

RENT INDEXATION SHALL PROVIDE FOR FURTHER FFO INCREASE WHILE LOW INTEREST COST AND IMPROVED MATURITY PROFILE OFFER DOWNSIDE PROTECTION

RENTAL REVENUES	FFO I	NET LTV	OCCUPANCY	CASH
€126M	€54M	44.3%¹	89%²	€128m³

9M 2022 FINANCIAL HIGHLIGHTS

- **Rental revenues** up to €126m in 9M 2022 (€124m in 9M 2021)
- **Gross margin from rental activity** at €92m in 9M 2022 (€93m in 9M 2021)
- **FFO I** at €54m in 9M 2022 (€52m in 9M 2021), FFO per share at €0.09
- **EPRA NTA** at €1,315m as of 30 September 2022, EPRA NTA per share at €2.29 (PLN 11.15)
- **Net LTV** at 44.3%¹ (42.0%⁴ as of 31 December 2021)
- **Cash position** of €128m³ and available credit facilities in the amount of €94m
- **2022 EPRA Sustainability Best Practices Recommendations Silver Award**

9M 2022 PORTFOLIO HIGHLIGHTS

- **Occupancy** at 89%² as of 30 September 2022 (90% as of 31 December 2021)
- Leasing activity reached 106.300 sq m in 9M 2022 (101.900 in 9M 2021); however leasing peaked in Q3 2022 with 34,700 sq m leased across the portfolio
- Average weighted lease term at 3.6 yrs.
- **88% of assets green certified**, 11% under certification process
- **Disposals:**
 - Cascade office building closed in July 2022
 - Forest Offices Debrecen: closing expected by the end of Q4 2022
 - Matrix A and B: transaction will mark a return on cost exceeding 22% and is about 7% above the book value; closing expected by the end of Q4 2022
- **Commencement of Matrix C**, Class A office building in Zagreb (10,500 sq m GLA)

“We have a very solid, well performing property portfolio, with retail assets outperforming the market. Rent indexation embedded in our EUR denominated rental rates shall allow for further FFO increase in 2023 and in case of any shift in the yields shall offset the potential impact on values. We believe that green credentials and rent indexation offer a silver lining while we are traded at P/Bs of 0.6-0.7x and a FFO yield of around 8%, our share is not expensive.” – **commented Zoltán Fekete, GTC’s President of the Management Board.**

“Following last year’s refinancing, we have been able to significantly decrease our cost of financing and improve the maturity profile of our debt - we do not have any significant near-term maturities. 95% of our debt based on the fixed interest rate or hedged and average debt maturity is 4.5 yrs, which combined with strong cash position shows the strength of our balance sheet.” – **commented Ariel Ferstman, GTC’s CFO and Member of the Management Board.**

OPERATING ACHIEVEMENTS

¹ Includes non-current financial assets

² Includes assets held for sale, excludes Center Point I and II which are currently under re-development

³ Includes cash related to assets held for sale

⁴ Adjusted for disposal of Serbian assets and capital increase

Offices: new projects in the portfolio combined with stronger leasing activity

- **Occupancy at 86%⁵ as of 30 September 2022** (88%⁶ in December 2021)
- Average weighted lease term of 3.5 yrs.
- **Leasing activity improved to over 80,100 sq m in 9M 2022 (66,400 sq m in 9M 2021) and 27,700 sq m in Q3 2022 (11,500 sq m in Q3'21)**
 - BT leased office space in Forest Offices, Hungary (c. 4,000 sq m)
 - Dreamshot signed a pre-lease in Sofia Tower 2, Bulgaria (c. 2,200 sq m)
 - Hi tech signed expansion in GTC X, Serbia (c. 2,000 sq m)
 - Prolongation of Medicover lease in Globis Wrocław, Poland (c. 1,700 sq m)
 - betahouse signed a pre-lease in Sofia Tower 2, Bulgaria (c. 1,500 sq m)
 - Siemens Energy signed a pre-lease in Matrix C. Croatia (c. 1,200 sq m)
 - NIO GMBH chose Forest Offices, Hungary (c. 1,000 sq m)
- **Disposal:**
 - **Cascade office building**, Bucharest; closed in July 2022
 - **Forest Offices Debrecen**; SPA signed, the closing of the transaction is expected to take place by the end of Q4 2022
 - **Matrix A and B**; SPA signed, the closing of the transaction is expected to take place by the end of Q4 2022. Transaction will mark a return on cost exceeding 22% and is about 7% above the book value
 - **Serbian office portfolio** closed in January 2022. In total 122,200 sq m A class office space in 11 office buildings with the value of €268m
- **Completion of Pillar, Class A office building in Budapest**
 - 29,100 sq m A class office space with €6.1m p.a. in-place rent
 - Uplift on the valuation of almost €30m
- **Commencement of Matrix C, Class A office building in Zagreb**
 - 10,500 sq m A class office space
 - Expected €2.1m p.a. in-place rent

Retail: back to pre-Covid levels

- Occupancy at 96% as of 30 September 2022 (95% as of 31 December 2021)
- Average weighted lease term of 3.8 yrs.
- Retailers continue to expand and prolong their leases (7,000 sq m in Q3 2022) :
 - c. 1,400 sq m CBA in Hegyvidék Shopping Center, Hungary (prolongation)
 - c. 820 sq m Gudi Home in Galeria Pólnocna, Poland
 - c. 620 sq m Beosport in Mall of Sofia, Bulgaria
 - c. 300 sq m Mnogoknig in Galeria Pólnocna, Poland
 - c. 280 sq m Aquael in Galeria Pólnocna, Poland (prolongation)
 - c. 270 sq m Beauty Zone in Mall of Sofia, Bulgaria (prolongation)
 - c. 270 sq m KFC in Avenue Mall, Croatia (prolongation)
- We are seeing a positive trend in all malls, footfall is growing, and turnover exceeded pre-Covid levels (114% in Q3 2022 vs 2019 and 113% in Q3 2022 vs 2021; 111% in October 2022 vs 2019)

FINANCIALS

⁵ Includes assets held for sale, excludes Center Point I and II which are currently under re-development

⁶ Excludes Serbian assets sold in January

Rental and service revenues	<ul style="list-style-type: none"> • Up to €126m in 9M 2022 as compared to €124m in 9M 2021 <p>The Group recognized an increase in rental revenues following acquisition of income generating properties and the completion of Pillar (€13m) and an increase in rental revenues from the retail portfolio (€10m) as a result of the end of the Covid-19 related discounts and measures taken to help the retail tenants, as well as an increase in an average rental rate following the indexation of its rental rates to the European CPI. The increase was partially offset by a decrease in rental revenues following the sale of Serbian office portfolio in the first quarter of 2022 and Cascade office building in the third quarter of 2022 (€19m) and due to a slight decline in average occupancy rate of the office portfolio in Poland and Romania.</p>
Gross margin from operations	<ul style="list-style-type: none"> • Remained virtually unchanged at €92m in 9M 2022 as compared to €93m in 9M 2021 <p>Mainly resulting from an increase in the service charge cost due to acquisitions of properties, slight decline in an average occupancy rate in Poland and Romania combined with a loss in rental and service revenues due to the sale of Serbian office portfolio.</p>
Administrative expenses	<ul style="list-style-type: none"> • Administrative expenses (before provision for share based program) increased to €11m from €9m in 9M 2021 mainly due to an increase in the remuneration expenses and an increase in audit, IT services and other advisory. <p>After provision for share based program administration expenses at €9m in 9M 2022 compared to €9m in 9M 2021.</p>
Profit from revaluation of investment property	<ul style="list-style-type: none"> • Amounted to €12m as compared to €2m loss in 9M 2021 <p>Net profit from the revaluation of the investment properties is driven mainly by progress on the leasing and development of GTC X (project under construction, Belgrade, Serbia) and completion of Pillar (Budapest, Hungary) as well as the planned disposal of our assets held for sale in Croatia.</p>
Financial expenses, net	<ul style="list-style-type: none"> • Financial expenses, net at €24m as compared to €34m in 9M 2021. Average interest rate at 2.18% resulting from refinancing activity, bonds issued and hedging strategy.
Tax	<ul style="list-style-type: none"> • Tax amounted to €16m as compared to €13m tax in 9M 2021 <p>Taxation consists mainly of €13m of current tax expenses and €3m of deferred tax expenses.</p>
Adjusted EBITDA and net profit	<ul style="list-style-type: none"> • Adjusted EBITDA was at €79m (€83m in 9M 2021), the net profit amounted to €49m in 9M 2022 (€33m in 9M 2021). This mainly resulted from profit from revaluation of assets (€12m) and lower finance cost (by €9m), partially offset by an increase in foreign exchange differences loss (by €2m).
Funds From Operations (FFO I)	<ul style="list-style-type: none"> • Up to €54m as compared to €52m in 9M 2021, FFO I per share at €0.09
GAV	<ul style="list-style-type: none"> • At €2,348m as of 30 September 2022 (€2,507m as of 31 December 2021) mainly the completion of the sale of Serbian office portfolio (€268m) and sale of Cascade office building (€10m) and sale of land plots in Poland (€9m) partially offset by investment (€118m) mostly into the acquisition of a new landbank in Serbia and three assets in Hungary and adjustment to fair value (€12m).
EPRA NTA / share	<ul style="list-style-type: none"> • At €2.29 compared to €2.21 on 31 December 2021 <p>Corresponding to EPRA NTA of €1,315m compared to €1,272m as of 31 December 2021.</p>
Debt and debt related indicators	<ul style="list-style-type: none"> • Debt at €1,251m compared to €1,443m as of 31 December 2021 <p>This decrease comes mainly due disposal of office properties in Serbia and related liabilities (€142m) and repayment of bonds and loans (€32m) and foreign exchange</p>

gain on bonds in PLN and HUF (€23m). The decrease was offset mainly by drawdown of a top up loan related to the completion of the Pillar project (€6m).

- **Weighted average debt maturity of 4.5 years and average interest rate of 2.18% p.a.**
- **Net LTV 44.3%⁷** (42.0% on 31 December 2021, adjusted for capital increase and disposal of Serbian office portfolio)
- **Annualized consolidated coverage ratio (based on EBITDA) at 3.6x** (3.6x on 31 December 2021)
- **Unsecured debt at 55% and unencumbered properties up to 55%** (45% as of 31 December 2021)
- **Cash balance of €127m** as of 30 September 2022 (€87m as of 31 December 2021)

Mainly as a result of the sale of Serbian assets and one Romanian entity (net of cash in disposed entities) (€135m) combined with capital increase (€120m) partially offset by an investment in Kildare Technology Campus (€115m) purchase of completed assets and land (€57m) and expenditure on investment property (€61m)

- Available credit facilities in the amount of €94m

Cash

⁷ Includes non-current financial assets;

	30 September 2022 (unaudited)	31 December 2021 (audited)
ASSETS		
Non-current assets		
Investment property	2,257,907	2,240,660
Residential landbank	27,622	27,002
Property, plant and equipment	7,393	7,834
Blocked deposits	12,193	11,078
Deferred tax asset	3,636	3,786
Derivatives	19,539	826
Non-current financial assets (related to investment property) measured at fair value through profit or loss	129,725	-
Other non-current assets	141	163
	2,458,156	2,291,349
Loan granted to non-controlling interest partner	10,835	10,628
	2,468,991	2,301,977
Current assets		
Accounts receivables	7,149	6,161
Accrued income	3,087	3,448
Receivables from shareholders	-	123,425
VAT and other tax receivable	4,308	2,957
Income tax receivable	567	456
Prepayments, deferred expenses and other receivables	10,814	11,515
Derivatives	4,235	-
Short-term blocked deposits	12,898	14,341
Cash and cash equivalents	127,202	87,468
	170,260	249,771
Assets held for sale	99,067	292,001
	269,327	541,772
TOTAL ASSETS	2,738,318	2,843,749

	30 September 2022 (unaudited)	31 December 2021 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	12,920	11,007
Share premium	668,904	550,522
Unregistered share capital increase	-	120,295
Capital reserve	(49,489)	(49,489)
Hedge reserve	(8,181)	(30,903)
Foreign currency translation	(2,586)	(2,570)
Accumulated profit	515,443	501,704
	1,137,011	1,100,566
Non-controlling interest	16,764	16,423
Total Equity	1,153,775	1,116,989
Non-current liabilities		
Long-term portion of long-term borrowing	1,204,916	1,255,114
Lease liability	39,703	38,767
Deposits from tenants	12,193	11,078
Long term payable	2,500	2,426
Provision for share based payment	-	1,410
Derivatives	56,006	38,743
Deferred tax liabilities	144,234	140,145
	1,459,552	1,487,683
Current liabilities		
Current portion of long-term borrowing	45,770	44,337
Current portion of lease liabilities	202	198
Trade payables and provisions	28,102	31,092
Dividend payable to shareholders	33,018	-
Deposits from tenants	1,801	1,932
VAT and other taxes payable	1,791	2,222
Income tax payable	3,812	1,000
Derivatives	3,291	2,681
Advances received	4,054	784
	121,841	84,246
Liabilities related to assets held for sale	3,150	154,831
	124,991	239,077
TOTAL EQUITY AND LIABILITIES	2,738,318	2,843,749

Annex 2 Consolidated Income Statement for the 3 and 9 month periods ended 30 September 2022 (in thousands of euro)

	Nine-month period ended 30 September 2022 (unaudited)	Nine-month period ended 30 September 2021 (unaudited)	Three-month period ended 30 September 2022 (unaudited)	Three-month period ended 30 September 2021 (unaudited)
Rental revenue	94,504	94,615	30,969	34,832
Service charge revenue	31,621	29,808	10,877	10,743
Service charge costs	(34,229)	(31,529)	(11,574)	(11,505)
Gross margin from operations	91,896	92,894	30,272	34,070
Selling expenses	(1,151)	(1,183)	(391)	(422)
Administration expenses	(9,116)	(9,323)	(2,686)	(3,064)
Profit/(loss) from revaluation / impairment of assets	11,514	(2,111)	(4,772)	(1,031)
Other income	825	306	265	65
Other expenses	(2,189)	(649)	(555)	(305)
Profit from continuing operations before tax and finance income / expense	91,779	79,934	22,133	29,313
Foreign exchange gain / (loss), net	(2,518)	(438)	(1,065)	(289)
Finance income	928	223	731	73
Finance cost	(25,043)	(33,922)	(8,453)	(12,308)
Profit before tax	65,146	45,797	13,346	16,789
Taxation	(15,730)	(12,720)	(4,639)	(5,211)
Profit for the period	49,416	33,077	8,707	11,578
Attributable to:				
Equity holders of the Company	48,322	32,272	8,369	11,312
Non-controlling interest	1,094	805	338	266
Basic earnings per share (in Euro)	0.08	0.07	0.01	0.02

(in thousands of euro)

	Nine-month period ended 30 September 2022 (unaudited)	Nine-month period ended 30 September 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	65,146	45,797
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	(11,514)	2,111
Foreign exchange loss, net	2,518	438
Finance income	(928)	(223)
Finance cost	25,043	33,922
Provision for share based payment loss/(profit)	(1,410)	478
Depreciation	375	490
Operating cash before working capital changes	79,230	83,013
Increase in accounts receivables and prepayments and other current assets	(2,524)	(3,074)
Increase in advances received	942	775
Increase in deposits from tenants	1,591	2,286
Increase / (decrease) in trade and other payables	(3,967)	1,165
Cash generated from operations	75,272	84,165
Tax paid in the period	(10,021)	(7,388)
Net cash from operating activities	65,251	76,777
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property and property, plant and equipment	(60,623)	(68,182)
Purchase of completed assets and land	(57,137)	(260,882)
Purchase of residential landbank	-	(12,807)
Sale of landbank and residential landbank	11,157	-
Sale of subsidiary, net of cash in disposed assets	135,429	595
Purchase of non-current financial assets	(129,725)	-
Decrease in short term deposits designated for investment	-	922
Advances received for assets held for sale	2,500	1,080
VAT/tax on purchase/sale of investment property	(1,351)	247
Interest received	721	16
Net cash used in investing activities	(99,029)	(339,011)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	6,173	699,123
Repayment of long-term borrowings	(32,053)	(580,179)
Interest paid and other financing breaking fees	(23,707)	(26,350)
Proceeds from issue of share capital, net of issuance costs	120,386	-
Repayment of lease liability	(557)	(516)
Loans origination payment	(236)	(7,561)
Decrease/(Increase) in short term deposits	(248)	6,313
Dividend paid to minority	(753)	-
Net cash from financing activities	69,005	90,830
Net foreign exchange difference	(3,778)	(626)
Net increase/ (Decrease) in cash and cash equivalents	31,449	(172,030)
Cash and cash equivalents at the beginning of the period	96,633	271,996
Cash and cash equivalents at the end of the period	128,082	99,966

About GTC

The GTC Group is a leading real estate investor and developer focusing on Poland and capital cities in Central and Eastern Europe. During 25 years of its activity, GTC has developed 77 high standard, modern office and retail properties with a total area of approx. 1.4 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 44 commercial buildings providing ca. 758 ths. sq m of lettable office and retail space in Poland, Hungary, Bucharest, Belgrade, Zagreb and Sofia. In addition, GTC has a development pipeline of approx. 460 ths. sq m retail and office properties in capital cities of Central and Eastern Europe, 51 ths. sq m under construction.

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

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