 and share premium of EUR 118.4 after share capital increase was registered.

(in millions of EUR)

All shares are entitled to the same rights.

Shareholders who as at 31 December 2023, held above 5% of the Company shares were as follows:

- GTC Dutch Holdings B.V
- Powszechne Towarzystwo Emerytalne PZU S.A. (managing Otwarty Fundusz Emerytalny PZU "Złota Jesień")
- Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (managing jointly Allianz OFE, Allianz DFE and Drugi Allianz OFE)

CAPITAL RESERVE

Capital reserve represents a loss attributed to non-controlling partners of the Group, which crystalized once the Group acquired the non-controlling interest in the subsidiaries of the Group.

DISTRIBUTION OF THE 2022 PROFIT

On 21 June 2023, the Company's shareholders adopted a resolution regarding distribution of a dividend in the amount of PLN 132.1 (EUR 29.7). The dividend was paid in September 2023.

31. Earnings per share

Basic earnings per share were calculated as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Profit for the period attributable to equity holders (in EUR)	10,500,000	23,411,000
Weighted average number of shares for calculating basic earnings per share	574,255,122	574,255,122
Basic earnings per share (in EUR)	**0.02**	**0.04**

There were no potentially dilutive instruments as at 31 December 2023 and 31 December 2022.

(in millions of EUR)

32. Related party transactions

Transactions with the related parties are arm's length transactions.

The transactions and balances with related parties are presented below:

In 2023, the Group acquired two assets for the total consideration of EUR 13.1 from companies related to the majority shareholder of the Company. For further details please refer to note 9 *Events in the period*.

	Year ended 31 December 2023	Year ended 31 December 2022
Transactions		
Rental revenue*	-	2.8
Service charge revenue*	-	0.6
Balances		
Accounts receivables*	-	2.1
Accrued income*	-	0.3
Long term payable**	0.5	1.0
Trade payables and provisions**	0.7	0.3

(*) Rental revenue and Service charge revenue in relation to rental guarantees provided by sellers, entities related to the majority shareholder. All were collected after December 31st 2022.
(**) In relation to purchase price retention from the seller, an entity related to the majority shareholder.

Remuneration of the Management and Supervisory Boards of GTC S.A. for the year ended 31 December 2023 amounted to EUR 4.6 (including EUR 2.4 related to termination fees for former management board members) and 1,250,000 phantom shares were vested, EUR 1.8 and 177,000 phantom shares for the year ended 31 December 2022 were vested.

Valuation of share-based program as of 31 December 2023 was close to zero.

33. Commitments, contingent liabilities and guarantees

COMMITMENTS

As of 31 December 2023 (and as at 31 December 2022), the Group had contracted commitments in relation to future capital expenditures on investment properties, amounting to EUR 104.7 (EUR 116.5 as at 31 December 2022). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future instalments under already contracted sale agreements and yet to be contracted sale agreements.

GUARANTEES

As of 31 December 2023 and 31 December 2022 there were no guarantees given to third parties.

Additionally, the typical warranties are given in connection with the sale of assets ,to guarantee construction completion and to secure construction loans (cost-overruns guarantee). The risk involved in the above warranties and guarantees is very low.

CROATIA

In relation to the Marlera Golf project in Croatia, a part of the land is leased from the State. From 2014 there is an open court case. The exposure is covered by a provision in the amount of EUR 1.4. During 2023 there were no significant changes of the actual state.

34. 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, non-current financial assets, 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 connected with the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

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 to non-controlling interest partner.

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.

As at 31 December 2023, 95% of the Group's long-term loans and bonds are hedged (as at 31 December 2022 – 95%).

For 2023, a 150bp increase in EURIBOR rate would lead to EUR 1 change in result before tax. For 2022, a 50bp increase in EURIBOR rate would lead to EUR 0.3 change in result before tax.

(in millions of EUR)

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 matching the currency of the inflow (rents) with the currency of the outflows. Also cash and cash equivalents are kept in the same currency.

Exchange rates as of 31 December 2023 and 2022 were as following:

	31 December 2023	31 December 2022
PLN/EUR	4.3480	4.6899
HUF/EUR	382.78	400.23

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

	2023				2022			
	PLN/Euro				PLN/Euro			
Rate/Percentage of change	**4.7828 (+10%)**	**4.5654 (+5%)**	**4.1306 (-5%)**	**3.9132 (-10%)**	**5.1589 (+10%)**	**4.9244 (+5%)**	**4.4554 (-5%)**	**4.2209 (-10%)**
Cash and blocked deposits	(2.6)	(1.3)	1.3	2.6	(3.9)	(2.0)	2.0	3.9
Trade and other receivables	(0.2)	(0.1)	0.1	0.2	(0.3)	(0.2)	0.2	0.3
Trade and other payables	1.3	0.7	(0.7)	(1.3)	1.3	0.6	(0.6)	(1.3)
Land leases	3.3	1.6	(1.6)	(3.3)	3.0	1.5	(1.5)	(3.0)
Total	**1.8**	**0.9**	**(0.9)**	**(1.8)**	**0.1**	**(0.1)**	**0.1**	**(0.1)**

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.

The potential theoretical impact on the currency exposure if the Group would have not hedged the HUF Bonds is as following:

Percentage of change in FX rate	**(-10%)**	**(+10%)**
Bonds in HUF	17.2	(14.1)

(in millions of EUR)

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 counterparties. The Group does not expect any counter party to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties, except for the issuer of the notes disclosed in note 18 and banks which deposits Group's cash and cash equivalents disclosed in note 23.

With respect to trade receivables and other receivables that are neither impaired nor past due, which were not secured, there are no indications as of the reporting date that those will not meet their payment obligations. As of the reporting date there are no material impaired receivables.

With respect to loan granted to non-controlling interest it was assessed in Stage 1 as defined by IFRS 9 *Financial instruments*.

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.

There are no material financial assets as of the reporting dates, which are overdue or impaired.

LIQUIDITY RISK

As at 31 December 2023, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of EUR 60.4 and blocked deposits received from tenants in the amount of EUR 15.5. 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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

as of 31 December 2023:

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables and provisions	2.1	15.4	11.9	-	-	29.4
Long-term borrowings with interests	1.2	8.9	60.1	1,097.9	203.3	1,371.4
Deposits from tenants	0.4	0.1	2.1	10.7	2.2	15.5
Lease liabilities	-	1.1	0.4	7.7	74.5	83.7
Derivatives	-	-	-	3.5	15.2	18.7
Total	**3.7**	**25.5**	**74.5**	**1,119.8**	**295.2**	**1,518.7**

as of 31 December 2022:

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables and provisions	0.3	28.0	12.8	-	-	41.1
Long-term borrowing with interests	-	7.2	68.8	1,064.0	206.0	1,346.0
Deposits from tenants	-	0.3	1.3	11.9	-	13.5
Lease liabilities	-	1.1	0.4	7.7	76.0	85.2
Derivatives	-	-	2.2	3.0	43.8	49.0
Total	**0.3**	**36.6**	**85.5**	**1,086.6**	**325.8**	**1,534.8**

(in millions of EUR)

The above table in line *Long-term borrowings with interests* does not contain payments relating to the market value of derivative instruments. The Group hedges significant part of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some long-term borrowings, presented in the table above.

All derivative instruments mature within 1-10 years from the balance sheet date.

Long term finance lease represents lease payments for land subject to perpetual usufruct payments with maturity of 33 - 87 years.

FAIR VALUE

As of 31 December 2023, 80% of all bank loans bear floating interest rate (78% as of 31 December 2022). However, as of 31 December 2023, 92% of these loans is hedged (87% as of 31 December 2022).

As of 31 December 2023 there are no bonds with floating interest rate. As of 31 December 2022, 5% of all bonds bears floating interest rate. However, as of 31 December 2022, 100% of these bonds were hedged.

For information related to loans granted/received from non-controlling interest please refer to note 25.

Due to the significant increase of interest rates in the counties in which the Group operates, the fair value of the HUF Bonds significantly differs from its carrying value. It is due to the fact that all the HUF bonds as of the 31 December 2023 bear a fixed interest rate until maturity, however these bonds are hedged with cross-currency interest rate swaps.

Market values and fair values of bonds as of 31 December 2023 and 31 December 2022 are presented below:

Series of bonds	31 December 2023	31 December 2022
Bonds maturing in 2023 (Poland) (PLGTC0000318)[26]	-	31.6
Green bonds maturing in 2027-2030 (HU0000360102)[27]	51.6	45.1
Green bonds maturing in 2028-2031 (HU0000360284)[27]	27.4	21.3
Green bonds maturing in 2026 (XS2356039268)[28]	368.1	367.0

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

For the fair value of investment property, please refer to note 17.

For the fair value of non-current financial assets, please refer to note 18.

FAIR VALUE HIERARCHY

As at 31 December 2023 and 2022, 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,

[26] *Fair value at level 1 - https://gpwcatalyst.pl/notowania-obligacji-obligacje-korporacyjne*
[27] *Fair value at level 2 was calculated based on assumption of market interest rate of 15%.*
[28] *Fair value at level 1 - https://www.boerse-frankfurt.de/bond/xs2356039268-gtc-aurora-luxembourg-s-a-2-25-21-26*

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 years ended 31 December 2023 and 31 December 2022, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements in respect to financial instruments.

OTHER RISKS

Further risks are described in the Management Report as of 31 December 2023.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to provide for operational and value growth while prudently managing the capital and maintaining healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it to dynamic economic conditions. While observing the capital structure, the Group decides on its 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 2023 and 31 December 2022.

The Group monitors its loan-to-value ratio ("LTV"), calculated as (gross project and corporate debt - cash and deposits) / real estate investment value (including non-current financial assets). The Group's long-term strategy is to keep its LTV at a level of 40%. As of 31 December 2023, LTV was 49.3% (45.6% as od 31 December 2022).

35. Subsequent events

In February 2024, Dorado 1 EOOD, a wholly-owned subsidiary of the Company, has signed EUR 55 loan agreement with DSK Bank AD and OTP Bank PLC with a maturity in March 2029. The full amount was drawn down.

On 18 March 2024, the Company entered into a mutual employment contract termination agreement with Barbara Sikora, who resigned from her seat on the Management Board of the Company. The resignation is effective at the date of the contract.

In first quarter of 2024 the Broker bought back 4400 Aurora bonds and transferred to GTC Group with nominal value of EUR 4.4 at cost of EUR 3.9. GTC Group recognized income from buy-back of Aurora bonds in amount of EUR 0.5.

In addition, on 13 March 2024 the Broker returned to GTC Group EUR 12.2 in cash, including interest income of EUR 0.4. For the remaining amount of EUR 13.8, GTC Group and the Broker signed an amendment to extend the current agreement for a further short-term period.

36. Approval of the financial statements

The financial statements were authorised for the issue by the Management Board on 23 April 2024.

Signature Not Verified
Dokument podpisany przez Zsolt Farkas
Data: 2024.04.23 15:39:42 CEST

Signature Not Verified
Dokument podpisany przez Gyula Nagy
Data: 2024.04.23 15:35:36 CEST