

RENT INDEXATION AND NEW INVESTMENTS TO PROVIDE FOR FFO AND VALUE INCREASE WHILE LOW INTEREST COST AND IMPROVED MATURITY PROFILE TO OFFER DOWNSIDE PROTECTION

RENTAL REVENUES	FFO I	NET LTV	OCCUPANCY	CASH
€167M	€68M	44.5%¹	88%	€115m

2022 FINANCIAL HIGHLIGHTS

- **Rental revenues** at €167m in 2022 (€172m in 2021)
- **Gross margin from rental activity** at €119m in 2022 (€128m in 2021)
- **FFO I** at €68m in 2022 (€74m in 2021), **FFO per share** at €0.12
- **EPRA NTA** at €1,273m as of 31 December 2022 (€1,272m as of 31 December 2021)
EPRA NTA per share at €2.22 (PLN 10.40)
- **Net LTV** at 44.5%¹ (42.0%² as of 31 December 2021)
- **Occupancy** at 88% as of 31 December 2022 (90% as of 31 December 2021)
- Strong **cash** position of €115m and available undrawn credit facilities in the amount of €94m
- **2022 EPRA Sustainability Best Practices Recommendations Silver Award**

2022 PORTFOLIO HIGHLIGHTS

- **Occupancy** at 88% as of 31 December 2022 (90% as of 31 December 2021)
- **Office leasing activity** reached 110,600 sq m in 2022 (117,000 sq m in 2021)
- **Retail leasing activity** reached 35,300 sq m in 2022 (46,600 sq m in 2021)
- Average weighted lease term at 3.7 yrs.
- **87% of assets green certified**, 13% under certification process
- **Completion** of 3 office buildings offering 54,600 sq m with €10.8m p.a. of stabilised in-place rent
- **Disposals:**
 - Serbian office building portfolio in January 2022
 - Cascade office building in July 2022
 - Matrix A and B: in November 2022
 - Forest Offices Debrecen: closing in January 2023
- **Commencement** of construction of Matrix C, Class A office building in Zagreb (10,500 sq m GLA) and Center Point 3, Class A office building in Budapest (36,000 sq m GLA)

“Following changes in the office market expedited by the Covid-19 outbreak and introduction of hybrid work, 2022 was marked with an expansion of our strategy into new market segments and new geographies. GTC invested in a technology hub, which provides diversification of our business and gives a great opportunity for value creation. We will be looking for opportunities in the broad real estate sector to further diversify our revenue streams and strengthen the company. We completed 2022 with a portfolio reshuffled towards higher rated countries, confirmed Investment Grade rating and strong cash position. We are well equipped for the years to come, both to maintain our current real estate portfolio and further grow the business.” – commented Zoltán Fekete, GTC’s President of the Management Board.

¹ Includes non-current financial assets and adjusted for disposal of Forest Offices Debrecen, concluded on 30 January 2023

OPERATING ACHIEVEMENTS

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

- **Occupancy at 84% as of 31 December 2022** (88%² in December 2021)
- Average weighted lease term of 3.7 yrs.
- **Leasing activity reached 110,600 sq m in 2022 (117,000 sq m in 2021):**
 - Prolongation and expansion of KEF/Finance Ministry in CenterPoint 1&2, Budapest (c. 16,000 sq m)
 - Htec Group signed a lease in GTC X, Belgrade (c. 10,200 sq m)
 - Alpha Bank Romania chose City Gate, Bucharest (c. 5,000 sq m)
 - BT signed a lease in Forest Offices, Budapest (c. 4,100 sq m)
 - Tenderly chose GTC X, Belgrade (c. 3,500 sq m)
 - Prolongation of IQVIA lease in Sofia Tower 1, Sofia (2,900 sq m)
 - Prolongation of DHL in Aeropark Business Centre, Warsaw (c. 2,500 sq m)
 - Dreamshot chose Sofia Tower 2, Sofia (c. 2,200 sq m)
- **Disposal:**
 - **Serbian office building portfolio** in January 2022 (above book value). Net proceeds from sale were €125m.
 - **Cascade Office Building** in Bucharest in July 2022. Net proceeds from sale were €10m.
 - **Matrix A and B**, office buildings in Zagreb in November 2022 (7% above book value). Net proceeds from sale were €51m
 - **Forest Offices Debrecen**, office building in Hungary in January 2023. The selling price under the agreement is €48m.
- **Commencement of construction of**
 - **Matrix C**, Class A office building in Zagreb (10,500 sq m GLA)
 - **Center Point 3**, Class A office building in Budapest (36,000 sq m GLA)
- **Completion of 54,600 sq m with €10.8m p.a. of stabilised in-place rent:**
 - **Pillar**, Class A office building in Budapest offering 29,100 sq m office space with €6.1m p.a. in-place rent (March 2022)
 - **GTC X**, Class A office building in Belgrade offering 17,700 sq m office space with €3.6m p.a. in-place rent (November 2022)
 - **Sofia Tower 2**, Class A office building in Sofia offering 7,800 sq m office space with €1.1m p.a. in-place rent (December 2022)

Retail: back to pre-Covid levels

- **Occupancy at 96% as of 31 December 2022** (95% as of 31 December 2021)
- Average weighted lease term of 3.7 yrs.
- **Leasing activity reached 35,300 sq m in 2022 (46,600 sq m in 2021):**
 - Prolongation of TK Maxx in Galeria Jurajska, Częstochowa (c. 2,900 sq m)
 - Prolongation of ITX Hrvatska d.o.o. (brand Zara) in Avenue Mall, Zagreb (c. 1,800 sq m)
 - Prolongation of CBA in Hegyvidék Shopping Center, Budapest (c. 1,400 sq m)
 - Prolongation of LC Waikiki in Ada Mall, Belgrade (c. 1,200 sq m)
 - Gudi Home chose Galeria Północna, Warsaw (c. 800 sq m)
 - Sinsay signed a lease in Mall of Sofia, Sofia (c. 600 sq m)
- Positive trends in retail continue, footfall is growing, and turnover exceeded pre-Covid levels (109% in Q4 2022 vs 2019 and 115% in Q4 2022 vs 2021)

² Excludes Serbian assets sold in January

FINANCIALS

Rental and service revenues	<ul style="list-style-type: none">• At €167m in 2022 as compared to €172m in 2021 The Group recognized a decrease in rental revenues of €25m following the sale of Serbian office portfolio in the first quarter of 2022 and Cascade office building in the third quarter of 2022. Additionally, the Group observed a decline in average occupancy rate of the office portfolio in Poland and Romania which had a negative impact on revenues. The decrease was partially compensated by an increase in rental revenues following acquisition of income generating properties and the completion of Pillar in Budapest and GTC X in Belgrade (€15m) and an increase in rental revenues from the retail portfolio (€11m) as a result of the end of the Covid-19 related discounts and measures taken to help the retail tenants. The Group observed also an increase in an average rental rate following the indexation of its rental rates to the European CPI.
Gross margin from operations	<ul style="list-style-type: none">• At €119m in 2022 as compared to €128m in 2021 Mainly due to an increase in the service charge cost due to inflation, 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.
Administrative expenses	<ul style="list-style-type: none">• Administrative expenses (before provision for share based program) increased to €16m from €14m in 2021 mainly due to an increase in audit, IT services and other advisory expenses. After provision for share based program administration expenses at €15m in 2022 compared to €14m in 2021.
Loss from revaluation of investment property	<ul style="list-style-type: none">• Amounted to €29m as compared to €13m loss in 2021 Net loss from the revaluation of the investment properties is driven mainly by a decrease in occupancy and an increase in market yields and was partially offset by an increase in properties value due to the development completions of GTC X and Pillar and the disposal of Matrix A&B.
Financial expenses, net	<ul style="list-style-type: none">• Financial expenses, net at €32m as compared to €43m in 2021. Average interest rate at 2.21% resulting from refinancing activity, bonds issued and hedging strategy.
Tax	<ul style="list-style-type: none">• Tax amounted to €13m as compared to €14m tax in 2021 Taxation consists mainly of €12.6m of current tax expenses and €0.1m of deferred tax expenses.
Adjusted EBITDA and net profit	<ul style="list-style-type: none">• Adjusted EBITDA was at €101m (€113m in 2021), the net profit amounted to €25m in 2022 (€43m in 2021). This mainly resulted from lower gross margin from operations, higher loss from revaluation and foreign exchange loss, partially offset by lower finance cost.
Funds From Operations (FFO I)	<ul style="list-style-type: none">• At €68m as compared to €74m in 2021, FFO I per share at €0.12.
GAV	<ul style="list-style-type: none">• At €2,288m as of 31 December 2022 (€2,507m as of 31 December 2021) , mainly due to sale of Serbian office portfolio (€267m), Cascade office building, Matrix A and B (€61m), sale of land plots in Poland (€9m) and adjustment to fair value (€27m loss). This decrease was partially offset by investment mostly into assets under construction (€92m) and mostly into the acquisition of a new landbank in Serbia and assets in Hungary (€59m).

EPRA NTA / share

- **At €2.22** compared to €2.21 on 31 December 2021
Corresponding to **EPRA NTA of €1,273m** compared to €1,272m as of 31 December 2021.

Debt and debt related indicators

- Debt at **€1,238m** compared to €1,443m as of 31 December 2021
This decrease comes mainly due disposal of office properties in Serbia and related liabilities (€142m) and repayment of bonds and loans in the amount of (€52m), foreign exchange gain on bonds in PLN and HUF (€12m) and conversion of loan from non-controlling interest to equity (€6m). 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 4.4 years** and **average interest rate of 2.21% p.a.**
- **Net LTV 44.5%**³ (42.0% on 31 December 2021, adjusted for capital increase and disposal of Serbian office portfolio)
- **Annualized consolidated coverage ratio (based on EBITDA) at 3.5x** (3.6x on 31 December 2021)
- **Unsecured debt** at 55% and **unencumbered properties** up to 54% (45% as of 31 December 2021)

Cash

- **Cash balance of €115m** as of 31 December 2022 (€87m as of 31 December 2021)
Mainly as a result of the disposal of activity in Belgrade, Bucharest and Zagreb on the office sector (net of cash in disposed entities) of €186m combined with capital increase (€120m), partially offset by the purchase of non-current financial assets (related to investment property) measured at fair value through profit or loss (€130m), purchase of completed assets and land (€58m) and expenditures on investment property (€85m).
- Available credit facilities in the amount of €94m

³ Includes non-current financial assets and adjusted for disposal of Forest Offices Debrecen, concluded on 30 January 2023

	31 December 2022	31 December 2021
ASSETS		
Non-current assets		
Investment property	2,243,663	2,240,660
Residential landbank	26,610	27,002
Property, plant and equipment	11,141	7,834
Blocked deposits	11,948	11,078
Deferred tax asset	3,161	3,786
Derivatives	17,054	826
Non-current financial assets (related to investment property) measured at fair value through profit or loss	130,341	-
Other non-current assets	190	163
Loan granted to non-controlling interest partner	10,936	10,628
	2,455,044	2,301,977
Current assets		
Accounts receivables	7,913	6,161
Accrued income	4,391	3,448
Receivables from shareholders	-	123,425
VAT and other tax receivables	5,305	2,957
Income tax receivables	1,958	456
Prepayments, deferred expenses and other receivables	7,739	11,515
Derivatives	7,793	-
Short-term blocked deposits	13,025	14,341
Cash and cash equivalents	115,079	87,468
Assets held for sale	51,635	292,001
	214,838	541,772
TOTAL ASSETS	2,669,882	2,843,749

	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	31	12,920	11,007
Share premium	31	668,904	550,522
Unregistered share capital increase	31	-	120,295
Capital reserve	31	(49,311)	(49,489)
Hedge reserve	20	(7,515)	(30,903)
Foreign currency translation reserve		(2,621)	(2,570)
Accumulated profit	31	490,532	501,704
		1,112,909	1,100,566
Non-controlling interest	28	22,678	16,423
Total Equity		1,135,587	1,116,989
Non-current liabilities			
Long-term portion of long-term borrowings	29	1,189,284	1,255,114
Lease liabilities	30	41,483	38,767
Deposits from tenants	25	11,948	11,078
Long term payables	26	2,394	2,426
Share based payment liabilities	32	758	1,410
Derivatives	20	46,798	38,743
Deferred tax liabilities	15	141,176	140,145
		1,433,841	1,487,683
Current liabilities			
Current portion of long-term borrowings	29	48,571	44,337
Current portion of lease liabilities	30	388	198
Trade payables and provisions	21	41,208	31,092
Deposits from tenants	25	1,639	1,932
VAT and other taxes payables		1,828	2,222
Income tax payables		3,571	1,000
Derivatives	20	2,180	2,681
Advances received		1,069	784
Liabilities related to assets held for sale	33	-	154,831
		100,454	239,077
TOTAL EQUITY AND LIABILITIES		2,669,882	2,843,749

	Year ended 31 December 2022	Year ended 31 December 2021
Rental revenue	123,556	130,289
Service charge revenue	43,007	41,662
Service charge costs	(47,365)	(44,356)
Gross margin from operations	119,198	127,595
Selling expenses	(1,768)	(1,652)
Administration expenses	(15,040)	(14,145)
Loss from revaluation of investment property and residential landbank	(29,422)	(12,867)
Other income	1,467	1,432
Other expenses	(2,979)	(1,062)
Profit from continuing operations before tax finance income / expense and foreign exchange differences	71,456	99,301
Foreign exchange gain / (loss), net	(2,238)	196
Finance income	1,412	304
Finance costs	(33,108)	(43,281)
Profit before tax	37,522	56,520
Taxation	(12,761)	(13,784)
Profit for the year	24,761	42,736
Attributable to:		
Equity holders of the Parent Company	23,411	41,651
Non-controlling interest	1,350	1,085
Basic earnings per share (in Euro)	0.04	0.09
Diluted earnings per share (in Euro)	0.04	0.09

(in thousands of euro)

	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(loss) before tax	37,522	56,520
Adjustments for:		
Loss from revaluation of investment property and residential landbank	29,422	12,867
Foreign exchange loss/(gain), net	2,238	(196)
Finance income	(1,412)	(304)
Finance cost	33,108	43,281
Share based payment loss/(profit)	(652)	432
Depreciation	544	653
Operating cash before working capital changes	100,770	113,253
Increase in accounts receivables, prepayments and other current assets	(2,007)	(4,952)
Decrease in advances received	285	583
Increase in deposits from tenants	1,153	2,878
Increase (decrease) in trade and other payables	(1,021)	3,550
Cash generated from operations	99,180	115,312
Tax paid in the period	(11,092)	(8,885)
Net cash from operating activities	88,088	106,427
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures on investment property and property, plant and equipment	(85,359)	(92,784)
Purchase of completed assets and land	(58,113)	(262,937)
Purchase of residential landbank	-	(13,300)
Sale of landbank and residential landbank	11,182	-
Sale of subsidiary, net of cash in disposed assets	186,163	595
Purchase of non-current financial assets	(130,341)	-
Decrease in short term deposits designated for investment	-	1,150
Advances received for assets held for sale	-	1,210
VAT/tax on purchase/sale of investment property	(2,376)	(614)
Interest received	1,104	28
Net cash used in investing activities	(77,740)	(366,652)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	6,173	706,070
Repayment of long-term borrowings	(52,125)	(585,323)
Interest paid and other financing breaking fees	(28,666)	(32,786)
Proceeds from issue of share capital, net of issuance costs	120,386	-
Dividend paid to shareholders	(33,210)	-
Repayment of lease liabilities	(642)	(516)
Loans origination payment	(236)	(8,147)
Dividend paid to non-controlling interest	(753)	(300)
Decrease/(increase) in short term deposits	(130)	5,908
Net cash from financing activities	10,797	84,906
Net foreign exchange difference, related to cash and cash equivalents	(2,699)	(44)
Net increase/ (decrease) in cash and cash equivalents	18,446	(175,363)
Cash and cash equivalents at the beginning of the period	96,633	271,996
Cash and cash equivalents at the end of the period	115,079	96,633

About GTC

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

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

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

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