



GLOBE TRADE CENTRE S.A.

UNAUDITED CONDENSED **CONSOLIDATED**
INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED **30 JUNE 2023**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
ASSETS			
Non-current assets			
Investment property	8	2,245	2,244
Residential landbank		27	27
Property, plant and equipment		15	11
Blocked deposits		13	12
Deferred tax asset		2	3
Derivatives	9	11	17
Non-current financial assets measured at fair value through profit or loss	15	133	130
Loan granted to non-controlling interest partner	7	11	11
		2,457	2,455
Current assets			
Accounts receivables		14	12
VAT and other tax receivables		4	5
Income tax receivables		2	2
Prepayments and other receivables		10	8
Derivatives	9	11	8
Short-term blocked deposits		15	13
Cash and cash equivalents	14	120	115
Assets held for sale	11	3	52
		179	215
TOTAL ASSETS		2,636	2,670

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		13	13
Share premium		669	669
Unregistered share capital increase		-	-
Capital reserve		(49)	(49)
Hedge reserve		3	(8)
Foreign currency translation reserve		(3)	(3)
Accumulated profit		449	491
		1,082	1,113
Non-controlling interest	7	24	23
Total Equity		1,106	1,136
Non-current liabilities			
Long-term portion of long-term borrowings	10	1,211	1,189
Lease liabilities		42	42
Deposits from tenants		13	12
Long term payables		3	3
Derivatives	9	20	47
Deferred tax liabilities		135	141
		1,424	1,434
Current liabilities			
Current portion of long-term borrowings	10	42	49
Trade payables and other payables		29	41
Dividend payable	1	30	-
Deposits from tenants		2	2
VAT and other taxes payables		2	2
Income tax payables		1	4
Derivatives	9	-	2
		106	100
TOTAL EQUITY AND LIABILITIES		2,636	2,670

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Six-month period ended 30 June		Three-month period ended 30 June	
		2023	2022	2023	2022
<i>Unaudited</i>					
Rental revenue	5	66	64	35	32
Service charge revenue	5	24	21	12	10
Service charge costs	5	(27)	(23)	(14)	(11)
Gross margin from operations		63	62	33	31
Selling expenses		(1)	(1)	-	-
Administration expenses		(9)	(6)	(5)	(3)
Profit/(loss) from revaluation	8	(51)	16	(48)	13
Other income		-	1	-	1
Other expenses		(1)	(2)	(1)	(1)
Net operating result		1	70	(21)	41
Foreign exchange differences		1	(1)	1	(1)
Finance cost, net	6	(16)	(17)	(8)	(8)
Result before tax		(14)	52	(28)	32
Taxation	12	2	(11)	5	(7)
Result for the period		(12)	41	(23)	25
Attributable to:					
Equity holders of the Company		(12)	40	(23)	25
Non-controlling interest	7	-	1	-	-
Basic earnings per share (in Euro)	16	(0.02)	0.07	(0.04)	0.04

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>Unaudited</i>	Six-month period ended 30 June		Three-month period ended 30 June	
	2023	2022	2023	2022
Result for the period	(12)	41	(23)	25
<i>Net other comprehensive income for the period, net of tax not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
Gain/(Loss) on hedge transactions	12	14	13	6
Income tax	(1)	(2)	(1)	(1)
Net result on hedge transactions	11	12	12	5
Foreign currency translation	-	(1)	-	-
<i>Net other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</i>	11	11	12	5
Total comprehensive income/(loss) for the period	(1)	52	(11)	30
Attributable to:				
Equity holders of the Company	(1)	51	(11)	30
Non-controlling interest	-	1	-	-

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	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 <i>(audited)</i>	13	669	-	(49)	(8)	(3)	491	1,113	23	1,136
Other comprehensive income/(loss)	-	-	-	-	11	-	-	11	-	11
Result for the period	-	-	-	-	-	-	(12)	(12)	-	(12)
Total comprehensive income / (loss) for the period	-	-	-	-	11	-	(12)	(1)	-	(1)
Dividend declared	-	-	-	-	-	-	(30)	(30)	-	(30)
Transaction with NCI	-	-	-	-	-	-	-	-	2	2
Dividend paid to NCI	-	-	-	-	-	-	-	-	(1)	(1)
Balance as of 30 June 2023 <i>(unaudited)</i>	13	669	-	(49)	3	(3)	449	1,082	24	1,106

	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 <i>(audited)</i>	11	551	120	(49)	(31)	(3)	502	1,101	16	1,117
Other comprehensive income/(loss)	-	-	-	-	12	(1)	-	11	-	11
Result for the period	-	-	-	-	-	-	40	40	1	41
Total comprehensive income / (loss) for the period	-	-	-	-	12	(1)	40	51	1	52
Registered share capital increase	2	118	(120)	-	-	-	-	-	-	-
Dividend paid to minority	-	-	-	-	-	-	-	-	(1)	(1)
Balance as of 30 June 2022 <i>(unaudited)</i>	13	669	-	(49)	(19)	(4)	542	1,152	16	1,168

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

<i>Unaudited</i>	Note	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Result before tax		(14)	52
Adjustments for:			
Loss/(profit) from revaluation/impairment of assets	8	51	(16)
Foreign exchange differences		(1)	1
Finance cost, net	6	16	17
Share based payment provision revaluation		-	(1)
Operating cash before working capital changes		52	53
Increase in accounts receivables and other current assets		(5)	(2)
Increase in deposits from tenants		2	1
Increase / (decrease) in trade and other payables		(2)	(2)
Cash generated from operations		47	50
Tax paid in the period		(6)	(9)
Net cash from operating activities		41	41
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditure on investment property	8	(56)	(43)
Purchase of completed assets and land	1,8	(14)	(51)
Sale of landbank and residential landbank		-	5
Sale of subsidiary, net of cash in disposed assets		-	125
Sale of completed assets	11	49	-
Expenditure on non-current financial assets	15	(2)	-
VAT/tax on purchase/sale of investment property		3	(1)
Net cash from/(used in) investing activities		(20)	35
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings		34	1
Repayment of long-term borrowings		(25)	(22)
Interest paid and other financing breaking fees		(20)	(20)
Proceeds from issue of share capital, net of issuance costs		-	120
Repayment of lease liability		(1)	(1)
Loan origination costs		(1)	-
Decrease/(Increase) in short term deposits		(3)	1
Dividend paid to non-controlling interest		(1)	(1)
Net cash from/(used in) financing activities		(17)	78
Net foreign exchange difference, related to cash and cash equivalents		1	(1)
Net increase/ (Decrease) in cash and cash equivalents		5	153
Cash and cash equivalents at the beginning of the period		115	97
Cash and cash equivalents at the end of the period		120	250

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

As of 30 June 2023, the majority shareholder of the Company is GTC Dutch Holdings B.V. ("GTC Dutch") who holds 247,461,591 shares in the Company representing 43.10% of the Company's share capital, entitling to 247,461,591 votes in the Company, representing 43.10% 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.. Parent company of GTC Dutch Holding B.V. and GTC Holding Zrt. is Optimum Ventures Private Equity Funds, which indirectly holds 269,352,880 shares of GTC S.A., entitling to 269,352,880 votes in the Company, representing 46.91% of the Company's share capital and carrying the right to 46.91% of the total number of votes in GTC S.A.

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

Based on the power of attorney granted to GTC Dutch by Icona Securitization Opportunities Group S.A R.L. ("Icona"), who holds directly 90,176,000 shares representing 15.70% of the share capital of the Company, GTC Dutch also exercises voting rights from 90,176,000 shares belonging to Icona. As a result, Optimum Ventures Private Equity Funds is entitled to 359,528,880 votes in GTC S.A. representing 62.61% of the total number of votes in the Company.

Additionally, GTC Holding Zrt., GTC Dutch and Icona are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner.

EVENTS IN THE PERIOD

As of 30 January 2023 the transaction of sale of the Forrest Office Debrecen building for ca. EUR 49.2 million 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 million). 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 25 April 2023, Mr. Ariel Ferstman resigned from his seat on the Management Board of the Company. The resignation is 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.

In April 2023, Seven Gardens d.o.o., a wholly-owned subsidiary of the Company, has signed EUR 14 million 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 30 June 2023, EUR 8.7 million out of this amount was drawn down.

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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 million (PLN 73.3 million) including hedge component.

In May 2023, Glamp d.o.o. Beograd, a subsidiary of the Company, has signed EUR 25 million 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 30 June 2023, the full amount was drawn down.

On 29 May 2023, Management Board of GTC S.A. announced that it has decided to expand the previously presented and implemented strategy of the Company, which strategy now includes investments and developments in real estate projects involving hospitality assets, in particular in the high-end segment of the market in Europe.

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 million. The transaction was accounted for as an asset deal and presented as landbank within investment property.

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 million. 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 property.

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 30 million). The dividend shall be paid in September 2023.

Impact of the situation in Ukraine on GTC Group

Detailed analysis of the impact of the war on the operations of the Group has been performed for the purpose of preparation of the annual consolidated financial statements.

Similarly, 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.

2. Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

Starting from the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023 all the financial data is presented in EUR and expressed in million unless indicated otherwise.

At the date of authorisation of these consolidated financial statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is no significant difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union. The new standards which have been issued but are not effective yet in the financial year beginning on 1 January 2023 have been presented in the Group's consolidated financial statements for the year ended 31 December 2022 (note 6).

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2022, which were authorized for issue on 24 April 2023. The interim financial results are not necessarily indicative of the full year results.

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 external 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. 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.

As of 30 June 2023, the Group's net working capital (defined as current assets less current liabilities) amounted to EUR 73 million.

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 under 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.

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Significant accounting policies, new standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the Condensed Consolidated Interim 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 (see note 7 to the consolidated financial statements for 2022) except for accounting for income tax which is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year and changes in the standards which became effective as of 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 2021).
- Amendment to IFRS 17 *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information* (issued on 9 December 2021).
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

The Group's assessment is that the above changes have no material impact on the Condensed Consolidated Interim Financial Statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No changes to comparative data or error corrections were made.

4. Investments in subsidiaries

The Group structure is consistent with presented in the Group's annual consolidated financial statements for the year ended 31 December 2022 (see note 8 to the consolidated financial statements for 2022) except for the following changes occurred in the six-month period ended 30 June 2023:

- Liquidation of GTC Konstancja Sp. z o.o. (wholly-owned subsidiary of GTC S.A. seated in Poland)
- Liquidation of GTC Karkonoska Sp. z o.o. (wholly-owned subsidiary of GTC S.A. seated in Poland)
- Establishment of GTC Matrix Future d.o.o. (wholly-owned subsidiary of GTC S.A. seated in Croatia)
- Liquidation of GML American Regency Pipera S.R.L.(subsidiary with 75% shares owned by GTC S.A. seated in Romania)
- Sale of Deco Intermed S.R.L. (subsidiary with 66.7% of shares owned by GTC S.A. seated in Romania)
- Acquisition of GTC VRSMRT Projekt Kft. (wholly-owned subsidiary of GTC Origine Investments Pltd. seated in Hungary)
- Acquisition of GTC LCHD Projekt Kft.. (wholly-owned subsidiary of GTC Origine Investments Pltd. seated in Hungary)
- Establishment of GTC MNG d.o.o. Beograd (wholly-owned subsidiary of GTC Origine Investments Pltd. seated in Serbia)

5. Segmental analysis

	Six-month period ended 30 June		Three-month period ended 30 June	
	2023	2022	2023	2022
Rental income from office sector	40	39	22	20
Service charge revenue from office sector	14	12	7	5
Rental income from retail sector	26	25	13	12
Service charge revenue from retail sector	10	9	5	5
TOTAL	90	85	47	42

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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.

Six-month period ended 30 June 2023

Portfolio	Rental revenue	Service charge revenue	Service charge costs	Gross margin from operations
Poland	26	10	(11)	25
Belgrade	5	2	(2)	5
Hungary	19	7	(8)	18
Bucharest	5	1	(2)	4
Zagreb	4	2	(2)	4
Sofia	7	2	(2)	7
Total	66	24	(27)	63

Six-month period ended 30 June 2022

Portfolio	Rental revenue	Service charge revenue	Service charge costs	Gross margin from operations
Poland	26	9	(9)	26
Belgrade	5	1	(2)	4
Hungary	18	6	(6)	18
Bucharest	5	1	(2)	4
Zagreb	5	2	(2)	5
Sofia	5	2	(2)	5
Total	64	21	(23)	62

Three-month period ended 30 June 2023

Portfolio	Rental revenue	Service charge revenue	Service charge costs	Gross margin from operations
Poland	13	5	(6)	12
Belgrade	3	1	(1)	3
Hungary	11	4	(4)	11
Bucharest	3	-	(1)	2
Zagreb	2	1	(1)	2
Sofia	3	1	(1)	3
Total	35	12	(14)	33

Three-month period ended 30 June 2022

Portfolio	Rental Revenue	Service charge revenue	Service charge costs	Gross margin from operations
Poland	13	4	(4)	13
Belgrade	2	1	(1)	2
Hungary	9	2	(3)	8
Bucharest	2	1	(1)	2
Zagreb	3	1	(1)	3
Sofia	3	1	(1)	3
Total	32	10	(11)	31

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Segmental analysis of assets and liabilities as of 30 June 2023:

	Real estate ¹	Cash and deposits	Other	Total assets	Loans, bonds and leases ²	Deferred tax liabilities	Other	Total liabilities
Poland	854	39	20	913	272	57	13	342
Belgrade	176	7	2	185	26	3	5	34
Hungary	724	20	23	767	267	20	12	299
Bucharest	177	6	2	185	7	12	3	22
Zagreb	129	5	13	147	52	16	5	73
Sofia	197	4	1	202	-	9	4	13
Other	32	-	-	32	2	-	-	2
Non allocated ³	-	67	138	205	676	18	51	745
Total	2,289	148	199	2,636	1,302	135	93	1,530

Segmental analysis of assets and liabilities as of 31 December 2022:

	Real estate ¹	Cash and deposits	Other	Total assets	Loans, bonds and leases ²	Deferred tax liabilities	Other	Total liabilities
Poland	874	28	21	923	278	61	15	354
Belgrade	176	5	2	183	1	3	8	12
Hungary	747	17	25	789	270	19	15	304
Bucharest	179	6	2	187	9	12	3	24
Zagreb	125	6	12	143	44	16	6	66
Sofia	199	5	1	205	-	9	7	16
Other	31	-	1	32	2	-	-	2
Non allocated ⁴	-	73	135	208	684	21	51	756
Total	2,331	140	199	2,670	1,288	141	105	1,534

¹ Real estate comprise of investment property, residential landbank, assets held for sale and value of buildings and related improvements presented within property, plant and equipment (including right of use).

² Excluding deferred issuance debt expenses.

³ Other assets represent mainly non-current financial assets in Ireland (EUR 119 million) and in Luxembourg (EUR 13 million).

Loans, bonds and leases comprise mainly bonds issued by GTC S.A., GTC Hungary and GTC Aurora Luxembourg S.A. Other liabilities comprise mainly dividend payable in the amount of EUR 30 million and derivatives payable in the amount of EUR 20 million, related to bonds in HUF.

⁴ Other assets represent mainly non-current financial assets in Ireland (EUR 118 million) and in Luxembourg (EUR 12 million).

Loans, bonds and leases comprise mainly of bonds issued by GTC S.A., GTC Hungary and GTC Aurora Luxembourg S.A. Other liabilities comprise mainly of derivatives payable in the amount of EUR 46.8 million, related to bonds in HUF.

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6. Finance costs, net

Finance costs for the six-month period ended 30 June 2023 and 30 June 2022 comprises the following amounts:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2023	2022	2023	2022
Interest expenses, net ⁵	14	15	7	7
Finance costs related to lease liability	1	1	1	-
Amortization of long-term borrowings raising costs	1	1	-	1
Total	16	17	8	8

The weighted average interest rate (including hedges) on the Group's loans as of 30 June 2023 was 2.38% p.a. (2.21% p.a. as of 31 December 2022).

7. Non-controlling interest

The Company's subsidiary that holds Avenue Mall (Euro Structor d.o.o.) has granted in 2018 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.

Summarised financial information of the material non-controlling interest as of 30 June 2023 is presented below:

	Euro Structor d.o.o.	Non-core projects	Total
NCI share in equity	24	-	24
Loans received from NCI	-	-	-
Loans granted to NCI	(11)	-	(11)
Total as of 30 June 2023 (unaudited)	13	-	13
NCI share in profit / (loss)	-	-	-

⁵ Comprise of interest expenses on financial liabilities that are not fair valued through profit or loss, banking costs and other charges.

8. Investment Property

Investment properties that are owned by the Group are office and commercial space, including property under construction.

Completed assets are valued using discounted cash flow (DCF) method. Completed investment properties are externally valued by independent appraisers at year end and middle year based on open market values (RICS Standards). For the purpose of Q1 and Q3 quarterly Interim Condensed Consolidated Financial Statements the Group receives letters from its external appraisers to verify if the market value of completed investment properties has not been changed comparing to previous quarter.

Investment property can be split up as follows:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Completed investment property	1,977	2,003
Investment property under construction	72	52
Investment property landbank	158	150
Right of use of lands under perpetual usufruct (IFRS 16)	38	39
Total	2,245	2,244

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The movement in investment property for the periods ended 30 June 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	39	1,930	132	140	2,241
Capitalised expenditure	-	17	72	3	92
Purchase of completed assets and land	-	8	10	40	58
Reclassification ⁶	-	182	(161)	(21)	-
Adjustment to fair value / (impairment)	-	(25)	(1)	-	(26)
Revaluation of right of use of lands under perpetual usufruct	(1)	-	-	-	(1)
Reclassified to assets held for sale	(1)	(48)	-	(3)	(52)
Increase	2	-	-	-	2
Disposal of land ⁷	-	-	-	(9)	(9)
Sale of completed building ⁸	-	(61)	-	-	(61)
Foreign exchange differences	-	-	-	-	-
Carrying amount as of 31 December 2022	39	2,003	52	150	2,244
Capitalised expenditure	-	13	27	4	44
Purchase of land ⁹	-	-	-	13	13
Reclassification ¹⁰	-	21	(9)	(12)	-
Prepaid right of use of lands under perpetual usufruct	(1)	-	-	-	(1)
Adjustment to fair value / (impairment)	-	(58)	2	3	(53)
Revaluation of right of use of lands under perpetual usufruct	(1)	-	-	-	(1)
Classified to assets for own use	-	(2)	-	-	(2)
Foreign exchange differences	1	-	-	-	1
Carrying amount as of 30 June 2023	38	1,977	72	158	2,245

⁶ 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).

⁷ Sale of land plots in Poland.

⁸ Sale of Cascade and Matrix building.

⁹ Further details in note 1 *Principal activities*.

¹⁰ Completion of part of Rose Hill project (EUR 21m) in Budapest (Hungary). Moreover, commencement of G-Delta Andrassy project in Budapest (transfer from landbank to under construction).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Fair value and impairment adjustment consists of the following:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2023	2022	2023	2022
Adjustment to fair value of completed investment properties	(58)	6	(54)	3
Adjustment to the fair value of investment properties under construction	2	8	2	8
Adjustment to the fair value of landbank	3	2	3	2
Total adjustment to fair value / (impairment) of investment property	(53)	16	(49)	13
Adjustment to fair value of assets held for sale and other	3	-	2	-
Revaluation of right of use of lands under perpetual usufruct (including residential landbank)	(1)	-	(1)	-
Total recognised in profit or loss	(51)	16	(48)	13

Reconciliation between capitalized expenditure and paid expenditure is presented below:

	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022
Capitalized expenditure	57	94
Change in payables and provisions related to investing activities	12	(1)
Change in receivables related to investing activities	(2)	-
Expenditure on residential landbank	1	-
Purchase of property, plant, and equipment	2	1
Paid expenditures in line with cash flow statement	70	94

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Assumptions used in the fair value valuations of completed assets as of 30 June 2023:

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV ¹¹	Average Yield ¹²
	€'000 000	sqm	%	Euro/ sqm/m	Euro/ sqm/m	%
Poland retail	434	114	93%	21.8	22.4	6.3%
Poland office	340	195	79%	15.6	14.1	8.5%
Belgrade retail	90	34	100%	19.9	21.1	9.0%
Belgrade office	49	18	99%	18.4	18.2	9.0%
Hungary office	593	203	88%	17.7	16.1	6.7%
Hungary retail	20	6	93%	20.4	18.2	7.5%
Bucharest office	162	62	78%	19.5	18.2	7.0%
Zagreb retail	83	28	98%	23.1	22.3	9.1%
Zagreb office	15	7	100%	16.5	14.9	9.1%
Sofia office	110	52	90%	16.1	15.5	8.1%
Sofia retail	81	23	98%	23.7	23.9	7.8%
Total	1,977	742	87%	18.4	17.4	7.3%

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

Portfolio	Book value	GLA thousand	Average Occupancy	Actual Average rent	Average ERV ¹¹	Average Yield ¹²
	€'000 000	sqm	%	Euro/ sqm/m	Euro/ sqm/m	%
Poland retail	443	114	95%	21.5	21.6	6.2%
Poland office	356	195	80%	14.7	14.2	7.7%
Belgrade retail	90	34	100%	18.7	21.0	8.5%
Belgrade office	50	18	94%	18.0	18.2	7.2%
Hungary office	584	198	87%	16.8	16.3	6.0%
Hungary retail	21	6	89%	18.1	18.5	6.0%
Bucharest office	164	62	74%	18.8	17.8	6.3%
Zagreb retail	85	28	98%	21.7	22.3	8.3%
Zagreb office	15	7	96%	15.5	14.9	8.4%
Sofia office	113	52	89%	16.0	15.3	7.9%
Sofia retail	82	23	97%	22.3	23.1	7.2%
Total	2,003	737	87%	17.7	17.3	6.8%

¹¹ 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).

¹² Average yield is calculated as in-place rent divided by fair value of asset.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Information regarding investment properties under construction:

	30 June 2023	31 December 2022	Estimated area (GLA) thousand sqm
Budapest (Center Point III)	29	20	36
Budapest (G-Delta Andrassy)	16	-	4
Budapest (Rose Hill Business Campus)	6	17	11 ¹³
Zagreb (Matrix C)	21	15	11
Total	72	52	62

Information regarding book value of investment property landbank for construction:

	30 June 2023	31 December 2022
Poland	45	39
Hungary	56	55
Serbia	35	34
Romania	7	7
Bulgaria	4	4
Croatia	11	11
Total	158	150

¹³ As of 31 December 2022 - 15 thousand sqm (part of building was completed in Q2 23).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Derivatives

The Group holds instruments (i.e. IRS, CAP and cross-currency interest rate SWAP) that hedge the risk involved in fluctuations of interest rates and currencies rates. The instruments hedge interest and foreign exchange rates on loans and bonds for a period of 2-10 years.

Derivatives are presented in financial statements as below:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Non-current assets	11	17
Current assets	11	8
Non-current liabilities	(20)	(47)
Current liabilities	-	(2)
Total	2	(24)

The movement in derivatives for the periods ended 30 June 2023 and 31 December 2022 was as follows:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Fair value as of the beginning of the year	(24)	(41)
Charged to other comprehensive income	12	28
Charged to profit or loss ¹⁴	14	(11)
Fair value as of the end of the period	2	(24)

The movement in hedge reserve presented in equity for the periods ended 30 June 2023 and 31 December 2022:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Hedge reserve as of the beginning of the year	(8)	(31)
Charged to other comprehensive income	26	17
Realized in the period (charged to profit or loss) ¹⁵	(14)	11
Total impact on other comprehensive income	12	28
Income tax on hedge transactions	(1)	(5)
Hedge reserve as of the end of the year	3	(8)

Derivatives are measured at fair value at each reporting date. Valuations of hedging derivatives are considered as level 2 fair value measurements. Fair value of derivatives is measured using cash flow models based on the data from publicly available sources.

The Company applies cash flow hedge accounting and uses derivatives as hedging instruments. The Group uses both qualitative and quantitative methods for assessing effectiveness of the hedge. All derivatives are measured at fair value, effective part is included in other comprehensive income and reclassified to profit or loss when hedged item affects P&L. The Group uses IRS and CAP for hedging interest rate risk on loans, and cross-currency interest rate SWAPs for hedging both interest rate risk and currency risk on bonds denominated in foreign currencies.

¹⁴ This gain/loss mainly offset a foreign exchange losses/gains on bonds nominated in PLN and HUF.

¹⁵ This loss mainly offset a foreign exchange gains on bonds nominated in PLN and HUF.

10. Long-term borrowings (loans and bonds)

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Bonds	676	684
Bank loans	584	560
Loans from NCI	-	2
Deferred issuance debt expenses	(7)	(8)
Total borrowings	1,253	1,238
Of which		
Long-term borrowings	1,211	1,189
Short-term borrowings	42	49
Total borrowings	1,253	1,238

As securities for the bank loans, the banks have mortgage over the assets and security deposits together with assignment of the associated receivables and insurance rights.

In its financing agreements with banks, the Group undertakes to comply with certain financial covenants that are listed in those agreements. The main covenants are: maintaining a Loan-to-Value and Debt Service Coverage ratios in the company that holds the project.

In addition, substantially, all investment properties and investment properties under construction that were financed by lenders have been pledged. Fair value of the pledged assets exceeds the carrying value of the related loans.

Bonds PLGTC0000318 (last series maturing in 2023) are denominated in PLN. 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.

As at 30 June 2023, the Group complied with the financial covenants set out in the loan agreements and bonds terms.

Repayments of long-term debt and interest are scheduled as follows (the amounts are not discounted):

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
First year ¹⁶	73	76
Second year	151	65
Third year	751	149
Fourth year	112	774
Fifth year	50	76
Thereafter	216	206
Total	1,353	1,346

¹⁶ To be repaid during 12 months from reporting date

11. Assets held for sale

The balance of assets held for sale as of 30 June 2023 and 31 December 2022 was as follows:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Forest Office Debrecen	-	48
Romanian landbank	-	1
Landbank in Poland	3	3
Total	3	52

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 million as of 31 December 2022). As of 30 January 2023 the full purchase price (ca. EUR 49.2 million) was paid and the transaction was completed.

12. Taxation

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 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.

13. Capital and Reserves

Shareholders who, as at 30 June 2023, held above 5% of the Company shares were as follows:

- GTC Dutch Holdings B.V
- Icona Securitization Opportunities Group S.A R.L.
- Otwarty Fundusz Emerytalny PZU "Złota Jesień"
- Allianz Polska Otwarty Fundusz Emerytalny

14. Cash and cash equivalents

Cash balance consists of cash in banks and cash in hand. Cash in banks earns interest at floating rates based on periodical bank deposit rates. There is no material cash and equivalents balances other than bank deposits. All cash and cash equivalents are available for use by the Group. GTC Group cooperates mainly with banks with investment rating above BBB-. The major bank, where the Group deposits 33% of cash and cash equivalents and blocked deposits is a financial institution with credit rating BBB-. Second bank with major Group's deposits (14%) is an institution with credit rating A+. The Group monitors ratings of banks and manages concentration risk by allocating deposits in multiple financial institutions (over 10).

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

As of 30 June 2023 and 31 December 2022 the fair value of non-current financial assets was as follows:

	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Notes (Ireland)	119	118
Units (Trigal)	13	12
ACP Fund	1	-
Total	133	130

In the six-month period ended 30 June 2023 GTC S.A. invested additionally EUR 1.9 million, including EUR 0.9 million in the Irish project and EUR 1 million 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.

15.1 Notes (Ireland)

On 9 August 2022, a subsidiary of the Company entered into the agreement for a joint investment into the innovation park in County Kildare, Ireland. This transaction involved an initial investment of approximately EUR 115 million into the Kildare Innovation Campus and additional investment of EUR 2 million as at 22 September 2022, according to agreement terms (up to maximum amount of EUR 9 million). GTC acquired a minority of 25% of notes (debt instruments) issued by a Luxembourg securitization vehicle financial instrument which accrues a variable return subject to the future net available proceeds derived from the project.

These debt instruments do not meet the SPPI test therefore they are measured at fair value through profit or loss.

As of 31 December 2022 (last available data), financial data of the Luxembourg securitization vehicle were as below:

Total assets	475
Total liabilities	58
Equity	417

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 campus currently generates around EUR 6.2 million gross rental income per annum.

A masterplan has been prepared whereby the site and the campus are planned to be converted into a Life Science and Technology campus with a total of approximately 135,000 sq m. 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 the reporting date, the master plan which regulates the planning process for the future conversion of the site into a life science park and technology campus is under currently planning phase.

The valuation of the notes is based on a valuation of the Kildare Innovation Campus project (taking in consideration the project's risks and Group's share in net available proceeds from this project).

As of 30 June 2023, the project Kildare Innovation Campus was valued, using residual method, by Kroll Advisory (Ireland) Limited, on open market values.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Fair value of financial instrument is presented below:

Estimated future cash flows assuming successful completion of the project	158
Discount factor to reflect the risk relating to obtaining permit and its timing – 26.0% ¹⁷	(39)
Fair Value of financial instrument	119

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

	Total Fair Value of financial instrument	Total Fair Value of financial instrument
	<i>Increase in rent</i>	<i>Decrease in rent</i>
Change in estimated net rent by 5%	121	117
Change in estimated net rent by 10%	122	116
	Total Fair Value	Total Fair Value
	<i>Increase in permitting factor / expected capital expenditure</i>	<i>Decrease in permitting factor / expected capital expenditure</i>
Change in permitting factors by 5 p.p.	125	109
Change in permitting factors by 10 p.p.	133	101
Change in expected capital expenditure to obtain the permit by 5%	119.3	118.8
Change in expected capital expenditure to obtain the permit by 10%	119.7	118.5

15.2 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 million from the 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 million. The fund expected maturity is in Q4 2028.

15.3 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 million in ACP Fund, and total of EUR 1 million was called up to end of Q2 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.

¹⁷ Discount factor decreased due to submitting application for permit related to the project.

16. Earnings per share

Basic earnings per share were calculated as follows:

<i>Unaudited</i>	Six-month period ended 30 June		Three-month period ended 30 June	
	2023	2022	2023	2022
Result for the period attributable to equity holders (Euro)	(12,000,000)	40,000,000	(23,000,000)	25,000,000
Weighted average number of shares for calculating basic earnings per share	574,255,122	574,255,122	574,255,122	574,255,122
Basic earnings per share (Euro)	(0.02)	0.07	(0.04)	0.04

There have been no potentially dilutive and dilutive instruments as at 30 June 2023 and 30 June 2022.

17. Related party transactions

There were no significant related party transactions in the six-month period ended 30 June 2023 other than described in note 1 *Principal activities*.

18. Changes in commitments, contingent assets and liabilities

There were no significant changes in commitments and contingent liabilities.

There were no significant changes in litigation settlements in the current period.

19. Subsequent events

There were no significant subsequent events after the balance sheet date.

20. Approval of the financial statements

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 23 August 2023.



Independent registered auditor's report on the review of the condensed consolidated interim financial statements

To the Shareholders and the Supervisory Board of Globe Trade Centre Spółka Akcyjna

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Globe Trade Centre S.A. Group (hereinafter called "the Group"), having Globe Trade Centre S.A. as its parent company (hereinafter called "the Parent Company"), comprising the condensed consolidated interim statement of financial position as at 30 June 2023 and the condensed consolidated interim income statements for the three-month period then ended and six-month period then ended, the condensed consolidated interim statements of comprehensive income for the three-month period then ended and six-month period then ended, the condensed consolidated interim statement of changes in equity for six-month period then ended, the condensed consolidated interim statement of cash flows for six-month period then ended and the related explanatory notes.

The Management Board of the Parent's Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the National Standard on Review Engagements 2410 in the wording of the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity as adopted by the National Council of Certified Auditors. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been prepared, in all material respect, in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

Conducting the review on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144:

Piotr Wyszogrodzki
Key Registered Auditor
No. 90091

Warsaw, 23 August 2023