CONSOLIDATED

ANNUAL REPORT

OF
GTC HUNGARY REAL ESTATE DEVELOPMENT PLTD. GROUP
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

2022

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MANAGEMENT BOARD'S REPORT

ON THE ACTIVITIES OF

GTC HUNGARY REAL ESTATE DEVELOPMENT PLTD. GROUP

IN THE FINANCIAL YEAR ENDED 31 DECEMBER

2022

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1. Introduction

The GTC Hungary Real Estate Development Pltd. Was registered in Budapest in September 1998. The company is part of the GTC Group, a leading real estate investor and developer focusing on Poland and Hungary and capital cities in Eastern and Southern Europe: Belgrade, Bucharest, Zagreb, and Sofia. The GTC Group was established in 1994.

GTC GROUP:

Poland,
Hungary,
Belgrade,
Bucharest,
Sofia
and Zagreb

Company's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development.

As of 31 December 2022, the Company`s property portfolio comprised the following properties:

- 10 office buildings with a total combined commercial space of approximately 199 thousand sq m of GLA, an occupancy rate at 87% and a book value of EUR 594,838 which accounts for 91% of the Group's total property portfolio;
- 1 office project under construction with a total GLA of approximately 36 thousand sq m and a book value of EUR 19,500, which accounts for 3% of the Group's total property portfolio;
- investment landbank intended for future development with the book value of EUR 36,483, which accounts for 6% of the Group's total property portfolio.

10 completed buildings	158,000[1] sq m of GLA	1 buildings under construction	landbank for future development

As of 31 December 2022, the book value of the Company's portfolio amounts to EUR 650.821 with: (i) the Group's completed investment properties account for 91% thereof; (ii) investment properties under construction for 3%; and (iii) an investment landbank intended for future development for 6%.

The GTC's headquarters are located in Budapest, at 22 Népfürdő street.

TERMS AND ABBREVIATIONS

Terms and abbreviations capitalized in this management's board Report shall have the following meanings unless the context indicates otherwise:

the Company or GTC	are to GTC Hungary Real Estate Development Pltd.
the Group or the GTC Hungary	are to GTC Hungary Real Estate Development Pltd. and its consolidated subsidiaries
the GTC SA	are to Globe Trade Centre S.A.
the GTC Group	are to Globe Trade Centre S.A. and its consolidated subsidiaries
Shares	are to the shares in GTC Hungary Real Estate Development Pltd., fully-owned by Globe Trade Centre S.A.
Bonds	are to the bonds issued by GTC Hungary Real Estate Development Pltd. and introduced to alternative trading market on Xbond and marked with the ISIN codes HU0000360102 and HU0000360284
the Report	are to the consolidated annual report prepared according to Act CXX of 2001on the Capital Market and Prime Minister Decree no. 24/2008. (VIII. 15.)
CEE	is to the Group of countries that are within the region of Central and Eastern Europe (Poland, Hungary);
SEE	is to the Group of countries that are within the region of South-Eastern Europe (Bulgaria, Croatia, Romania, and Serbia);
Net rentable area, NRA, or net leasable area, NLA	are to the metric of the area of a given property as indicated by the property appraisal experts to prepare the relevant property valuations. With respect to commercial properties, the net leasable (rentable) area is all the office or retail leasable area of a property exclusive of non-leasable space, such as hallways, building foyers, and areas devoted to heating and air conditioning installations, elevators, and other utility areas. The specific methods of calculation of NRA may vary among particular properties, which is due to different methodologies and standards applicable in the various geographic markets on which the Group operates;
Gross rentable area or gross leasable area, GLA	are to the amount of the office or retail space available to be rented in completed assets multiplied by add-on-factor. The gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the Group;

Total property portfolio	is to book value of the Group's property portfolio, including: investment properties (completed, under construction and landbank), residential landbank, assets held for sale, and the rights of use of lands under perpetual usufruct;
Commercial properties	is to properties with respect to which GTC Group derives revenue from rent and includes both office and retail properties;
Occupancy rate	is to average occupancy of the completed assets based on square meters ("sq m") of the gross leasable area;
In-place rent	is to rental income that was in place as of the reporting date. It includes headline rent from premises, income from parking, and other rental income;
Net loan to value (LTV); net loan-to-value ratio	are to net debt divided by Gross Asset Value. **Net debt** is calculated as total financial debt net of cash and cash equivalents and deposits and excluding loans from non-controlling interest and deferred debt issuance costs. **Gross Asset Value** is investment properties (excluding the right of use under land leases), residential landbank, assets held for sale, financial assets, building for own use, and share on equity investments. Net loan to value provides a general assessment of financial risk undertaken;
The average cost of debt; average interest rate	is calculated as a weighted average interest rate of total debt, as adjusted to reflect the impact of contracted interest rate swaps and cross-currency swaps by the Group;
EUR, € or euro	are to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
HUF	is to the lawful currency of Hungary;

PRESENTATION OF FINANCIAL INFORMATION

Unless indicated otherwise, the financial information presented in this Report was prepared according to International Financial Reporting Standards ("IFRS") as approved for use in the European Union.

All the financial data in this Report is presented in euro or HUF and expressed in thousands unless indicated otherwise.

Certain financial information in this Report was adjusted by rounding. As a result, certain numerical figures shown as totals in this Report may not be exact arithmetic aggregations of the figures that precede them.

PRESENTATION OF PROPERTY INFORMATION

Information on properties is presented pro-rata to the Group's consolidation method in each of the properties. The properties' valuation is based on the value that the Group consolidates in its consolidated financial statements. The occupancy rate given for each of the markets is as of 31 December 2022.

INDUSTRY AND MARKET DATA

In this Report the Group sets out information relating to its business and the markets in which it operates and in which its competitors operate. The information regarding the markets, their potential, macroeconomic situation, occupancy rates, rental rates, and other industry data relating to the Group's markets are based on data and reports compiled by various third-party entities. The information included in that section is not expressed in thousand and is prepared by Jones Lang LaSalle IP, Inc („JLL"). It is based on material that JLL believes to be reliable. While every effort has been made to ensure its accuracy, GTC cannot offer any warranty that contains no factual errors.

Moreover, in numerous cases, the Group has made statements in this Report regarding the industry in which it operates based on its own experience and examining market conditions. The Group cannot guarantee that any of these assumptions properly reflect the Group's understanding of the markets on which it operates. Its internal surveys have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements relating to future expectations regarding the Group's business, financial condition, and results of operations. You can find these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate", and similar words used in this Report. By their nature, forward-looking statements are subject to numerous assumptions, risks, and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by forward-looking statements. The Group cautions you not to place undue reliance on such statements, which speak only as of this Report's date.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Group or persons acting on its behalf may issue. The Group does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Report.

The Group discloses essential risk factors that could cause its actual results to differ materially from its expectations under Item 3. "Key risk factors", Item 5. "Operating and financial review", and elsewhere in this Report. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on behalf of the Group. When the Group indicates that an event, condition, or circumstance could or would have an adverse effect on the Group, it means to include effects upon its business, financial situation, and results of operations

2. Selected financial data

The following tables present the Group's selected historical financial data for the financial year ended 31 December 2022 and 2021. The historical financial data should be read in conjunction with Item 5. "Operating and financial review" and the consolidated financial statements for the year ended 31 December 2022 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the audited consolidated financial statements for the year ended 31 December 2022.

	For the 12-month period ended	
	2022	2021
(in thousands)	EUR	EUR
Consolidated Income Statement		
Revenues from operations	38,654	48,230
Cost of operations	(10,716)	(10,425)
Gross margin from operations	27,938	37,805
Selling expenses	(516)	(332)
Administrative expenses	(3,662)	(3,135)
Profit/(loss) from revaluation/impairment of assets, net	16,294	13,210
Financial income/(expense), net	(4,142)	(11,209)
Net profit / (loss)	29,757	34,177
Consolidated Cash Flow Statement		
Net cash from operating activities	24,356	31,436
Net cash used in investing activities	3,512	(847,411)
Net cash from/(used in) financing activities	(16,450)	694,504
Cash and cash equivalents at the end of the period	34,988	24,112
Consolidated statement of financial position		
Investment property (completed and under construction)	614,338	528,237
Investment property landbank	36,483	54,646
Cash and cash equivalents	34,988	15,338
Loan granted to related parties	652,095	595,480
Others	27,468	310,423
Total assets	1,365,372	1,504,124
Non-current liabilities	1,115,645	1,095,336
Current liabilities(excl. liabilities held for sale)	22,223	13,106
Liabilities held for sale	-	172,058
Total Equity	227,504	223,624
Share capital	20,366	20,366

3. Key risk factors

RISK FACTORS RELATING TO THE GROUP’S BUSINESS

THE IMPACT OF THE GEOPOLITICAL SITUATION DUE TO THE WAR IN UKRAINE ON THE GROUP'S OPERATIONS AND FINANCIAL RESULTS

Even though the Group does not conduct any activities in the territory of Ukraine, Russia or Belarus, it cannot be ruled out that the current geopolitical situation in Europe triggered by the ongoing war in Ukraine, which has resulted in a number of macroeconomic consequences for Poland and other European countries, may also have an impact on the Group’s operations.

The risk area related with the conflict in Ukraine includes, *inter alia*, limitations in the availability of construction materials, equipment, services, interruption or disruption in the continuity of supplies, an extraordinary increase in the prices of key raw materials, limited availability of employees, especially male workers from Ukraine resulting from their return to their country to participate in military operations, a decline in demand on the property market due to uncertainty as to the possible development of the current economic and political situation, combined with high inflation, an increase in interest rates as well as decreased availability and higher cost of external debt financing, which has resulted in a slowdown in the real estate market.

Moreover, the continuation of the war, its scale and further course of military operations may cause an extension of the set of economic sanctions imposed thus far, further disruption in supply chains, limited availability of subcontractors and a general increase in the prices of materials resulting from, among others, rising energy prices, which in turn may translate into significant costs of the implementation of investments carried out by the Group.

A significantly higher and volatile costs of energy (severe energy crunch because of steep cuts in natural gas supplies from Russia following the outbreak of the Russia-Ukraine conflict) and general uncertainties related to the impact of the war in Ukraine on both global and the SEE/CEE economy and the deterioration of the global and regional economies may adversely impact the economic situation of the Group’s tenant and limit their spending and the appetite for extending the lease agreements. The above may have an adverse effect on the Group’s business, financial condition and results of operations.

As at the date of this Report, the 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 management board 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.

THE IMPACT OF THE COVID-19 PANDEMIC AND ANY POTENTIAL OTHER PANDEMICS ON THE OPERATIONS AND FINANCIAL STANDING OF THE GROUP

While the risk of the COVID-19 pandemic cannot yet be ruled out (e.g. given the recent outbreaks in China), its expected impact on the Group’s business might be lower than in 2020 or in 2021, when its operations were exposed to a number of measures taken by the government in order to minimise the risk of the spread of the COVID-19 pandemic, including lockdowns and closures of shopping centres, limited operations, limited working hours, etc. The restrictions introduced by the government directly affected the course of business processes and the organisation of the Group’s operations. For instance, the tenants in the Group’s shopping centres were unable to trade for three to five months during 2020 and around an average of three months during 2021 (in the period between January and May). As a consequence, following the lockdown periods, in Poland tenants were released from rent payment obligations while in other countries the tenants were given various discounts and other relief in order to continue operating in very challenging circumstances. The Group cannot rule out that it will need to take the same course of action if analogous restrictions are introduced in the future in case of an outbreak of any new pandemic or the spread of COVID-19 or further variants thereof.

Even though it seems that the peak of the COVID-19 pandemic has already passed since numerous people have been vaccinated and the number of infected persons has decreased significantly, the risk of the further spread of the SARS-CoV-2 virus and the occurrence of its mutations cannot be ruled out entirely. The Group cannot exclude the risk of the occurrence of any new pandemic that will have consequences similar to the COVID-19 pandemic. Thus, the extent of the impact of the COVID-19 pandemic or any future pandemic on the Group is still uncertain and depends on a number of factors, such as the duration and scope of the pandemic, and the suitability and effectiveness of measures adopted by authorities in response to the pandemic. The occurrence or escalation of one or more of the above developments may significantly negatively impact the Group's business, financial condition, prospects and results of operations.

THE CHANGE IN THE WORKING MODEL MAY HAVE A NEGATIVE IMPACT ON THE OPERATIONS AND FINANCIAL RESULTS OF THE GROUP

The Group observes that the COVID-19 pandemic hastened a change of work patterns and resulted in a growing share of employees working in a hybrid mode combining work from home with office work as well as working only from home. This trend is continuing despite lifting the pandemic restrictions.

Hybrid work and working from home may leading to a significant decrease in the occupancy of office buildings, resulting in lower rental income generated by such buildings and in consequence possibly having a material adverse effect on the Group’s business, financial condition, and operational results.

THE GROUP IS EXPOSED TO GENERAL COMMERCIAL PROPERTY RISKS INCLUDING ECONOMIC, DEMOGRAPHIC AND MARKET DEVELOPMENTS

The Group is exposed to all of the risks inherent in the business of owning, managing and using commercial real estate. Its performance may be adversely affected by an oversupply or a downturn in the commercial real estate market in general, or in the commercial real estate market in those cities in which the properties are located. Rental income and the market value for properties are generally affected by overall conditions in the EU and national and local economies, such as growth in gross domestic product ("GDP"), inflation and changes in interest rates.

The current unfavourable macroeconomic trends including growing inflation and higher interest rates may have a negative impact on the Group and lead to a decrease in purchasing power and lower store turnovers and, as a consequence, result in pressure on rental rates in shopping centres or may impact the tenants' ability to meet their rental obligations towards the Group, especially in light of the higher total rental costs due to an increase in service charges. Additionally, a weakening economy, coupled with higher rental costs and a hybrid working model may have a negative impact on demand for office space and lead to higher vacancy levels (resulting in lower-than-expected revenue streams). Despite the temporary slowdown in the e-commerce market, its further growth is expected and such growth, in the long term, may result in a reduced demand for retail space and decreased rental income.

Rising inflation translated into an increase in interest rates (and further increases in interest rates are expected), which has an impact on availability and cost of debt, which can decrease demand for real properties or/and increase the cost of financing. However, Group's debt was either based on a fixed rate or hedged against interest rate fluctuations by using derivative instruments, meaning its exposure to changes in interest rates is limited. Decreased demand for real properties may lead to a decrease in prices that real estate investors are prepared to pay for real properties and, as a consequence, a decline in the value of properties cannot be ruled out.

Other factors which could have an impact on the value of a property are more general in nature, such as national, regional or local economic conditions (including key business closures, industry slowdowns and unemployment rates, and any cyclical patterns relating to these trends); local property conditions from time to time (such as the balance between supply and demand); demographic factors; consumer confidence; consumer tastes and preferences; changes in governmental regulations including retrospective changes in building codes; planning/zoning or tax laws; potential environmental legislation or liabilities; the availability of refinancing; and changes in interest rate levels or yields required by investors in income producing commercial properties.

The demand for commercial properties and the ability of such properties to generate income and sustain market value is based on a number of factors, including:

- the economic and demographic environment;
- renovation work required on vacant units before they are re-let;
- tenant credit risk;
- workplace trends including growth rate, telecommuting and tenants' use of space sharing;
- local infrastructure and access to public transportation;
- the competitive environment; and
- tenant expectations of facility quality and upkeep.

Any deterioration in demand may result in increased pressure to offer new and renewing tenants financial and other incentives, which in turn may lead to an overall negative impact on net rental incomes as operating expenses increase. The occurrence of any one or a combination of the factors noted above may have a material adverse effect on the value of the properties, the potential to increase rent following rent reviews and the ability of the Group to sell its properties on favourable terms or at all. Any deterioration on net rental income, the value of the properties, or the Group's ability to sell its properties may have a material adverse effect on the Group's business, financial condition, and results of operations.

THE GROUP MAY FAIL TO IMPLEMENT ITS STRATEGY AND THERE CAN BE NO ASSURANCE THAT THE SUCCESSFUL IMPLEMENTATION OF THE GROUP'S STRATEGY WOULD ACHIEVE ITS GOALS

The Group's strategy aims to achieve growth by: (i) expanding the Group's property portfolio by acquiring and improving yielding properties in Poland and in capital cities in the countries in which the Group operates, supplemented by selected development projects in the Group's property portfolio; (ii) improving the efficiency of the Group's asset management activities to maximise operating performance; and (iii) selling the Group's non-core assets, which should allow the Group to reduce its financial leverage or obtain funds to be used for new investments.

Moreover, the management board, expanding the existing strategy of the Group, decided to pursue potential new investments in certain new sectors and geographical regions that may diverge from the current core scope of the Group's operations (namely, the development and management of office, retail and certain other types of real estate). Potential new sectors identified by the Group to be considered for investment as part of the new strategy include: (i) investment in innovation and technology parks; (ii) investment in selected renewable energy facilities in Hungary to complement its current offering and better address tenants' needs.

The successful implementation of the Group's strategy may result in certain changes to the Group's property portfolio, including, for example, its geographic composition and composition by asset classes (i.e. retail, office, residential and other properties). As a result, various measures of the Group's business and recurring cash flows derived from rental income may change. Moreover, no assurance can be given that the future performance of the Group's property portfolio or future investment strategies effected pursuant to the Group's strategy will enhance the value of its property portfolio and increase the Group's profitability.

The success of the Group's strategy relies, in part, on various assumptions and contingencies, including assumptions with respect to the level of profitability of any acquisition targets to be achieved in the future and investment criteria that have been developed by the Group to achieve the expected level of returns on acquired assets. Such assumptions may prove to be partially or wholly incorrect or inaccurate and as a result, the return on an investment may be lower than expected. It is possible that the Group or its service providers will misjudge individual aspects of a given project when making acquisition decisions or that assessments on which the Group bases its decisions are inaccurate or based on assumptions that turn out to be incorrect. Such judgment errors may lead to an inaccurate analysis and valuation of a project by the Group in connection with investment decisions that may only become apparent at a later stage and force the Group to revise its valuation downwards. The Group can also not guarantee that the service provider it chooses to carry out its due diligence will identify all of the risks related to a given project. In addition, the Group cannot guarantee that it will be able to have recourse to the seller of a given property for not disclosing such risks.

Furthermore, as part of its strategy, the Group is reorganising its property portfolio and intends to acquire appreciating and value-added properties and to sell its non-core assets. The Group intends to integrate any newly acquired properties with the existing portfolio and rent them out in order to generate rental income for the Group. If these properties are not fully rented and/or the rental rates are agreed below the estimated rental values, the Group may not be able to realise its expected rates of return on the new acquisitions.

Moreover, the Group may fail to achieve its goals due to internal and external factors of a regulatory, legal, financial, social or operational nature, some of which may be beyond the Group's control, such as volatile market conditions, a lack of capital resources needed for expansion and the changing price and availability of investment targets in the relevant markets, as well as amendments to applicable laws.

As a consequence, the Group may be unable to implement its strategy in part or in full; it may decide to change, suspend or withdraw from its strategy or development programme, and it may be unable to achieve, or it could encounter delays in achieving, the planned outcomes of its strategy and development programme. This could have a material adverse effect on the Group's business, financial condition and results of operations.

THE VALUATION OF THE GROUP'S PROPERTIES AND, CONSEQUENTLY, THE GROUP'S CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT MAY BE SUBJECT TO SIGNIFICANT FLUCTUATIONS

The Group's income depends heavily on the changes in the value of assets on the property markets, which is subject to fluctuations. The fair values of the Group's investment properties are assessed semi-annually (as at 30 June and 31 December of each year), by reputable external valuers, based on the discounted cash-flows method (DCF) from investment properties, which method is inherently subjective and uncertain, as such assessment is based on assumptions that may change or turn out to be incorrect (e.g. as to expected rental values, fit-out costs, the time necessary for renting a specific property, etc.).

The property valuations are performed by external valuation agents and are not guarantees of present or future value. One external valuation agent may reach a different conclusion to the conclusion that would be reached if a different external valuation agent were appraising the same property, and similarly the same external valuation agent may come to a different conclusion at different periods of time. The valuation of property is inherently subjective and uncertain as it is based on different methodologies, forecasts and assumptions.

The Group's property valuations are made using the discounted rates applicable to the relevant local real estate market or, in the case of certain properties, by reference to the sale value of comparable properties. Such valuations are reviewed internally and, if necessary, confirmed by the Group's independent, certified appraiser and, verified by the Group's management.

Any change in the discounted rates used by the valuer will have an impact on the valuation of a given property. Furthermore, any change to the valuation methodology may result in gains or losses in the Group's consolidated income statement based on the change to each property's valuation compared with prior valuations. As a result, the Group can have significant non-cash revenue gains or losses from period to period depending on the changes in the fair values of its investment properties, regardless of whether such properties are sold. For instance, in some years, the Group may recognise revaluation losses and impairment in respect of certain assets and residential projects, and in other years profits for the same assets and residential projects.

Additionally, the valuation and planning of projects is impacted by estimates of construction costs which are based on current prices and future price forecasts, whereas the actual costs involved may be different. Moreover, certain valuations are based on assumptions regarding future zoning decisions, which may prove to be inaccurate and, as a result, the Group may not be able to develop certain properties in accordance with its plans. This may adversely impact the valuation of such properties in the future.

Furthermore, if the forecasts and assumptions on which the valuations of the projects in the Group's portfolio are based prove to be inaccurate or are subject to changes due to the changing environment, the actual values of the projects in the Group's portfolio may differ materially from those stated in the valuation reports. Valuations based on inaccurate assumptions of the Group's properties and fluctuations in valuations may have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP'S BUSINESS IS DEPENDENT ON ITS ABILITY TO ACTIVELY MANAGE ITS ASSETS

A core part of the Group's operations is the active management of its assets, which includes the management of vacancy rates and rent levels and the terms of executed lease agreements in the case of commercial properties, as well as achieving a desired tenant mix in the case of retail properties.

The active management of the Group's large-scale commercial properties is of particular importance. In addition to legal constraints, the Group's ability to reduce vacancies, renegotiate rents and create a desired tenant mix is partly subject to market-related factors. Some of these factors, such as the general economic environment, consumer confidence, inflation and interest rates, and others are beyond the Group's control. During periods of recession or downturns in the economy, increased inflation and higher interest rates as well as taking into account a growing significance of e-commerce and changes of work patterns connected with working in a hybrid mode by combining work from home with office work or from home only, it is more challenging for developers to attract new tenants and to retain existing ones, and competition between developers for each tenant is much stronger.

If the Group is unable to create or capture demand for its properties by, for example, improving tenant services or motivating its external sales agents, it may not be able to reduce vacancy rates or renegotiate rents as desired. Moreover, tenants that experience liquidity shortages may not pay their rent on time over prolonged periods, but, despite that, the Group may not be able to replace them with different tenants with a better financial standing.

A prolonged period of higher vacancy rates could lower the rents tenants generally pay and make it more difficult to increase the average rent that the Group expects to charge. Higher vacancy rates would also increase the Group's overall operating costs, as the Group would have to cover expenses generated by empty properties or units. Any such decrease in rental revenue or increase in operating costs could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP'S GROWTH AND PROFITABILITY WILL DEPEND ON THE GROUP'S ABILITY TO IDENTIFY AND ACQUIRE ATTRACTIVE INCOME-GENERATING PROPERTIES AND DEVELOP SELECTED PROJECTS

In accordance with the strategy of the Group, the Group intends to expand its business through: (i) the acquisition of yielding properties; (ii) asset management focused on realising the full potential of, and maximising returns from, the Group's portfolio; and (iii) the development of selected projects as well as investments in new sectors, including innovation and technology parks, renewable energy facilities and PRS asset development. The growth and profitability of the Group and the success of its proposed business strategy depend, to a significant extent, on its continued ability to locate and acquire properties at attractive prices and on favourable terms and conditions.

The ability to identify and secure accretive value-added acquisition opportunities involves uncertainties and risks, including the risk that the acquisition will not generate an income after the Group has carried out business, technical, environmental, accounting and legal examinations of the property or project.

In addition, the Group also faces the risk that competitors may anticipate certain investment opportunities and compete for their acquisition. Additionally, any potential acquisition of properties may give rise to pre-acquisition costs which have to be paid by the Group even if the purchase of a property is not concluded. There can be no assurance that the Group will be able to: (i) identify and secure investments that satisfy its rate of return objective and realise their values; and (ii) acquire properties and develop the intended projects.

The Group also intends to focus on maximising the operating performance and efficiency of its income-generating commercial property portfolio. In pursuing this objective, the Group may expend considerable resources (including funds and management time) on managing properties that do not generate the expected returns and maintain certain ratios at the required level due to, for example, a decrease in demand for rental units or in rental levels which are not possible to anticipate.

The failure of the Group to identify and acquire suitable properties, effectively manage its existing properties portfolio and develop its projects could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

THE GROUP MIGHT NOT RECEIVE ADEQUATE INFORMATION ON RISKS RELATING TO, OR MIGHT MAKE ERRORS IN JUDGMENT REGARDING, FUTURE ACQUISITIONS OF REAL ESTATE

The acquisition of real estate requires a precise analysis of the factors that create value, in particular the levels of future rental values and the potential for the improvement of the net operating income ("NOI"). Such an analysis is subject to a wide variety of factors as well as subjective assessments and is based on various assumptions. It is possible that the Group or its service providers will misjudge individual aspects of a given project when making acquisition decisions or that assessments on which the Group bases its decisions are inaccurate or based on assumptions that turn out to be incorrect. The Group may also overestimate the probability of obtaining the required approvals and administrative decisions or a temporary delay in obtaining them. Any incorrect assessment of the attractiveness of a given location and the possibility of implementing a project in accordance with the assumptions may result in difficulties in achieving the expected rate of return within a specified time. Such judgment errors may lead to an inaccurate analysis and valuation of the properties by the Group in connection with investment decisions that may only become apparent at a later stage and force the Group to revise its valuation figures downwards.

The Group can also not guarantee that the service provider it chooses to carry out its due diligence when purchasing property will identify all of the risks related to the property in question (e.g. soil contamination, discovery of archaeological monuments, unexploded ordnance or other specific conditions), and as a consequence, the assumed return rate for a given project will not be achieved. Additionally, in connection with any potential contamination or hazardous substances, penalties may be imposed on the Group, including the Group being forced to incur unforeseen costs of repairing damages related to such contamination. The Group also cannot guarantee that it will be able to have recourse to the seller of the property for not disclosing such risks. The Group may suffer financial loss if it is unable to learn of such risks. The occurrence of one or several of such risks could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP CANNOT GUARANTEE THAT IT WILL CONTINUE TO GENERATE RENTAL INCOME AT ASSUMED LEVELS

Rental levels of the Group's properties are generally affected by overall conditions in the economies in which the Group operates, as well as the conditions of the Group's property portfolio itself (including future acquisitions of properties and the performance of the existing property portfolio), the development of the selected existing projects, their infrastructure condition, and vacancy rates. All of these elements are subject to various factors, many of which are outside of the Group's control.

In particular, due to increased competition and pressure on rents, amidst the general economic uncertainty arising from both the COVID-19 pandemic and war in Ukraine, there can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take-up replacement leases. There is also a risk of reduced demand for office and retail space resulting from changes in the working model due to the increase of working in a hybrid mode or working from home, as well as changes in shopping preferences combined with the growing significance of online shopping instead of conventional shopping.

Additionally, any investments in new sectors, including investments in innovation and technology parks or renewable energy facilities may not achieve the expected returns on at least the same or higher than the returns on assets there are currently held in the portfolio of the Group.

The Group's rental income may also decrease as a result of asset disposals or acquisitions of properties with no or unsatisfactory income-generating capabilities. As part of its strategy, the Group is reorganising its property portfolio and intends to acquire appreciating and value-added properties and to sell its non-core assets. The Group intends to integrate any newly acquired properties with the existing portfolio and rent them out in order to generate rental income for the Group. If these properties are not fully rented and/or the rental rates are agreed below the estimated rental values, the Group may not be able to realise its expected rates of return on the new acquisitions. Subdued or negative rental return and profits could have a material adverse effect on the Group's business, financial condition and results of operations.

ANY DECLINE IN OCCUPANCY LEVELS MAY HAVE A DIRECT IMPACT ON THE GROUP'S CASH FLOWS

The Group invests in real estate and derives a significant proportion of its cash flows from rental payments received from the tenants occupying its properties. Any significant decline in occupancy levels in respect of the properties could have a material adverse effect on the ability of the Group to generate cash flow at the earlier assumed values. Factors affecting occupancy may include, but are not limited to:

- demand for office and retail space;
- the age, quality and design of a property relative to comparable properties in the local market;
- the property's location relative to public transportation;
- the standard of maintenance and upkeep of a property, including any work done by third-party service providers; and
- perceptions regarding the safety, convenience and attractiveness of the property.

There can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take-up replacement leases.

Any failure of the Group to sustain an adequate occupancy level would result in lower rental income from the management of the existing portfolio and in a lower valuation of the Group's properties and overall portfolio. Expected vacancies are reflected in the valuation reports as at 31 December 2022. If a significant portion of the Group's property portfolio remains vacant for a prolonged period of time, the fixed costs for maintaining such vacant spaces and the lack of rental income generated by such spaces could have a material adverse effect on the Group's business, financial condition and results of operations.

THE ENERGY CRISIS MAY HAVE A NEGATIVE EFFECT ON THE LEVEL OF SERVICE CHARGES IMPOSED BY THE GROUP ON ITS TENANTS AND, AS A RESULT, ON THE ABILITY OF TENANTS TO COVER SUCH SERVICE CHARGES AND MAY LEAD TO INTRODUCTION OF RESTRICTIONS ON THE SUPPLY AND OFF-TAKE OF ELECTRICITY

Russia's invasion of Ukraine resulted in immediate volatility on the global stock markets, and uncertainties are anticipated in relation to the cost and availability of energy and natural resources, in particular in Europe. The Group cannot exclude that further rapid growth of electricity and gas prices will not have a negative effect on its annual spending on service charges (which are forecasted annually at the beginning of each calendar year and settled with tenants after the end of the year), which in addition to rental rates constitute the total cost of renting an office or retail space for the tenant. With insufficient state aid being provided to enterprises in connection with the current energy crisis, it also cannot be ruled out that tenants of the Group will be unable to cover rental costs.

The above may have an adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MAY BE UNABLE TO FULLY RECOVER THE COSTS OF OPERATING THE PROPERTIES FROM THE TENANTS

The majority of the Group's lease contracts are structured in a way that allows the Group to pass on certain of the costs related to the leased property to the tenant, including marketing costs, electricity costs on common space, real estate taxes, building insurance, and maintenance costs.

However, the Group is not able to pass on all such costs to the tenants, especially in a very competitive environment, where the Group has to offer attractive conditions and terms to be able to compete with other office buildings or has to improve conditions offered to attract new tenants to its retail projects. Deteriorating market conditions, increased competition and tenants' requirements may further limit the Group's ability to transfer such costs, in full or in part, to its tenants. The service charges of the Group's properties may increase due to a number of factors, including an increase in electricity costs or maintenance costs. Moreover, if vacancy rates increase, the Group must cover the portion of the service charge that is related to the vacant space. Some lease agreements provide for the maximum value combined rental rate and service charged to be paid by the tenant. In such cases, if the maintenance charges increase, the Group would be unable to pass on such increases to the tenants.

Any significant increases in property costs that cannot be compensated by increasing the level of costs passed on to its tenants may have an adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MAY BE MATERIALLY AFFECTED BY THE LOSS OF ATTRACTIVE TENANTS

The presence of reputable tenants, especially anchor tenants, in the Group's retail projects is important for its commercial success. Such tenants play an important role in generating customer traffic and attracting other tenants. The Group targets anchor tenants of varying sizes. A suitable anchor tenant typically depends on the size of the relevant shopping centre and the relative size, in GLA terms, of the anchor tenant unit in a given shopping centre. It may be more difficult for the Group to attract tenants to enter into leases during periods when market rents are increasing, general consumer activity is decreasing, the importance of e-commerce is increasing, or if there is competition for such tenants from competing developments. In addition, the termination of a lease agreement by any significant tenant may adversely affect the attractiveness of a project.

If the Group fails to renew the leases of anchor tenants, or to replace such tenants in a timely manner, the Group may incur material additional costs or loss of revenues, which may, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP FACES COMPETITION FROM OTHER OWNERS, REAL ESTATE MANAGERS, AND DEVELOPERS OF COMMERCIAL REAL ESTATE

The Group has faced and continues to face increased competition from other owners, local and international real estate managers and developers of commercial real estate. Such competition may affect the Group's ability to attract and retain tenants and may reduce the rents that the Group is able to charge. Such competing properties may have vacancy rates that are higher than the vacancy rates of the Group's properties, which could result in their owners being willing to rent their properties at lower rental rates than the Group would normally be prepared to offer but which the Group may have to match. Competition in the real estate market may also lead to increased marketing and development costs.

Given that the successful growth and profitability of the Group depends on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on the best achievable market terms; (iii) the level of lease rent and rent collection; (iv) minimising property maintenance costs; and (v) the acquisition of real estate at the lowest available prices, increased competition from other owners, real estate managers and developers of commercial real estate and surrounding factors could adversely affect the Group's business, financial condition and results of operations.

THE GROUP MAY BE SUBJECT TO SIGNIFICANT COMPETITION IN SEEKING INVESTMENTS AND MAY INCREASE THE PURCHASE PRICE OF PROPERTIES TO BE ACQUIRED

The Group competes with a number of real estate companies and developers for properties, developments, contractors and customers. Some of the Group's competitors may be larger or have greater financial, technical and marketing resources than the Group and therefore the Group may not be able to compete successfully for investments or developments.

In addition, new acquisitions of existing properties at yields that the Group considers attractive may become difficult to complete for a number of factors that may be beyond the Group's control including, for example, increased competition. Accordingly, the implementation of the Group's strategy to make suitable investments in prime locations may be delayed or may not be possible.

Competition in the real estate market may also lead to a significant increase in prices for real estate available for sale, which could be potential acquisition targets for the Group. Each of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MAY NOT BE ABLE TO SELL ITS PROPERTIES ON A TIMELY BASIS

As part of its strategy, the Group sells from time to time its real-estate properties to recycle its equity and reinvest in new projects. The sale of a real estate project is usually a complex and lengthy process. There may be situations, however, when it would be beneficial for the Group to be able to sell one or more of its projects quickly. For example, the Group may wish to sell on short notice if it believes that market conditions are optimal or if it is approached by a party interested in purchasing a particular property on commercially attractive terms. The Group's ability to sell its property quickly may, however, be hindered by a number of factors beyond its control.

The Group's properties may constitute collateral established in favour of entities providing external financing, which may further restrict and/or delay their transferability if the lender's consent must first be obtained. Several of the Group's projects are also held through joint ventures with third parties and may, as a result, be subject to legal and/or contractual limitations on transferability, such as first refusal and co-sale rights, or a requirement to obtain joint approval for any such sale. Such limitations could adversely affect the Group’s ability to complete a transaction and to generate cash flow as needed through the timely sale of its projects at favourable prices or to vary its property portfolio in response to economic or other conditions impacting the property value. It may be particularly difficult to sell real properties taking into account the unfavourable macroeconomic situation caused by the COVID-19 pandemic and the war in Ukraine. If the Group cannot sell a particular project within a reasonable time, it may not be able to generate the cash flow it may require to service ongoing operations or invest in new projects, or it may be unable to take advantage of favourable economic conditions or mitigate the impact of unfavourable economic conditions should they arise, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP'S PROPERTIES COULD SUFFER DAMAGE DUE TO UNDISCOVERED DEFECTS OR EXTERNAL INFLUENCES

The Group’s properties could suffer damage due to undiscovered or underestimated defects or from external influences (e.g., earthquakes, floods, landslides or mining damage). In addition to the significant health risks and related costs, the Group could also be required to pay for the removal and disposal of hazardous substances, as well as the related maintenance and restoration work, without the ability to pass those costs onto third parties. The occurrence of any such risk could have a material adverse effect on the Group’s business, financial condition and results of operations.

If a given property is under renovation or undergoing modernisation, there can be no assurance that any space that has not been pre-leased, can be let or otherwise marketed during or following the renovation or modernisation phase on the appropriate terms and conditions. Such developments could have a material adverse effect on the Group’s business, financial condition and results of operations.

FAILURE TO OBTAIN THE REQUIRED ZONING OR CONSTRUCTION PERMITS, OR ANY OTHER APPROVALS IN A TIMELY MANNER OR AT ALL MAY DELAY OR PREVENT THE DEVELOPMENT OF CERTAIN OF THE GROUP’S PROJECTS

The completion of projects, in particular the implementation of new developments by the Group requires the obtainment of various consents, arrangements and permits (including planning permission, environmental permits, building permits and occupancy permits). Obtaining the relevant administrative decisions is a formal and legal requirement for the commencement, operation and delivery of any development project to its users, whereas any errors, internal discrepancies in such decisions or the completion of the investment otherwise than in compliance with the terms thereof may result in the suspension of or delay in the investment process. For example, as part of its operations, the Group, may occasionally purchase land that requires rezoning or a new or amended local spatial development plan or planning permission. The issuance of a required permission cannot be guaranteed, and the Group has encountered difficulties in the past in that respect.

As the relevant decisions concerning the development process are issued by the respective public administration authorities in accordance with administrative procedure regulations, with a special focus on satisfying the interests of local communities (e.g. some environmental protection and planning matters are subject to extensive social consultations), the Group does not have full control over the efficiency of the process of securing the required administrative decisions and cannot guarantee that all of the necessary documents will be issued within the expected deadlines or that they are not appealed before they become final, or that the obtained consents and decisions will not be withdrawn.

Failure to obtain the required decisions, any delay in obtaining such or any changes thereto may adversely affect the ability to commence, conduct or complete any existing or new projects of the Group. Furthermore, one cannot entirely rule out the risk of changes to administrative decisions concerning any completed projects or such decisions being challenged in the case of the disclosure of legal defects of such decisions, or even declaring the invalidity of any administrative decisions issued in violation of applicable law.

Additionally, no assurances can be given that permits, consents or approvals required from various government entities in connection with existing or new development projects will be obtained by the Group in a timely manner, as the procedure of obtaining the necessary administrative decisions may also be subject to delays related to hostile actions of any third parties entitled to challenge any issued decisions, including entities holding ownership titles to any properties neighbouring the properties on which investment projects of the Group are carried out or will be carried out in the future. Third parties may, by participating in administrative proceedings related to investment procedures, take action preventing the Group from obtaining the relevant decisions, including by appealing against any decisions issued in the course of investment procedures to administrative authorities of the second instance or to administrative courts. Such actions may result in the suspension of or delays in any deadlines stated in the timetable and abandoning the investment. Any claims raised against the Group, regardless of their validity, may also adversely affect the image of the Group and its projects or the perception of the Group’s operations and its projects by its end customers or investors.

If the Group cannot obtain the required approvals and permits in a timely manner or at all, its projects may be delayed or cancelled, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP MAY BE SUBJECT TO INCREASED COSTS OR PROJECT DELAYS OR CANCELLATIONS IF IT IS UNABLE TO HIRE GENERAL CONTRACTORS TO BUILD ITS PROJECTS ON COMMERCIALLY REASONABLE TERMS, OR AT ALL, OR IF THE GENERAL CONTRACTORS IT HIRES FAIL TO BUILD THE GROUP’S PROJECTS TO ACCEPTED STANDARDS, IN A TIMELY MANNER OR WITHIN THE BUDGET

The Group outsources the construction of its projects to reputable general contractors and the successful construction of the Group’s projects depends on its ability to hire general contractors to build its projects to accepted standards of quality and safety on commercially reasonable terms, within the limits of an agreed timeframe or an approved budget.

Accordingly, the Group’s failure to hire general contractors on commercially reasonable terms could result in increased costs and a failure to hire general contractors at all could result in project delays or cancellations. The failure of general contractors to meet accepted standards of quality and safety or to complete the construction within an agreed timeframe or within an approved budget may result in increased costs, project delays or claims against the Group. Additionally, such failure may damage the Group's reputation and affect the marketability of the completed properties. If the Group is unable to enter into contracting arrangements with quality general contractors or subcontractors on commercially reasonable terms, or their performance is substandard, this could have a material adverse effect on the Group’s business, financial condition and results of operations.

The financial strength and liquidity of the Group’s general contractors may be insufficient in the case of a severe downturn in the real estate market, which, in turn, could lead to their insolvency. Although most of the Group's subsidiaries’ agreements with general contractors provide for the indemnification of the subsidiaries against any claims raised by sub-contractors engaged by such general contractors, there can be no assurance that such indemnification provisions will be fully effective, in particular if such indemnification is challenged in court or upon the insolvency of the general contractors. The Group requires general contractors to secure the performance of their obligations under their respective agreements through, for example, presenting bank guarantees. However, there can be no assurance that such guarantees will cover the entirety of costs and damages incurred by the Group in connection with the non-performance of agreements entered into with general contractors.

The Group’s reliance on general contractors and subcontractors exposes it to risks associated with the poor performance of such contractors and their subcontractors and employees and construction defects. The Group may incur losses as a result of being required to engage contractors to repair defective work or pay damages to persons who have suffered losses as a result of such defective work. Furthermore, these losses and costs may not be covered by the Group’s professional liability insurance, by the contractor or by any relevant subcontractor – in particular in the case of the architects engaged by the general contractors as both the scope of their liability and their financial strength is limited in comparison to the value of the Group’s projects. If the performance of the Group’s general contractors or subcontractors is substandard, this could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP MAY FACE CLAIMS FOR DEFECTIVE CONSTRUCTION AND RISKS ASSOCIATED WITH ADVERSE PUBLICITY, WHICH COULD HAVE AN ADVERSE EFFECT ON ITS COMPETITIVE POSITION

The construction, lease and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. There can be no assurance that such claims will not be asserted against the Group in the future, or that such corrective or other works will not be necessary. Further, any claim brought against the Group, and the surrounding negative publicity concerning the quality of the Group’s properties or projects, irrespective of whether the claim is successful, could also have a material adverse effect on how the Group's business, properties and projects are perceived by target customers, tenants or investors. This could negatively affect the Group’s ability to market, lease and sell its properties and projects successfully in the future, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE CONSTRUCTION OF THE GROUP’S PROJECTS MAY BE DELAYED OR OTHERWISE NEGATIVELY AFFECTED BY FACTORS OVER WHICH THE GROUP HAS LIMITED OR NO CONTROL

The construction of the Group’s projects may be delayed or otherwise negatively affected by, among others, the following factors over which the Group has limited or no control:

- increased material, labour or other costs, as well as the lack or limited availability of materials and of qualified workers which may make completion of projects uneconomical;
- costs of external financing;
- acts of nature, such as harsh climate conditions, earthquakes and floods, that may damage or delay the construction of properties;
- industrial accidents, deterioration of ground conditions (for example, the presence of underground water) and potential liability under environmental laws and other laws related to, for example, ground contamination, archaeological findings or unexploded ordnance;

- acts of terrorism, riots, strikes or social unrest;
- building code violations or as yet undetected existing contamination, soil pollution, or construction materials that are determined to be harmful to health;
- changes in applicable laws, regulations, rules or standards that take effect after the commencement by the Group of the planning or construction of a project that result in the incurrence of costs by the Group or delays in the development of a project; and
- defective building methods or materials.

The inability to complete the construction of a project on schedule, within budget or at all for any of the above or other reasons may result in increased costs or cause the project to be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP IS SUBJECT TO GENERAL DEVELOPMENT RISKS THAT MAY INCREASE COSTS AND/OR DELAY OR PREVENT THE DEVELOPMENT OF ITS PROJECTS

Development of certain of the Group's projects has not yet begun and, as of the date of this Report, these projects do not generate any revenues. The successful development of these projects is an important factor for the Group's future success and involves a large number of highly variable factors which are complex and inherently subject to risk. Development risks to which the Group is sensitive include, among others:

- additional construction costs for a development project being incurred in excess of the amount originally agreed with the general contractor;
- liability to subcontractors related with bankruptcy of the general contractor;
- changes in existing legislation or the interpretation or application thereof (e.g. an increase of the rate of the goods and services tax, which impacts the demand for housing);
- actions of governmental and local authorities resulting in unforeseen changes in urban planning, zoning and architectural requirements;
- potential defects or restrictions in the legal title to plots of land or buildings acquired by the Group, or defects, qualifications or conditions related to approvals or other authorizations relating to plots of land held by the Group;
- the Group's potential inability to obtain financing on favourable terms or at all for individual projects or in the context of multiple projects being developed at the same time;
- potential liabilities relating to acquired land, properties or entities owning properties with respect to which the Group may have limited or no recourse;
- tenants' unwillingness to vacate a development site;
- obligations regarding the development of adjacent properties;
- inability to receive required zoning permissions for intended use;
- discrepancies between the planned area and the post-construction area of developments;
- obligations relating to the preservation and protection of the environment and the historic and cultural heritage of jurisdictions in which the Group conducts its operations, as well as other social obligations.

These factors, including factors over which the Group has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development of the Group's projects. The inability to complete the construction of a property on schedule or at all for any of the above reasons may result in increased costs or cause the projects to be delayed or cancelled, which may have a material adverse effect on the Group's business, financial condition and results of operations.

WITHOUT SUFFICIENT LOCAL INFRASTRUCTURE AND UTILITIES, THE CONSTRUCTION OF THE GROUP'S PROJECTS MAY BE DELAYED OR CANCELED, OR IT MAY BE UNABLE TO REALISE THE FULL EXPECTED VALUE OF ITS COMPLETED PROJECTS

The Group’s projects can only be carried out if the sites on which they are located have access to the relevant technical infrastructure required by law (e.g. internal roads, utility connections, and fire prevention equipment and procedures). In cases where such sites do not have the necessary infrastructure, a use permit for the project may not be issued until such infrastructure is assured. It is also possible that the relevant authorities may require the Group to develop the relevant infrastructure as a part of the works related to the project, which may have a significant impact on the costs of the construction works. The authorities may also demand that the investor develop technical infrastructure that is not required from the project’s perspective but may be expected by the authorities as a contribution by the investor to the development of the local municipality.

In addition to the necessity of having adequate infrastructure during the construction process, the viability of the Group’s projects, once completed, depends on the availability and sufficiency of the local infrastructure and utilities. In some cases, utilities, communications and logistics networks have not been adequately funded or maintained in recent decades and may be non-existent, obsolete or experience failures. To be sufficient, the existing local infrastructure and utilities may need to be improved, upgraded or replaced. As a consequence of this lack of maintenance, for example, the Group may from time to time experience shortages in the availability of energy and other utilities. There can be no assurance that improvements to the infrastructure in and around the Group’s projects, or the infrastructure integrated into its projects, will be completed prior to the completion of the Group's projects or that any such improvement will be sufficient to support the Group’s completed projects. This may have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP IS DEPENDENT ON A LIMITED NUMBER OF KEY MEMBERS OF ITS MANAGEMENT

The Group's success depends on the activities and expertise of the members of its management. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on the Group’s business, financial condition, results of operations.

SHORTAGES OF QUALIFIED EMPLOYEES AND OTHER SKILLED PROFESSIONALS COULD DELAY THE COMPLETION OF THE PROJECTS OF THE GROUP OR INCREASE ITS COSTS

The Group relies on a skilled team of professionals, including its key management and project managers, mid-level managers, accountants and other financial professionals, in the development of its projects. The Group has in the past experienced delays in the completion of certain projects as a result of shortages of qualified employees and skilled professionals and, if the Group is unable to hire the necessary employees, staffing shortages may adversely affect its ability to adequately manage the completion of its projects and efficiently manage its assets or force it to pay increased salaries to attract skilled professionals or the necessary employees. Furthermore, the future success of the Group depends on its ability to hire senior personnel such as managers with extensive experience in the identification, acquisition, financing, construction, marketing and management of development projects and investment properties. The failure by the Group to recruit and retain appropriate personnel may have a material adverse effect on the Group’s business, financial condition and results of operations.

CLIMATE CHANGES MAY REQUIRE CHANGES IN THE OPERATION OF THE GROUP’S PROPERTIES, AND NOT ADAPTING TO THESE CHANGES IN A TIMELY MANNER COULD CREATE A COMPETITIVE DISADVANTAGE AND DECREASE IN RENTAL REVENUE, WHILE ADAPTING TO CHANGES MAY REQUIRE ADDITIONAL CAPITAL EXPENDITURE

Over last several years the Group has observed changes in climate with significant changes in the average air temperature in the region in which the Group operates. As a result, the Group has invested to upgrade infrastructure in certain of its properties in order to address such increases in average air temperatures. The Group strives to prepare its properties for changing climate in the best possible way. However, it cannot be guaranteed that the Group will not suffer a competitive disadvantage or decrease in rental revenue as a result of not adapting to those changes in timely or appropriate manner. Additionally, the Group cannot asses at that stage what adjustments to its properties will be required going forward to adopt the properties to the changes in climate and what capital expenditure will be required to make those adaptations.

LEGAL AND REGULATORY RISKS

CHANGES IN TAX LAWS OR THEIR INTERPRETATION COULD AFFECT THE GROUP'S FINANCIAL CONDITION AND THE CASH FLOWS AVAILABLE TO THE GROUP

Tax regulations are complex and they are subject to frequent changes. The approach of the tax authorities in the countries in which the Group operates is not uniform or consistent and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. No assurance may be given that tax authorities will not employ a different interpretation of the tax laws which apply to the Group, and which may prove unfavourable to the Group. No assurance may be given that the specific individual tax interpretations already obtained and applied by the Group will not be changed or challenged. There is also a risk that once new tax law regulations are introduced, the Group companies will need to take actions to adjust to these laws, which may result in greater costs forced by circumstances related with complying with the changed or new regulations. Thus, despite monitoring the risks in the various areas of the Group's operations, the risk of disputes with the tax authorities in terms of the assessment of the tax consequences of certain events or transactions specific to the business of the Group and the industry in which it operates cannot be ruled out.

In light of the foregoing, there can be no assurance given that the tax authorities will not question the accuracy of tax reporting and tax payments made by the Group companies, in the scope of tax liabilities not barred by the statute of limitations, and that they will not determine the tax arrears of the Group companies, which may have a material adverse effect on the Group companies' business, financial standing, growth prospects or results of the Group.

Moreover, in relation to the cross-border nature of the Group's business, the international agreements, including the double tax treaties, to which members of the Group are a party, also have an effect on the Group companies' business. Different interpretations of the double tax treaties by the tax authorities as well as any changes to these treaties may have a material adverse effect on the business, financial standing or results of the Group companies.

CHANGES IN LAWS COULD ADVERSELY AFFECT THE GROUP

The Group's operations are subject to various regulations in Hungary and other jurisdictions in which the Group conducts business activities, such as fire and safety requirements, environmental regulations, labour laws, and land use restrictions. If the Group's projects and properties do not comply with these requirements, the Group may incur regulatory fines or damages.

Furthermore, the imposition of more strict environmental, health and safety laws or enforcement policies in Hungary and Serbia could result in substantial costs and liabilities for the Group and could subject the properties that the Group owns or operates (or those formerly owned or operated by the Group) to more rigorous scrutiny than is currently applied. Consequently, compliance with these laws could result in substantial costs resulting from any required removal, investigation or remediation, and the presence of such substances on the Group's properties may restrict its ability to sell the property or use the property as collateral.

New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the use of the properties and could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MAY BE SUBJECT TO LEGAL DISPUTES AND RISKS

The Group's business involves the acquisition, rental, sale and administration of properties, including under cooperation agreements that, as a matter of ordinary course of business, expose the Group to a certain degree of small-scale litigation and other legal proceedings. Legal disputes which, taken individually, are relatively immaterial, may be joined with disputes based on similar facts such that the aggregate exposure of the Group might become material to its business. Furthermore, the Group may face claims and may be held liable in connection with incidents occurring on its construction sites such as accidents, injuries or fatalities of its employees, employees of its contractors or other visitors on the sites.

It is standard practice in real estate transactions for the seller to make representations and warranties in the purchase agreement concerning certain features of the property. Typically, the assurances the seller gives regarding the property in the purchase agreement do not cover all of the risks or potential problems that can arise for the Group in connection with the purchase of property by the Group. The Group's possible rights of recourse towards the sellers of properties could fail for a variety of reasons, including due to the inability to establish that the persons in question knew or should have known about the defects, due to the expiration of the statute of limitations, due to the insolvency of the parties opposing the claim, or for other reasons. If this were to occur, the Group may suffer a financial loss.

The Group provides different types of guarantees when it leases real estate, especially with regard to legal title and the absence of defects in quality, as well as existing levels of hazardous contamination and the portfolio of leases. The same applies to the sale of real estate. Claims could be brought against the Group for breach of such guarantees and/or for the existence of defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Conversely, when the Group disposes of its projects, it may be required to give certain representations, warranties and undertakings which, if breached, could result in liability to pay damages. As a consequence, the Group may become involved in disputes or litigation concerning such provisions and may be required to make payments to third parties, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, if the Group's properties are subjected to legal claims by third parties and no resolution or agreement is reached, these claims can delay, for significant periods of time, planned actions of the Group. Such situations may include, for example, claims from third parties relating to plots of land where the Group has developed and completed a real estate asset which it then intends to sell, as well as claims from third parties relating to specific land plots the Group needs to acquire in order to complete a particular project (for example plots adjoining plots it owned as of the date of the delivery of this Report), which could delay the acquisition by the Group of such plots.

The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP MAY BE EXPOSED TO CERTAIN ENVIRONMENTAL LIABILITIES AND COMPLIANCE COSTS

The Group is subject to environmental laws in Hungary and Serbia, pursuant to which it is required to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. In such circumstances, the owner’s liability is generally not limited under such laws, and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on any of the Group’s properties, or the liability for the failure to remedy contamination from such substances, could adversely affect the Group’s ability to sell or let such property or to borrow funds using such property as collateral. In addition, the presence of hazardous or toxic substances on a property may prevent, delay or restrict the development or redevelopment of such property, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

THE GROUP'S INSURANCE MAY BE INADEQUATE

The Group's insurance policies may not cover it for all losses that may be suffered by the Group in the conduct of its business, and certain types of insurance are not available on commercially reasonable terms or at all.

As a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate properties. In addition, there are certain types of risks, generally of a catastrophic nature, such as floods, hurricanes, terrorism or acts of war that may be uninsurable or that are not economically insurable. Other factors may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its properties or business for which it may not be compensated fully or at all. As a result, the Group may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group may lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group may be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition and results of operations.

RISK FACTORS RELATING TO THE GROUP'S FINANCIAL CONDITION

THE GROUP'S LEVERAGE AND DEBT SERVICE OBLIGATIONS ARE MATERIAL AND MAY INCREASE, ADVERSELY AFFECTING ITS BUSINESS, FINANCIAL CONDITION, OR RESULTS OF OPERATIONS

As of the date of this Report, the Group is leveraged and has significant debt service obligations. In addition, the Group may incur additional indebtedness in the future. The incurrence of additional indebtedness would increase the leverage-related risks described in this Report and may have a material adverse effect on the Group's business, financial condition and results of operations. The Group's leverage could have material consequences for investors, including, but not limited to, the following:

- increasing vulnerability to and simultaneously reducing flexibility to respond to downturns in the Group's business or general adverse economic and industry conditions, including adverse economic conditions in the jurisdictions in which the Group operates;
- limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain covenants under loan agreements;
- requiring the dedication of a substantial portion of the Group's cash flows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cash flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;

- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the real estate market; and

- placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations.

THE GROUP MAY INCUR SUBSTANTIAL LOSSES IF IT FAILS TO MEET THE OBLIGATIONS AND REQUIREMENTS OF ITS DEBT FINANCING AND, FURTHERMORE, THE RESTRICTIONS IMPOSED BY ITS DEBT FINANCING MAY PREVENT IT FROM SELLING ITS PROJECTS

In order to secure its loans, the Group has in the past and/or may in the future mortgage its assets, pledge participation interests in its subsidiaries, enter into guarantees and covenant to its creditors that it would not establish any further mortgages or pledges on its present and/or future assets without their consent (negative pledges provisions). In addition, the Group's loans contain restrictions on its ability to dispose of certain key assets, which in turn may be required in order to satisfy certain financial covenants. The Group could fail to make principal and/or interest payments due under the Group's loans or breach any of the covenants included in the loan agreements to which the Group has entered. In some cases, the Group may breach these covenants due to circumstances which may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratio, debt service coverage and working capital requirements. A breach of such covenants by the Group could result in the forfeiture of its mortgaged assets, the acceleration of its payment obligations, the acceleration of payment guarantees, trigger cross-default clauses or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its loan obligations or the completion of its affected projects could be delayed or curtailed.

Any of the events described above could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP MIGHT BE UNABLE TO RENEW OR REFINANCE LOANS OR OTHER DEBT AS THEY MATURE OR MIGHT BE ABLE TO RENEW OR REFINANCE SUCH LOANS OR DEBT ONLY ON LESS FAVOURABLE TERMS

The Group's real estate developments are financed under loans that have been provided for a limited term. The Group may not be able to renew or refinance the remaining obligations in part or at all or may have to accept less favourable terms in respect of such refinancing. If the Group is unable to renew a loan or secure refinancing, the Group could be forced to sell one or more of its office properties in order to procure the necessary liquidity. Additionally, if the Group is not able to renew certain loans, those properties which are financed through loans will become low leveraged and, as a consequence, will not be able to generate the expected returns on equity. Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations.

THE GROUP IS EXPOSED TO FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES

The Group's financial statements are expressed in euro and the Group's functional currency is the euro. Moreover, the majority of the Group's revenues, specifically rent revenues, are expressed in euro. However, certain of the Group's costs, such as certain construction costs, labour costs and remuneration for certain general contractors, are incurred in the currencies of the geographical markets in which the Group operates, including Hungarian forint or Serbian dinar.

In making assumptions regarding the levels of equity required to implement its strategic objectives, the Group used euro as the reference currency. Additionally, the majority of the investments that the Group plans to make as part of its business strategy are expressed in euro. Therefore, no assurance can be given that the proceeds derived and expressed in Hungarian forint or Serbian dinar will suffice to meet the investment requirements of the Group's proposed acquisitions. While the Group may engage in currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from its exposure by, among other things, entering into derivatives transactions, obtaining debt financing denominated in euro, as well as concluding agreements with contractors specifying remuneration expressed in euro, there can be no assurance that such hedging will be fully effective or beneficial.

Moreover, given the fact that certain contractors of the Group engage in hedging arrangements with respect to their remuneration on the basis of, among other things, construction contracts, their flexibility to postpone certain phases of construction may be limited and may result in their financial distress. In addition, given that payments under most of the Group's commercial leases are expressed as the local currency equivalent of a euro-denominated amount, some of the Group's tenants, specifically those leasing retail space, may face difficulties in meeting their payment obligations under such leases as they derive revenues in their respective local currencies. Consequently, any future material appreciation of the local currencies against the euro could significantly decrease the Group's income in terms of the local currencies and could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP IS SUBJECT TO INTEREST RATE RISK

The Group currently has and intends to incur certain indebtedness under existing debt facilities which is subject to variable interest rates. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond the Group's control. The Group's exposure to interest risk and the extent to which the Group attempts to hedge such exposure vary significantly between the geographical markets in which the Group operates, but any changes in the relevant interest rates may increase the Group's costs of borrowing in relation to existing loans, thus impacting its profitability. The need to hedge interest rate risk is reviewed by the Group on a case by case basis, except for those projects in which the lenders require it to hedge the relevant interest rate risk. Changes in interest rates may have a material adverse effect on the Group's business, financial condition, results of operations.

THE GROUP'S BUSINESS IS CAPITAL INTENSIVE, AND ADDITIONAL FINANCING MAY NOT BE AVAILABLE ON FAVOURABLE TERMS, ON A TIMELY BASIS OR AT ALL

The Group requires substantial up-front expenditures for land acquisition, development construction and design costs. As a result, the Group requires substantial amounts of cash and construction financing from banks for its operations. The Group's capital needs depend on many factors, in particular on market conditions, which are beyond the Group's control. Should its capital needs differ significantly from those currently planned, the Group might require additional financing. In the case of difficulties in obtaining additional financing, the scale of the Group's growth and the pace of achievement of certain strategic objectives can be slower than originally assumed. It is not certain whether the Group will be able to obtain the required financing if needed or if such funds will be provided on conditions favourable to the Group.

In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of predetermined construction and space leasing milestones or the sale of a specific number of flats. If the Group fails to achieve these milestones, the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule. Restrictions of or delays in the access to sources of external financing and conditions of such financing that are less favourable than assumed can have a material adverse effect on the Group's business, financial condition and results of operations.

RISK FACTORS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

POLITICAL, ECONOMIC, AND LEGAL RISKS ASSOCIATED WITH COUNTRIES IN EMERGING MARKETS, INCLUDING CEE AND SEE COUNTRIES

Investors in emerging and developing markets such as the regions of CEE and SEE, in which the Group operates, should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable change. As a result, investing in the securities of issuers with substantial operations in emerging or developing markets generally involves a higher degree of risk than investing in the securities of issuers with substantial operations in the countries of Western Europe or other similar jurisdictions.

For 12-month period ended 31 December 2022, all of the Group's revenues were sourced from its operations in Hungary (98%) and Serbia (2%). These markets are subject to greater risk than more developed markets. CEE and SEE countries still present various risks to investors, such as instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. In particular, the Group is affected by rules and regulations regarding foreign ownership of real estate and personal property. Such rules may change quickly and significantly and, as a result, impact the Group's ownership and may cause it to lose property or assets without legal recourse.

Furthermore, some countries in which the Group operates (such as Serbia) may regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Some CEE and SEE countries, have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries.

In addition, adverse political or economic developments in the countries in which the Group operates and/or neighbouring countries could have a significant negative impact on, among other things, gross domestic product, foreign trade or economies in general of individual countries. The countries and the region in which the Group operates have experienced and may still be subject to potential political instability caused by changes in governments, political deadlock in the legislative process, tension and conflict between federal and regional authorities, corruption among government officials and social and ethnic unrest. In particular, the ongoing armed conflict in the territory of Ukraine and uncertainties regarding its duration, scale and the relationship of the CEE and SEE countries with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in the countries neighbouring with Ukraine and Russia, where the Group operates.

The materialisation of any of the foregoing risks would have a material adverse effect on the Group's business, financial condition and results of operations.

THE LOCATIONS OF THE GROUP'S PROPERTIES ARE EXPOSED TO REGIONAL RISKS AND COULD LOSE SOME OF THEIR APPEAL

The locations of each of the properties are influenced by macro-economic developments in the regions in which the Group operates, as well as being subject to specific local conditions in a given regional market. The Group's real estate portfolio focuses on commercial premises, which significantly exposes the Group to negative developments in those segments of the real estate market in the countries where the Group operates, including intensified competition or increased saturation.

Insolvencies, close-downs or moves of large companies or companies from individual or several sectors as a consequence of adverse developments or for other reasons could have a negative effect on the economic development of the location in question and, consequently, on the Group's portfolio as a whole. The Group has no control over such factors. Negative economic developments at one or more of the locations could reduce the Group's rental income or result in a loss of rent, which stem from a number of tenants being unable to pay their rent in full or in part, as well as cause a decline in the market value of the Group's properties, which may have a material adverse effect on the Group's business, financial condition and results of operations.

UNLAWFUL, SELECTIVE, OR ARBITRARY GOVERNMENT ACTIONS MAY IMPACT THE GROUP'S ABILITY TO SECURE THE AGREEMENTS, CONTRACTS, AND PERMITS REQUIRED FOR IT TO DEVELOP ITS PROJECTS

Government authorities in the countries in which the Group operates have a high degree of discretion and may not be subject to supervision by other authorities, requirements to provide a hearing or prior notice or public scrutiny. Therefore, government authorities may exercise their discretion arbitrarily or selectively or in an unlawful manner and may be influenced by political or commercial considerations. The Group has faced administrative decisions in the past which forced it to unexpectedly change its investment plans (including limiting the scale of a project). Such discretion may have a material adverse effect on the Group's business, financial condition and results of operations.

THE LAND AND MORTGAGE REGISTRY SYSTEMS IN CERTAIN OF THE CEE AND SEE JURISDICTIONS ARE OPAQUE AND INEFFICIENT, AND THE GROUP'S PROPERTIES MAY BE SUBJECT TO RESTITUTION CLAIMS

The land and mortgage registry systems in certain of the CEE and SEE jurisdictions are non-transparent and inefficient, which may result in delays in the land acquisition process and the registration of many plots into one consolidated plot, which is a requirement before certain projects can be developed. This inefficiency could have a material adverse effect on the business, cash flows, financial condition and results of operations of the Group.

Moreover, the Group may be exposed to the inherent risk related to investing in real estate situated in CEE and SEE countries resulting from the unregulated legal status of some of such real estate properties. Following the introduction of nationalisation in certain CEE and SEE jurisdictions, including Poland and Hungary, during the post-war years, many privately-owned properties and businesses were taken over by such states. In many cases, the requisition of the property took place in contravention of prevailing laws. After the CEE and SEE countries moved to a market economy system in 1989-1990, many former property owners or their legal successors took steps to recover the properties or businesses lost after the war or to obtain compensation. For many years, efforts have been made to regulate the issue of restitution claims in Poland. Despite several attempts, no act regulating the restitution process has been passed in Poland. Under the current law, former owners of properties or their legal successors may file applications with the authorities for the administrative decisions under which the properties were taken away from them to be declared invalid, unless a period of ten years has lapsed from the date of their delivery or announcement. As at the date of the Report, there are no proceedings underway seeking the invalidation of administrative decisions issued by the authorities concerning properties held by the Group. There is no guarantee, however, that restitution claims may not be brought against the Group in the future, and this could have a material adverse effect on the Group's business, financial condition and results of operations.

THE GROUP'S CLAIMS TO THE TITLES TO INVESTMENT AND DEVELOPMENT PROPERTIES MAY BE SUBJECT TO CHALLENGE IN CERTAIN CASES, AND PERMITS IN RELATION TO SUCH PROPERTIES MAY HAVE BEEN OBTAINED IN BREACH OF APPLICABLE LAWS

It may be difficult or, in certain cases, impossible for the Group to establish with certainty that title to a property has been vested in a relevant Group company due to the fact that real estate laws in Poland and other jurisdictions in which the Group operates are complicated and often ambiguous and/or contradictory and the relevant registries may not be reliable. For example, under the laws of Poland, transactions involving real estate may be challenged on many grounds, including where the seller or assignor to a given property did not have the right to dispose of such property, for a breach of the corporate approval requirements by a counterparty or a failure to register the transfer of a title in an official register, when required. Also, even if a title to real property is registered, it may still be contested. Therefore, there can be no assurance that the Group's claim to a title would be upheld if challenged. Further, it is possible that permits, authorisations, re-zoning approvals or other similar decisions may have been obtained in breach of applicable laws or regulations. Such matters would be susceptible to subsequent challenge. Similar issues may arise in the context of compliance with privatisation procedures and auctions related to the acquisition of land leases and development rights. It may be difficult, or impossible, to monitor, assess or verify these concerns. If any of these permits, authorisations, re-zoning approvals or other similar requirements were to be challenged, this may have a material adverse effect on the Group's business, financial condition and results of operations.

RISK FACTORS RELATING TO THE SHAREHOLDING STRUCTURE OF THE COMPANY AND TO CORPORATE GOVERNANCE

THE RELATED-PARTY TRANSACTIONS CARRIED OUT BY THE GROUP COMPANIES COULD BE QUESTIONED BY THE TAX AUTHORITIES

The Group has carried out transactions with related parties. When concluding and performing related party transactions, the Group seeks to ensure that such transactions (i) comply with the applicable transfer pricing regulations and (ii) are completed following the issue of a fairness opinion. However, due to the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of examining the prices applied, as well as the difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific Group companies will not be subject to inspections or other investigative activities undertaken by tax authorities or fiscal control authorities. Should the methods of determining arm's-length terms for the purpose of the above transactions be challenged, this may have a material adverse effect on the business, financial condition and results of operations of the Group companies.

4. Presentation of the Group

4.1 General information about the Group

The GTC Hungary Real Estate Development Pltd. Was registered in Budapest in September 1998. The company is part of the GTC Group, a leading real estate investor and developer focusing on Poland and Hungary and capital cities in Eastern and Southern Europe: Belgrade, Bucharest, Zagreb, and Sofia. The GTC Group was established in 1994.

Company's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development. As of 31 December 2022, the Company`s property portfolio comprised the following properties:

- **10 completed office projects** with a total combined commercial space of approximately 199 thousand sq m of GLA,
- **1 office** project **under construction** with a total GLA of approximately 36 thousand sq m; and
- **commercial landbank** designated for future development.

As of 31 December 2022, the book value of the Company's portfolio amounts to EUR 650,821 with: (i) the Group's completed investment properties account for 91% thereof; (ii) investment properties under construction for 3%; and (iii) an investment landbank intended for future development for 6%.

The GTC's headquarters are located in Budapest, at 22 Népfürdő street.

4.2 Main events of 2022

MANAGEMENT BOARD CHANGES AND OTHER CORPORATE EVENTS

On 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi, former President of the Management Board. Subsequently, Mr Carmi resigned from his seat on the Management Board of the Company and other subsidiaries.

On 7 February 2022, the shareholder of the Company appointed Mr. Csaba Zovát as member of the Management Board of the Company, effective immediately.

On 17 March 2022, the shareholder of the Company appointed Mr. Zoltán Fekete as the President of the Management Board of the Company, effective immediately.

On 22 June 2022, the shareholder of the Company appointed Mr. János Gárdai as a member of the Management Board of the Company, effective immediately.

ACQUISITIONS, DISPOSALS AND DEVELOPMENTS

On 12 January 2022, GTC S.A. and the Company finalized sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park") and GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Hungarian company Office Planet Kft., which has 70% in shares of sold Serbian entities (together "Serbian Disposal Group"), following the satisfaction of customary conditions precedent. For details, please refer to Note 24 and Note 20(b) in the consolidated financial statements for the year ended 31 December 2022.

In March 2022, the Group has completed a Class A office building in Budapest, Hungary – Pillar.

On 5 April 2022, GTC Hungary acquired 70% of the shares in Glamp d.o.o. Beograd - which existing capital shares were fully held by GTC S.A. - after increase of share capital of the Company. For details, please refer to Note 20(b) in the consolidated financial statements for the year ended 31 December 2022.. In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X. For details, please refer to Note 17 in the consolidated financial statements for the year ended 31 December 2022.

As of 31 August 2022, Center Point 2 project was carved out from Center Point II Kft to Center Point I Kft. After completion of the carve-out and merge, completed project of Center Point 2 is owned by Center Point I Kft, including related assets (e.g., cash and trade receivables, etc.) and liabilities (e.g., bank loan, etc.).

IMPACT OF THE SITUATION IN UKRAINE ON GTC GROUP

Since the start of the war in Ukraine on 24 February 2022, even though the Group does not conduct any activities in the territory of Ukraine, Russia or Belarus, it cannot be ruled out that the current geopolitical situation in Europe triggered by this war, which has resulted in a number of macroeconomic consequences for Poland and other European countries, may also have an impact on the Group's operations. The continuation of the war, its scale and further course of military operations may cause an extension of the set of economic sanctions imposed thus far, further disruption in supply chains, limited availability of subcontractors and a general increase in the prices of materials resulting from, among others, rising energy prices, which in turn may translate into significant costs of the implementation of investments carried out by the Group. A significantly higher and volatile costs of energy (severe energy crunch because of steep cuts in natural gas supplies from Russia following the outbreak of the Russia-Ukraine conflict) and general uncertainties related to the impact of the war in Ukraine on both global and the SEE/CEE economy and the deterioration of the global and regional economies may adversely impact the economic situation of the Group.

As at the date of this financial statements, the 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.

4.3 Structure of the Group

The structure of GTC Hungary Real Estate Development Pltd. Capital Group as of 31 December 2022 is presented in the consolidated financial statements for the year ended 31 December 2022 in Note 8 "Investment in subsidiaries."

The following changes in the structure of the Group occurred in the year ended 31 December 2022:

- sale of Office Planet Kft.,
- sale of GTC Business Park d.o.o. Beograd,
- sale of GTC Medunarodni Razvoj Nekretnina d.o.o. Beograd,
- sale of GTC BBC d.o.o.,
- sale of Atlas Centar d.o.o. Beograd,

- sale of Demo Invest d.o.o. Novi Beograd,
- purchase 70% shares in Glamp d.o.o. Beograd.

4.4 The Group's Strategy

The GTC Hungary is a part of the GTC Group and it's objective is to create value from an active management of a growing commercial real estate portfolio, supplemented by acquisitions and selected development activities; and

The GTC Group aims to create and maximize shareholder value by continually adapting to changes in the markets in which it operates while maintaining the maximum performance of its core portfolio of assets, always taking into consideration the Group's prudent financing policy.

Additionally, in August 2022, the management board of GTC Group announces strategy expansion. Potential new sectors identified to be considered for investment as part of the new strategy include:

- investment in innovation and technology parks
- investment in renewable energy facilities
- investment in development of PRS assets (private rented sector property - residential).

The management board assumes that the new investments should:

- help GTC Group diversify its portfolio in new and fast-growing sectors which may be either based on direct real estate investments or operating in related investment platforms
- achieve expected returns from such investments at least the same or higher than the returns on currently held assets in the portfolio;
- involve sectors with more sustainable growth compared to traditional real estate;
- be made in segments of the market which should be resilient to present turbulent market conditions.

The GTC Group implements the following elements, among others, to achieve its strategic objectives:

Achievement of continued portfolio and platform growth

One of the GTC Group's primary strategic goals is the continued increase of the income-generating portfolio through acquisition of yielding properties, while completing prime development projects on already-owned or acquired land plots. Also, to have value-add acquisitions that provide tangible potential through re-letting, improvement in occupancy and rental upside as well as the realization of redevelopment potential. The GTC Group will continue to convert ongoing development projects and land reserves into income-generating properties and the sale of non-core assets to unlock equity for new investments and acquisitions and increase the return on invested equity. The GTC Group intends to develop its pipeline in accordance with its environmental and sustainability principles. The GTC Group will carefully consider and evaluate attractive investment opportunities, which meet the investment criteria of the GTC Group while taking into consideration the prevailing market yields and the GTC Group's investment criteria targets. The GTC Group's acquisition strategy includes the acquisition of income generating real estate assets located in European countries, preferable those with higher credit ratings, that have cash generation ability (upon acquisition or shortly after) and demonstrate the potential for growth of net operating income, through re-leasing, optimizing occupancy, rental rates, and/or redevelopment and the potential to increase return on equity through active asset management.

Optimisation of operating and financial performance

The GTC Group is committed to improving the efficiency of asset management activities and maximizing operating performance. This is achieved through active management of the income-generating property portfolio to achieve and maintain cost efficiency, to improve rental income and occupancy, and to diversify tenant risk by retaining a high-quality tenant base. The GTC Group's financial management strategies include further optimizing administrative and platform costs through organizational streamlining and optimization of costs of finance through deleveraging, planning and resource allocation, and through continuous refinancing at improved terms to increase the recurring return on equity, always taking into consideration the GTC Group's prudent financing policy.

Strategic disposal of mature assets

The GTC Group may sell certain of its mature assets from its portfolio (i.e., completed commercial properties that generate a stable flow of rental income and have reached their long-term value in the GTC Group's view). Moreover, following the acquisition of existing income-generating properties and increasing their value, the GTC Group may also sell such properties. In furtherance of this strategic objective, and based on the prevailing market conditions and GTC Group’s strict criteria, the Group in 2021 signed preliminary sale agreement and sold in Q1 2022 the office portfolio located in Belgrade, Serbia including 11 office buildings above their book value.

Continued successful project delivery

The GTC Group is committed to developing high-quality commercial projects, with focus on the delivery of major projects in the next two to three years. The GTC Group’s goal is to continue to build track record of delivery of projects (a) on time, (b) on budget and (c) at a quality that meets tenants’ demand and also continue to adhere to all relevant environmental aspects and standards in the construction of developments (for example, continuing to develop Leadership in Energy and Environmental Design ("LEED") certified buildings). The GTC Group is a real estate investor and developer and adjusts its development activities to market conditions. The management board believes that this approach allows the GTC Group to better respond to the changing conditions of the real estate market and focus on more active and efficient asset management of its existing as well as its expanding portfolio.

The development of projects, which at the date of the Report were in the construction stage or the pre-construction stage, is an important value driver.

During 2022, the Group completed one office project consisting of 29 thousand sq m of space:

- Pillar - an office building in Budapest, Hungary with an intended GLA of approximately 29,100 sq m;

Currently, the Group has one project consisting of 36 thousand sq m of office space under construction:

- Center Point 3 - an office building in Budapest, Hungary, with an intended GLA of approximately 36,000 sq m

As of 31 December 2022, projects under construction represent approximately 3% of the Group's portfolio value.

We hold a number of landplots allowing for further development of commercial space. The Group's rich commercial landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

Maintaining a balanced mix of investments and adapting to changes in the real estate markets

The GTC Group intends to continue its real estate management and development activities in Warsaw or regional cities in Poland and in capital cities of European countries, characterized by macroeconomic stability, continued GDP growth, and investor and tenant demand. The GTC Group believes that some other markets in which it operates also offer long-term growth potential due to their relatively underdeveloped real estate markets and relatively illiquid markets. Further investments in these markets will be explored on an opportunistic basis with strict risk-adjusted return criteria. Simultaneously, specific performance requirements will be imposed on all assets in the GTC Group's portfolio.

Maintaing sustainability measures (ESG - Environmental, social, and governance)

In 2015, the GTC Group adopted the first iteration of its ESG policy. The GTC Group undertook to develop properties in an environmentally responsible and resource-efficient manner throughout a building's lifecycle: from planning to design, construction, operation, maintenance, renovation, and demolition. The GTC Group made a commitment that all its existing projects where possible and all new projects are assessed by sustainability certification schemes such as DGNB, BREEAM or LEED.

In 2020, GTC implemented a policy of ESG reporting based on the Global Reporting Initiative's Sustainability Reporting Standards (GRI), designed to be used by organizations to self-report on their impact on the economy, the environment, and/or society. The GTC Group engaged an external consultant to help in the process of selection of measures to report on that formed the basis of its ESG report for 2020.

The guiding principles of the GTC Group's evolving ESG policy are:

- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the GTC Group operates;
- pursuing a sustainable business model that allows the GTC Group to achieve its business objectives without placing an excessive burden on the environment;
- actively managing the GTC Group's assets to continually improve environmental performance, quality and resilience; and
- encouraging proactive contributions from all employees, tenants, customers and stakeholders of the GTC Group to meeting all objectives in compliance with the policy.

The GTC Group recognizes that the responsible management of urban areas is vital to achieving sustainable construction and development at industry level in the long-term. The GTC Group seeks to use modern technological solutions in construction and modern architecture so as to reduce the negative environmental impact of the daily operation of entire communities. By implementing investments in a responsible manner, revitalizing post-industrial areas, and providing high-quality buildings. The GTC Group believes it can continue to make a positive impact on:

- reducing energy consumption in cities;
- improving the efficiency of water consumption;
- reducing the consumption of non-renewable resources;
- reducing the level of pollution; and
- preserving green areas.

Sustainability and environmental and social responsibility continue to be a priority for the GTC Group. The GTC Group delivers modern buildings, equipped with technology solutions that meet the strict BREEAM or LEED criteria. The GTC Group's ESG policy aims to allow the GTC Group to increase its market share, improve financial results and reduce operational risk all while making a positive contribution to the environment and society.

Additionally, the GTC Group subscribes to all 17 Sustainable Development Goals ("SDGs") as defined by the United Nations for the period 2015 - 2030, as well as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change. The GTC Group is at all times cognisant of the SDGs in operating its business.

The GTC Group is also a member of key industry initiatives, such as, the European Public Real Estate Association ("EPRA"). By participating in task groups with leading developers, consultants, engineers and manufacturers the GTC Group gains practical insights into innovative solutions for effective, environmentally friendly property management and access to information on upcoming legislation and the regional transposition of EU law.

The GTC Group acknowledges the importance of its real estate footprint to society and the environment, and the benefits of maintaining and operating of an efficient and high-quality portfolio.

ESG Policy Pillars

Environmental issues, including climate issues, are an important area of the GTC Group management. They are included in our ESG Policy which base on 3 pillars and 8 focus areas:

ENVIRONMENT:
CONCERN FOR THE ENVIRONMENT

" We are reduce our environmental footprint.
We deliver and manage green-certified buildings (saving energy and resources, lowering carbon emissions).
We contribute to circular economy.

FOCUS AREAS OF THE PILLAR:

E.1. Green Buildings
E.2. Climate Change Mitigation

SOCIAL:
EMPOWERMENT, RESPECT AND DIVERSITY

" We deliver office and retail space where our tenants can grow.
We care about the employees who are our biggest asset. We are a good neighbour, investing in local communities.

FOCUS AREAS OF THE PILLAR:

S.1. Tenants
S.2. People
S.3. Communities

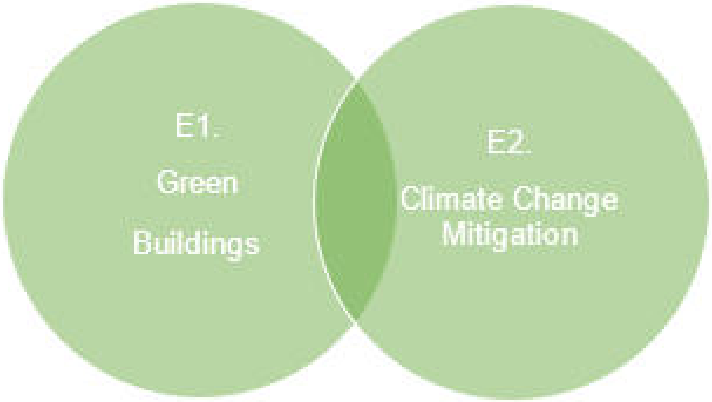
GOVERNANCE:
BEST GOVERNANCE PRACTICES

" We act ethically and assure compliance of all our operations. We implement processes minimising ESG-related risks.
We lead open and honest communication with all our stakeholders.

FOCUS AREAS OF THE PILLAR:

G.1. Compliance
G.2. Risk Management
G.3. Transparency

Pillar I. Focus on Environmental issues (E)



Our main focus with regard to lowering the impact on the environment are:

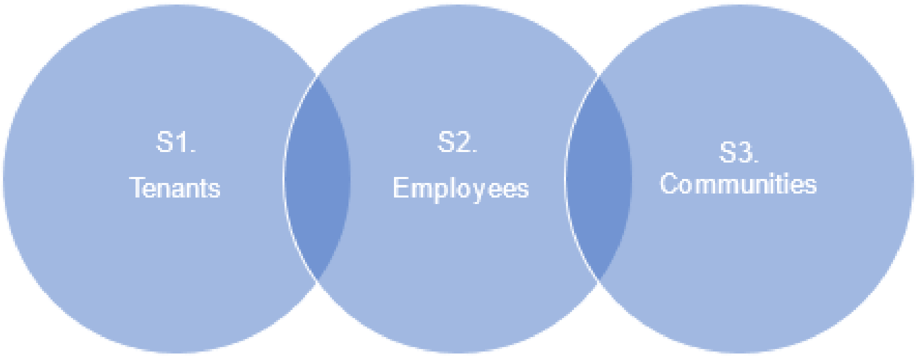
E1. Green Buildings

- Delivering sustainable buildings that operate with a reduced impact on the climate, use green energy and substantially fewer natural resources (like water), and focus on well-being of tenants,
- Reduction of our carbon footprint lever by thorough analysis of way to limits CO2 emission and development of proper low emission strategy,
- Conduct our business in a closed-loop system that minimises waste and resource consumption,
- Developing processes as a result of which sustainability of our portfolio is confirmed by relevant green certificates (LEED, BREEAM, DGNB and WELL),
- Contribution to circular economy through refurbishment, minimizing waste and making the most of resources.

E2. Climate Change Mitigation

- Developing new buildings, acquire and manage assets with focus on protecting the natural environment,
- Improving energy efficiency and lower carbon emissions in our buildings.

Pillar II Focus of Social Issues (S)



Our main focus with regard to our social issues are:

S1. Our Tenants

- Loyalty through a professional approach;
- Direct and effective cooperation through tenant relationship between leasing teams and tenants to resolve any arising issue and meet their current needs;
- Coordination by our asset management teams; the activities of other departments and/or external suppliers when they are involved in tenant-related activities. We cooperate with lawyers, public institutions, insurance companies, contractors, etc. acting on behalf of our tenant;
- Involving tenants through cooperation and raising awareness how to achieve meaningful results on the properties' impact on environmental and social issues.

S2. Our Employees:

- Creating a stable employment conditions in terms of respecting employees rights, adequate remuneration and benefits;
- Creating a good working atmosphere based on mutual trust and respect;
- Maintaining a rigorous approach and compliance to occupational health and safety;
- Employee's development through training and participation in industry events;
- Employee's involvement in social activities such as sports events and charity;
- Confirming, through our actions, that we are a reliable and competitive employer.

S3. Local Communities:

Our main focus with regard to execute investments in a responsible manner taking in the account local community's concern through revitalization of post-industrial areas, and providing high-quality buildings, where we can make an impact on:

- building sustainable and accessible city spaces through our assets and local infrastructure;
- taking care of stimulating social growth and answering local needs in the neighbourhood where are our properties are located.

Pillar III. Focus on Governance Issues (G)

Our main focus with regard to governance issues are:

G1. Compliance

- Continuously working with the highest business ethics in a pro-active and open manner;
- The operations of GTC should always be made within the frame of good practices;
- Zero tolerance for any forms of corruption, fraud, anti-competitive and monopoly behaviour;
- Considering legal compliance in every decision about our investments, developments, management practices and other processes;
- Maintaining very good relations with our partners based on mutual trust.

G2. Risk management

- Conducting all the operations to assure sustained profitability of our business;
- identify key risk factors and effective ways to mitigate risks before they materialise;
- annually revise the risk management framework, and update our business procedures;
- First and foremost, we constantly raise our employees' awareness of the importance of risk management and encourage them to actively report risky situations and threats related to environment, social and governance issues in their daily business work

ESG risks, including climate risks, challenges and trends in this area, company goals and progress in the implementation of major ESG initiatives – are discussed at least once a year at the meetings of the management board and the supervisory board.

The process of raising social and environmental awareness and ESG knowledge of the executives and employees of our organisation, developing and monitoring the implementation of the Policy is coordinated by the management board, with the support and assistance of local technical teams.

4.5 Business overview

The Group's core business is geared towards commercial real estate, with a clear focus on creating value from active management of a growing real estate portfolio Budapest supplemented by selected development activities. As of 31 December 2022, the book value of the Group's investment property amounted to EUR 650,821. The Group's investment properties include income generating assets (completed properties), projects under construction and commercial landbank.

INVESTMENT PORTFOLIO

COMPLETED INVESTMENT PORTFOLIO AND REAL ESTATE ASSETS HELD FOR SALE

As of 31 December 2022, the Group manages completed commercial properties with a combined gross rentable area of approximately 158[1] thousand sq m, including 9 office buildings located in Budapest and 1 office building located in Belgrade, which constituted 91% of the total property portfolio.

The Group's office buildings provide convenient space, flexible interiors, and a comfortable working environment. They are located in the heart of business districts and in proximity to the most important transport routes, including international airports. All projects have earned the trust of a significant number of multinational corporations and other prestigious institutions, including ExxonMobil, evosoft, Ericsson, KEF, IBM, MKB Bank, and others.

PROJECTS UNDER CONSTRUCTION

As of 31 December 2022, the Group had one office buildings classified as an investment under construction with a book value of EUR 19,500, which constituted 3% of the Group's total property portfolio.

INVESTEMENT PROPERTY LANDBANK

As of 31 December 2022 the Group had land classified as an investment property landbank designated for the future development of EUR 36,483, which constituted 6% of the Group's total property portfolio (by value).

The Group's rich investment property landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

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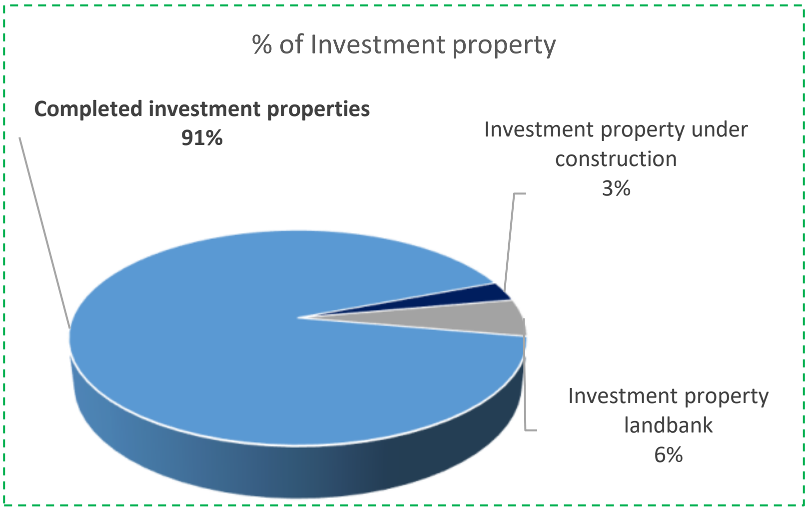
4.5.1 Overview of the investment portfolio

The Group`s strategy focuses on creating value from active management of a growing real estate portfolio Budapest and Belgrade. The Group focused on commercial assets, mainly office buildings and office parks. The Group’s investment properties include income generating assets (completed properties, projects under construction, investment property landbank).



4.5.1.1 Overview of income generating portfolio

As of 31 December 2022, the Group office portfolio comprises nine office building located in Budapest and one located in Belgrade The Group’s total gross rentable area comprises 199 thousand sq m to 152 thousand sq m as of 31 December 2021. The total value of the office portfolio as of 31 December 2022 was EUR 594,838 compared to EUR 425,337 as of 31 December 2021. This increase is mainly attributable to completion of Pillar office building in Budapest and acquisition of 70% share in Glamp d.o.o. Beograd, owner of GTC X, office building in Belgrade.

Office portfolio in Budapest

The Group’s total gross rentable area in Hungary comprises 181 thousand sq m in nine office buildings located in Budapest. The occupancy rate was 86%. The applied average yield was 5.9%. The average rental rate generated by the office portfolio in Hungary was €16.5 sq m/month. The book value of the Group’s office portfolio in Hungary amounted to €544,438 as of 31 December 2022, as compared to €425,337 as of 31 December 2021. This increase is attributable mainly to the completion of Pillar office building.

The following table lists the Group's office properties located in Hungary:

Property	Location	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
CenterPoint I&II	Budapest	100%	40,700	2004/2006 under redevelopment
Duna Tower	Budapest	100%	31,200	2006
GTC Metro	Budapest	100%	16,200	2010
Vaci 173-177 (GTC Future)[1]	Budapest	100%	6,400	-
Vaci Greens D	Budapest	100%	15,600	2018
Ericsson Headquarter (Univerzum)	Budapest	100%	21,100	2017
evosoft Hungary Ltd. Headquarter (Univerzum)	Budapest	100%	20,700	2020
Pillar	Budapest	100%	29,100	2022
		Total	**181,000**	

[1]Property acquired as landbank for future development, with a small office building located on the plot.

Office portfolio in Belgrade

The Group's total gross rentable area in Belgrade comprises 18 thousand sq m in one office building. The occupancy rate was at the level of 94%. The applied average yield was 7.2%. The average rental rate generated by the office portfolio in Belgrade was at €18.0/sq m/month. The book value of the Group's office portfolio in Belgrade amounted to €50,400 as of 31 December 2022 This increase is attributable to the acquisition of 70% share in Glamp d.o.o. Beograd.

The following table lists the Group's office properties located in Belgrade:

Property	GTC's share (%)	Total gross rentable area (sq m)	Year of completion
GTC X	70%	17,700	2022
	Total	**17,700**	

4.5.1.2 Overview of properties under construction

As of 31 December 2022, the Group had one office project with a total gross rentable area of 36 thousand sq m and a book value of EUR 19,500.

The following table lists the Group's properties under construction:

Property	Segment	Location	GTC's share	Total gross leasable area (sq m)	Expected completion
Center Point 3	office	Budapest, Hungary	100%	36,000	Q3 2025
Total				**36,000**	

4.5.1.3 Overview of investment property landbank

Management has conducted a thorough, asset by asset, review of the whole portfolio, in parallel to its decision to focus on Group's new developments efforts, solely on the strongest markets and, whilst supporting only the projects in its portfolio, which give the strongest mid-term upside potential, while reducing. Concurrently, the Management decided to reduce the cash allocation towards projects that has a longer-term investment horizon. The above-implied re-assessment of some of GTC's landbank projects development timetable and rescheduling them to a later stage or designating them for sale.

Additionally, in some cases, in view due to the decline in consumption and deteriorating of purchasing power, the timetable for stabilization of in relevant catchment areas around certain completed and cash generating assets, the timeframe for stabilization of had to be re-assessed, and consequently expectations for stabilized income were deferred.

As of 31 December 2022, the Group had land classified as investment property landbank designated for future commercial development of EUR 36,483. The landbank, designated for future commercial development, includes projects on Group`s focus for the coming years.

The Group's rich investment property landbank designated for future development allows us to extend the planned projects in areas where there will be demand for commercial properties.

4.6 Overview of the markets on which the Group operates[2]

This market commentary was prepared by Jones Lang LaSalle IP, Inc. It is based on material that we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. We would like to be told of any such errors in order to correct them. Please note, the below-presented market commentaries are based on information available to us as at 8 February 2023.

of 8 February 2023. With varying recent and ongoing political and economic events across the region and the mitigating implications differing by market and sector we provide no assurance that market conditions will not change unfavorably as a result of future events that are unknown to us.

As at the date of valuation and at the time this report was drafted, there are a number of negative factors recognized as influencing property markets, exerting downward pressure on property values and reducing liquidity. These include:

Ukraine

The full extent of the war in Ukraine and its wider long-term implications, whilst unknown, are contributing to the volatility in global stock markets, high cost inflation, and supply chain delays, particularly within Europe. Further, significant sanctions imposed against Russia and the risk that the war could escalate and directly involve NATO countries are also adversely impacting activities and sentiment.

Global Economy

The wider global economy is facing several additional negative factors that are contributing to significant cost inflation and causing interest rates to increase.

Market activity

The property markets can mostly be described as functioning, but there is evidence that both transaction activity, and the sentiment of buyers and sellers, are changing in a number of markets and property sectors. There is a general perception of a changing real estate market and there is a risk that continued volatility, coupled with rising interest rates, will have a material and direct impact on pricing as yields increase. Evidence is starting to emerge of wider bid spreads and price renegotiations, with some transactions even being terminated.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly, we highlight the critical importance of the valuation date and advise you to keep the valuation under regular and early review.

4.6.1 Office market

Post-pandemic organizations need to define the new purpose for the office and establish the metrics and space typologies that need to be included or adapted in order to respond to new workstyles and the needs of a distributed workforce. The approach to footprint optimization will largely be determined by an organization's appetite for implementing the adapted Next Normal Ways of Working. Embracing hybrid work is key to supporting organizational agility and workforce flexibility.

Each organization's hybrid policy and their structure of implementation will impact office usage. It will differ according to expected peaks in office utilization while supporting work process requirements, business and community needs. Remote working is enabled by effective technology, linking spaces equipped with the right tools and a culture that supports hybrid working. Worker-centric offices become more social & collaborative, affecting layouts and designs while supporting key activities required.

Workplace evolution from cellular spaces and open plan offices providing efficiency towards more flexible spaces offering activity based options for effectiveness has been going on for the past 10-15 years. The pandemic accelerated this trend and put an emphasis on the workplace experience replying to the diverse needs of teams and individuals. Employees today want more flexibility, more autonomy and the ability to decide when and where to work – in the office, at home or a third place and in the virtual spaces.

Agile and further cooperation methodologies also require redesigned workspaces for different activities both on site and in the virtual space. The overall workplace experience is increasingly about shared function, wellness, hospitality and adaptivity to the ever-changing business needs, leading to the fulfillment of ESG principles – offering a holistic view on the work environment.

As 69% of employers are having difficulties filling jobs, workplace environment became the number one indicator for attraction and retention of workforce. Prioritizing flexibility and work-life balance over salary, 45% of office workers want to work from home 2 or more days a week after the pandemic (also reducing commute time), and 24% feels their wellbeing is best supported in the office. While the purpose of the office has shifted towards social functions, collaboration and innovation, it needs to offer a variety of spaces and technology for focused work more than ever (28% can better focus in the office).

Based on research it seems imperative for businesses to understand how their employees work in a hybrid environment and explore opportunities to ensure a more relevant and highly supportive workplace offering that can adaptively respond to fast changing needs of the business and organization. Workplace transformation is a change process that starts with a workplace strategy co-created with employees and requires change management throughout the entire process of assessment, design and delivery.

Taking into account the start of the pandemic in 2020 and the average 5-year office lease contract, majority of pre-pandemic leases will expire in 2025, therefore companies need to create a new (post-pandemic, hybrid) workplace strategy and reconsider their office space during 2023-2024 accordingly.

Budapest

Office market statistics and changing market dynamics still trigger supply-demand imbalances. However, 2022 had a solid leasing activity, as well as the share of net-take up exceeded the volume of renewals.

Although tenants are still cautious about their relocation and lease extension decisions, slowly improving levels of supply and demand can be seen in the office market. The office vacancy rate has risen further to 11.3%, whilst demand in the 2022 still predicts a progressively improving office market in Budapest.

The total modern, existing office stock currently adds up to 4.25 million sq m, consisting of 3.475 million sq m of ‘A’ and ‘B’ category speculative office space as well as 775,000 sq m of owner-occupied space.

Total deliveries in 2022 amount to 267,425 sq m.

Most notable were deliveries in Q3-Q4. For example, the H2O Phase 1 and the owner-occupied MOL Campus with a total of 75,910 sq m. Three new speculative office buildings (Millennium Gardens, Budapest One II. & III. phase, Major Udvar) and a new owner-occupied building (Bosch Campus II) were delivered to the office market with a total of 82,420 sq m in Q3.

The lack of new supply seems to have been temporary in the previous year. At the end of the fourth quarter, the volume of new deliveries being under construction for 2023, 2024 and 2025 stands at 271,600 sq m out of which approximately 97,000 sq m is already pre-leased.

The total demand of 2022 added up to 391,670 sq m, which shows a 7% increase from 2021, however in Q4 2022, total demand reached 101,480 which was 9% below the same period of previous year. Lease renewals stood for the largest share of total leasing activity with 42%, followed by new leases in the existing stock with 38%, expansions of existing premises reached 9%, pre-leases in new developments reached 7%, while the share of owner-occupied buildings was 4% of the total demand.

Net absorption has remained positive by the end of the fourth quarter, amounting to 53,480 sq m and reached 158,510 sq m year-to-date.

The strongest occupational activity was recorded in Váci Corridor submarket, attracting 37% of the total demand. Central Pest submarket reached second place with 21%, followed by the North Buda with 14%.

The office vacancy rate increased to 11.3%, representing a 0.3 pps increase quarter-on-quarter and 2.1 pps increase year-on-year. The lowest vacancy was registered in North Buda with a 4.1% vacancy rate, whereas the highest vacancy rate remained in the Periphery submarket (31.8%).

In general, we note a trend of increasing rents and service charges due to uncertainty regarding corporates' long-term office strategies caused by the effects of the war, the energy and the construction price increase.

The highest rents (prime rent) are registered in the CBD submarket at 25 €/sq m/month. The average rents in Budapest for existing Class 'A' buildings are between 15.00 up to 18.00 €/sq m/month and in the case of Class 'B' buildings between 12.00 - 15.00 €/sq m/month.

Belgrade

Belgrade office stock is at the level of 1.12 million sq m of GLA, whereas the speculative office stock of Class A and Class B buildings equals 825,000 sq m (75%) while the largest share of modern office supply is situated in New Belgrade's CBD (74%).

Belgrade office market has noted booming year despite ongoing geopolitical and economic circumstances, with several deliveries being added to Belgrade office stock.

During 2022, 85,772 sq m of quality office space has been added to the market. Another 195,000 sq m of modern office space is underway, planned for completion in 2023 and 2024.

Among notable openings is the Skyline AFI Tower with 31 floors and LEED Gold certificate. In New Belgrade, two new office buildings were opened: GTC Office X and Floor Art completed Bridge Plaza. Class B office building Alco BC 1 has been also opened in New Belgrade.

In 2023 we expect further office building openings, especially in the New Belgrade area and City Center. Namely A class office building – Revolucija by local developer Granit Invest and BIGZ. AFI continues with further phase of Airport City and Zmaj office complex along E75 highway. Construction works continue also on the TB 65 office building. GTC is also preparing new scheme along the Napred area.

The Belgrade office market registered 61 office deals in a total take-up volume of app. 59,000 sq m in Q4 2022. Summarizing the whole year, 2022 annual take-up amounted to a record 230,000 sq m representing a year-on-year growth of 45%. Out of annual demand, 86% is recorded in Class A office buildings. The average deal size rose close to 1,000 sq m, mostly due to increased demand for larger premises. Namely, after the easing of COVID-19 related restrictions during 2021, when some occupiers downsized their offices, 2022 saw increased activity in larger deals, recording 69 transactions of 1,000 sq m and more, as compared to 31 large transactions during 2021.

Headline rents are between 14.5 - 17.0 €/sq m/month (up from 16.5 reported in 2021) in Class A office buildings. Market practice is that buildings are well measure and provisioned with add-on factor to add value to the landlord.

Amid strong occupier activity and lack of new deliveries, the vacancy rate has continued its downward trend and decreased from 7.75% to below 5.00% at the end of the 2022, where we expect the vacancy to stabilize having in mind the pipeline projects that set for completion during 2023-24.

4.6.2 Investment market

Hungary

The annual activity resulted in result of just above €900 mill., marking the lowest annual activity since 2015 in the country. This subdued activity clearly reflects the economic headwinds which impact real estate all around the world. The rising interest rates in parallel with the worsening economic sentiment hinder investment activity and make buyers and financial providers cautious. Financing terms and conditions are becoming stricter while banks are getting selective in regards of asset classes, locations, and property fundamentals. Furthermore, buyers focus on ESG requirements in parallel with peaking scrutiny on energy efficiency and many older assets struggle to meet these high requirements.

Approximately 80% of the annual volume included income generating transactions, while the remaining 20% was made up by assets suitable for redevelopment purposes, development sites and owner occupation. Approx. 24% of the annual volume was generated by a mega-deal: the sale of a significant part of Tesco's Hungarian portfolio including 14 assets country-wide. The transaction is among the top 10 largest deals in the Hungarian market ever. As usually, domestic purchasers remained the most active buyers on the market generating more than 60% of the acquisitions. That said, despite of the difficult market environment we recorded a wide variety of active international buyers from all over the world including China, France, Canada, UK, USA etc.

The strongest activity was recorded in the office asset class, which generated approx. 35% of the annual investment volume. It was closely followed by retail (30%), due to the Tesco disposals. The logistics sector generated 17% of the volumes whereas the remaining 18% was made up by hotels, re-development opportunities and development sites.

Despite that only a handful of assets were traded, there were some landmark and trophy assets among them. The French investment fund portfolio manager, Groupama Gan REIM, acquired two premium assets in Budapest: Freedom Palace and Green Court Offices. Freedom Palace is a trophy office building in the CBD and was traded with the lowest office yield ever in the Budapest real estate market. Green Court Offices is a brand new, 18,800 sq m office building situated at the Váci Corridor submarket and marked the largest office deal in 2022 in terms of ticket size. After a long marketing process, the disposal of Akadémia Business Center, a 12,700 sq m CBD building, was finalized by the German asset manager, DWS. The asset was acquired by the Pan-European investment manager, Europa Capital, in partnership with ConvergenCe. Furthermore, CA Immo finalized the disposal of R70, a first-generation, 19,000 sq m office building situated in downtown Budapest. The property was acquired by Épkar, a local construction company. During the second half of the year the Hungarian investment manager, WING, also transacted two of its office buildings: Máriássy Ház Modern & Loft. The properties were acquired by GRAWE Immo Ag, the real estate subsidy of the Austrian GRAWE Group.

Over 2022 yields have shifted in every asset class and a visible repricing happened. According to our views prime yields stand at 5.75% for offices, 6.25% for logistics and 6.50% for shopping centers.

Looking ahead we expect investment activity to pick up somewhat during 2023 once the pricing gap between vendors and purchasers closes.

Belgrade

Although there have not been any prime asset sales in 2022, we estimate that the prime office yield would be in region of 7.25% - 7.75%. Belgrade has always been a fairly subdued market slow but constant office development, unlike Bulgaria at the on-set EU entrance where there was a massive Boom and Crash of office assets. In comparison, Bulgaria with a similar sized market has more than double the office space.

The most recent is the transactions occurred in 2021, between NEPI Roskcastle and BIG CEE in June 2021 for Kragujevac Plaza Shopping Centre (22.300 sq m of GLA) and Krusevac retail park (8.600 sq m of GLA) for €61 million and Delta City Shopping centar was sold to MPC Properties for €115 million.

GTC sold eleven office buildings in five office parks (Green Heart, FortyOne, Belgrade Business Center, 19 Avenue and GTC House), with total area 122,175 sq m to Hungarian investor Indotek Group for €267.6million. This transaction was completed in Q1 2022. This is the biggest transaction ever in the Belgrade market in the office sector.

These transactions that have been realised after the COVID 19 pandemic, confirm liquidity of the Serbian real estate market including retail segment, and the applied yield levels.

Source: JLL in collaboration with IPC Partners and Atrium Property Services d.o.o.

4.7 Information on the Company's policy on sponsorship, charity, and other similar activities.

As a part of GTC Group, we set ourselves ambitious business goals that we want to implement in a sustainable manner. It is a responsible task for our entire team, which is why creating a stable and motivating work environment is so important to us. All our corporate social responsibility activities are run in a coordinated manner to support local communities in which the Group operates. Such support involves:

- **Enhancement of local infrastructure**, including road and traffic infrastructure. Throughout the Group, we share the principle of taking responsibility for the space we create. The infrastructure created in connection with or for the purposes of the developments constructed is handed over to the local self-government free of charge to be used by all residents. Moreover, prior to the development of the Group's projects, public green areas (such as squares and parks) are placed on undeveloped plots or plots which will surround future developments following their completion by the Group.
- **Local initiatives**. The Group takes an active part in a great number of non-profit activities as a partner, organizer, or sponsor. We often present our projects to local communities. We actively participate in public meetings dedicated to spatial planning. The Group participates in and supports local initiatives and local institutions such as:
  - help for refugees in Ukraine;
  - organization of Christmas gift collection;
  - supports KAPTÁR Adult Day-care Center in Budapest (provided the day-care center with a monthly allowance);
  - support the Budapest based St. John's Hospital's preterm intensive care unit (donation).
- **Embracing environmental certification**. Out of focus on the environment, the investments of the Company and the Group are fully compliant with LEED or BREEAM guidelines. The Group certified and recertified 4 office buildings in 2022, and 4 other office buildings are currently in the process of

certification with LEED and/or BREEAM with a target of 100%. certification of the portfolio. As of 31 December 2022, approximately 75% of Group's properties holds a green certificate, which proves the sustainability of the properties that GTC develop and manage and 24% of Group's properties is under certification.

5. Operating and financial review

5.1 General factors affecting operating and financial results

GENERAL FACTORS AFFECTING OPERATING AND FINANCIAL RESULTS

The key factors affecting the Group's financial and operating results are discussed below. The Management believes that the following factors and important market trends have significantly affected the Group's results of operations since the end of the period covered by the latest published audited financial statements, and the Group expects that such factors and trends will continue to have a significant impact on the Group's results of operations in the future.

ECONOMIC CONDITIONS

The economic crisis may slow down the general economy in the countries where the Group operates. The economic downturn in those countries may result in reduced demand for property, growth of vacancy rates, and increased competition in the real estate market, which may adversely affect the Group's ability to sell or let its completed projects at their expected yields and rates of return.

The reduced demand for property that, on the one hand, may result in a drop in sales dynamics, and, on the other, an increase in vacancy rates and lower rent revenues from leased space, may significantly impact the results of operations of the Group. Specifically, the Group may be a force to change some of its investment plans. Additionally, the Group may not be able to develop numerous projects in the countries where it operates.

REAL ESTATE MARKET

The Group derives the majority of its revenue from operations from rental activities, which significantly depends on the rental rates per sq m and occupancy rates. The amount the Group can charge for rent largely depends on the property's location and condition and is influenced by local market trends and the state of local economies. The Group's revenue from rent is particularly affected by the delivery of new rent spaces, changes in vacancy rates, and the Group's ability to implement rent increases. Rental income is also dependent upon the time of completion of the Group's development projects as well as on its ability to let such completed properties at favourable rent levels.

The vast majority of the Group's lease agreements are concluded in euro and include a clause that provides for the full indexation of the rent linked to the European Index of Consumer Prices. When a lease is concluded in another currency, it is typically indexed to euro and linked to the consumer price index of the relevant country currency.

REAL ESTATE VALUATION

The Group's results of operations depend heavily on the fluctuation of the value of assets on the property markets. The Group has its properties valued by external valuers at least twice a year, every June and December. Any change in the fair value of investment property is thereafter recognized as a gain or loss in the income statement.

The following three significant factors influence the valuation of the Group's properties: (i) the cash flow arising from operational performance, (ii) the expected rental rates, and (iii) the capitalization rates that result from the interest rates in the market and the risk premiums applied to the Group's business.

The cash flow arising from the operational performance is primarily determined by current gross rental income per square meter, vacancy rate trends, total portfolio size, maintenance and administrative expenses, and operating expenses. Expected rental values are determined predominantly by expected development of the macroeconomic indicators like GDP growth, disposable income, etc., as well as micro conditions such as new developments in the immediate neighborhood, competition, etc. Capitalization rates are influenced by prevailing interest rates and risk premiums. In the absence of other changes, when capitalization rates increase, market value decreases and vice versa. Small changes in one or some of these factors can have a considerable effect on the fair value of the Group's investment properties and on the results of its operations.

Moreover, the valuation of the Group's landbank additionally depends on, among others, the building rights and the expected timing of the projects. The value of landbank, assessed using a comparative method, is determined by referring to the market prices applied in transactions relating to similar properties.

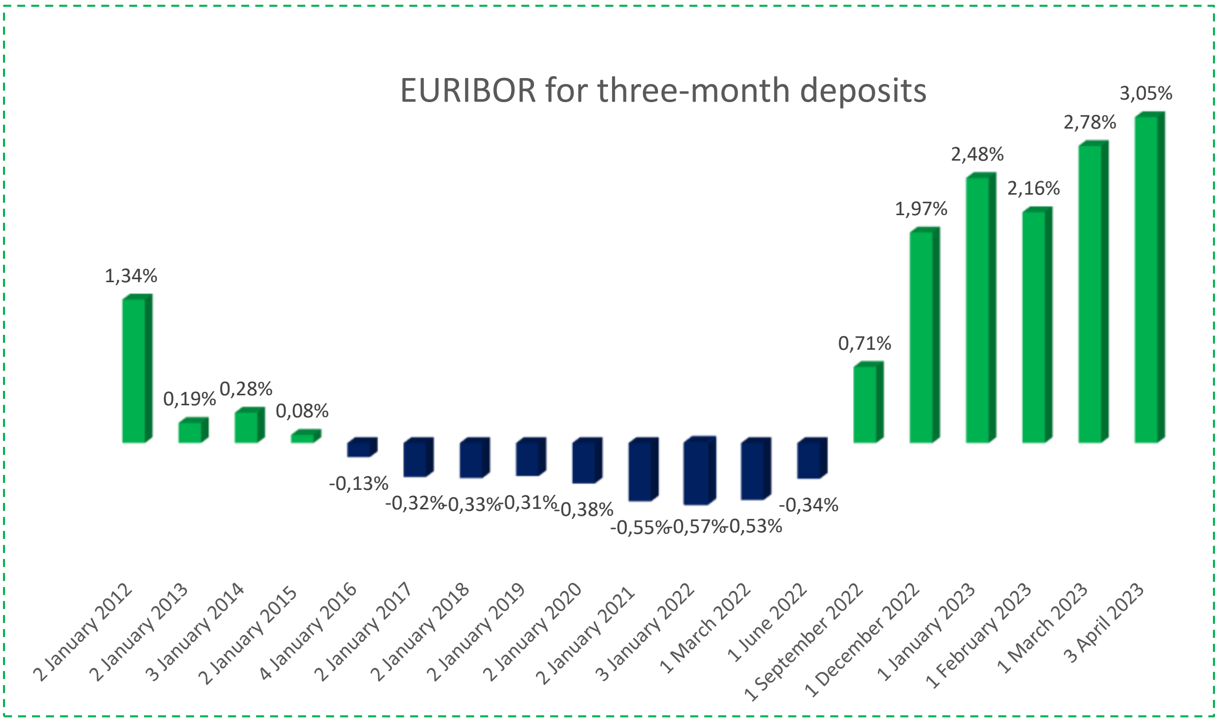
IMPACT OF INTEREST RATE MOVEMENTS

Increases in interest rates generally increase the Group's financing costs. However, as of 31 December 2022, the Group's borrowings were either based on fixed interest rate or hedged against interest rate fluctuations, mainly through interest rate swaps and cap transactions.

In an economic environment in which availability of financing is not scarce, demand for investment properties generally tends to increase when interest rates are low, leading to higher valuations of the Group's existing investment portfolio. Conversely, increased interest rates generally adversely affect the valuation of the Group's properties, resulting in recognition of impairment that could negatively affect the Group's income.

Historically, EURIBOR rates have remained close to zero or in the negative territory as presented on the graph below. However due to the inflationary pressure in the last six months of the year the European Central Bank has decided to increase interest rates and it is expected that these shall continue to be on the positive territory in the next years to come.

The graph presents EURIBOR for three-month deposits for the period between 2012 – 2023.



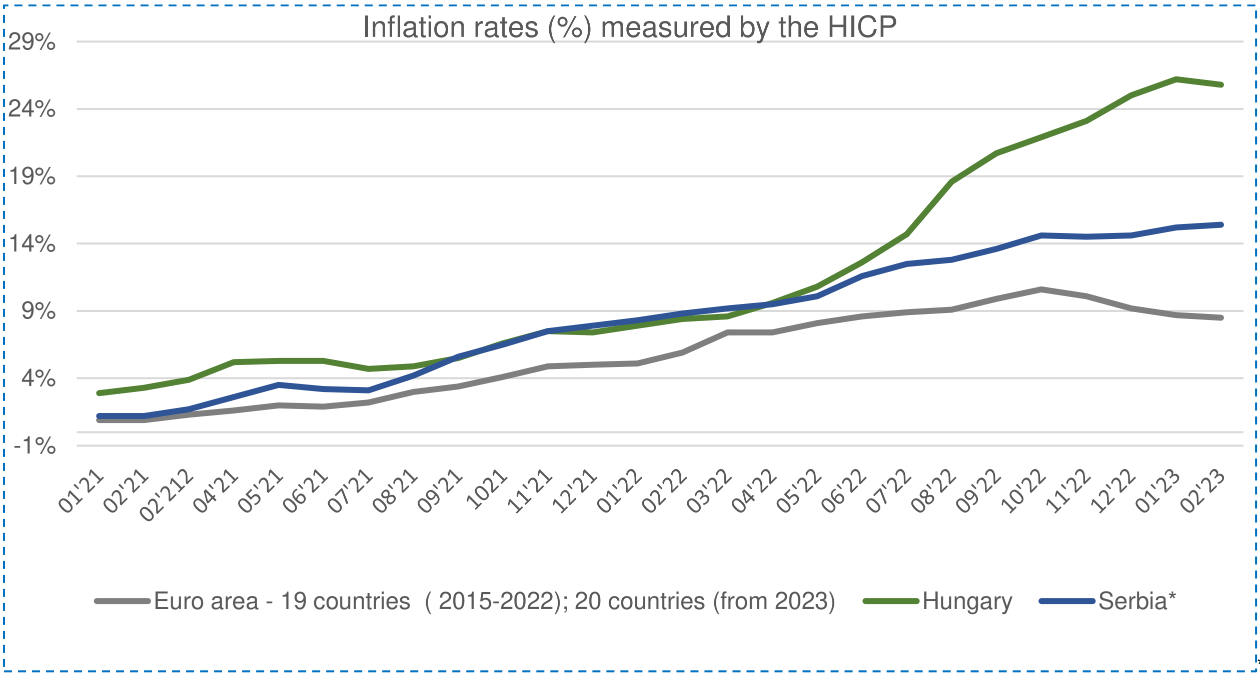
IMPACT OF INFLATION

The COVID-19 outbreak in Europe has led governments to implement rescue packages, as well as supporting monetary policies by the European Central Bank to moderate the economic impact of the pandemic which have a direct or indirect impact on household consumption and thus consumer price indices. Increase of price of energy and services significantly influences the inflation rate.

The Group's financial results are linked to the consumer price index as on one hand its rental revenue is indexed to the European CPI and on the other hand part of its debt is based on floating interest rate, which also may fluctuate as a result of the inflation. Although as of 31 December 2022, 95% of its debt is based on fixed rate or hedged against interest rate fluctuations so the exposure to the changes in interest rate is limited.

Additionally, the Group operates shopping malls and part of its rent (approximately 5% of total revenues from rental activity in 2022) is based on the tenant's turnover, which in may be dependent on the inflation. Tenants' turnover might have an impact on the Group's operations and financial results.

According to Eurostat, the Euro area annual inflation was 9.2% and Budapest annual inflation was 25.0% in December 2022 and is expected to further grow. The graph below presents below the Harmonized Index of Consumer Prices (HICP) in countries which Group's operate and the Euro area. The main index reference period currently used is 2015.



* definition differs (see metadata at https://ec.europa.eu/eurostat/web/hicp/overview)

Source: https://ec.europa.eu/eurostat/web/hicp/overview

AVAILABILITY OF FINANCING

Real estate development companies, including the companies of the Group, usually finance their real estate projects with proceeds from the issue of the bonds, proceeds from bank loans, loans extended by their holding companies. The availability and cost of procuring financing are of material importance to the implementation of the Group's projects and for the Group's development prospects, as well as its ability to repay existing debt. The unstable geopolitical situation may have negative impact on the cost and availability of the financing. Finally, the availability and cost of financing may impact the Group's development dynamics and the Group's net profit.

IMPACT OF THE SITUATION IN UKRAINE ON GTC GROUP

Since the start of the war in Ukraine on 24 February 2022, even though the Group does not conduct any activities in the territory of Ukraine, Russia or Belarus, it cannot be ruled out that the current geopolitical situation in Europe triggered by this war, which has resulted in a number of macroeconomic consequences for Poland and other European countries, may also have an impact on the Group's operations. The continuation of the war, its scale and further course of military operations may cause an extension of the set of economic sanctions imposed thus far, further disruption in supply chains, limited availability of subcontractors and a general increase in the prices of materials resulting from, among others, rising energy prices, which in turn may translate into significant costs of the implementation of investments carried out by the Group. A significantly higher and volatile costs of energy (severe energy crunch because of steep cuts in natural gas supplies from Russia following the outbreak of the Russia-Ukraine conflict) and general uncertainties related to the impact of the war in Ukraine on both global and the SEE/CEE economy and the deterioration of the global and regional economies may adversely impact the economic situation of the Group.

As at the date of this financial statements, the 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.

5.2 Specific factors affecting financial and operating results

ACQUISITIONS, DISPOSALS AND DEVELOPMENTS

On 12 January 2022, GTC S.A. and the Company finalized sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park") and GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Hungarian company Office Planet Kft., which has 70% in shares of sold Serbian entities (together "Serbian Disposal Group"), following the satisfaction of customary conditions precedent. For details, please refer to Note 24 and Note 20(b) in the consolidated financial statements for the year ended 31 December 2022.

In March 2022, the Group has completed a Class A office building in Budapest, Hungary – Pillar.

On 5 April 2022, GTC Hungary acquired 70% of the shares in Glamp d.o.o. Beograd - which existing capital shares were fully held by GTC S.A. - after increase of share capital of the Company. For details, please refer to Note 20(b) in the consolidated financial statements for the year ended 31 December 2022.. In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X. For details, please refer to Note 17 in the consolidated financial statements for the year ended 31 December 2022.

As of 31 August 2022, Center Point 2 project was carved out from Center Point II Kft to Center Point I Kft. After completion of the carve-out and merge, completed project of Center Point 2 is owned by Center Point I Kft, including related assets (e.g., cash and trade receivables, etc.) and liabilities (e.g., bank loan, etc.).

5.3 Presentation of differences between achieved financial results and published forecasts

The Group did not publish forecasts for 2022.

5.4 Statement of financial position

5.4.1 Key items of the statement of financial position

INVESTMENT PROPERTY

Investment properties that are owned by the Group comprise office and commercial space, including property under construction. Investment property can be split up into (i) completed investment property; (ii) investment property under construction and (iii) investment property land plots.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures is accounted for pursuant to the equity method. Such investment is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate and joint ventures.

ASSETS HELD FOR SALE

Assets held for sale comprise office or retail space and land plots that are designated for sale.

BLOCKED DEPOSITS

Short-term blocked, and long-term blocked deposits are restricted and can be used only for certain operating activities as determined by underlying contractual undertakings.

DERIVATIVES

Derivatives include hedge instruments held by the Group that mitigate the risk of interest and currency rate fluctuations. In relation to the instruments qualified as cash flow hedges, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, and the ineffective portion (if any) is recognized in net profit or loss. The classification of hedges in the statement of the financial position depends on their maturity. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recorded directly in net profit and loss for the year. The fair value of interest rate swap contracts is determined by calculating the present value of cash flows of each leg of the transaction, taking into account several risk statistics.

5.4.2 Financial position as of 31 December 2022 compared to 31 December 2021

NON-CURRENT ASSETS

The value of non-current assets as of 31 December 2022 was EUR 1,316,321, out of which EUR 650,821 was investment properties (completed office buildings, investment properties under constructions and landbanks) and EUR 652,095 was loan granted to related parties.

The value of non-current assets as of 31 December 2021 was EUR 1,186,790, out of which EUR 582,883 was investment properties (completed office buildings, investment properties under constructions and landbanks) and EUR 595,480 was loan granted to related parties.

CURRENT ASSETS

The value of the current assets on the date of 31 December 2022 was EUR 49,051, out of which EUR 1,359 was trade receivables, EUR 2,603 was prepayments and deferred expenses, EUR 3,692 was short-term deposits and EUR 34,988 was cash and cash equivalents.

The value of the current assets on the date of 31 December 2021 was EUR 317,334, out of which EUR 287,084 was assets held for sale, EUR 9,218 was prepayments and deferred expenses, EUR 1,163 was trade receivables, EUR 2,749 was short-term deposits and EUR 15,338 was cash and cash equivalents

LIABILITIES

The value of the liabilities on the date of 31 December 2022 was EUR 1,137,868 from which EUR 1,115,645 was long-term liabilities to related undertakings and EUR 22,223 was current liabilities.

The value of the liabilities on the date of 31 December 2021 was EUR 1,280,500 from which EUR 1,095,336 was long-term liabilities to related undertakings and EUR 172,058 was liabilities held for sale.

PRESENTATION OF EQUITY, SHORT -LONG TERM LOANS

The equity was EUR 227,504 in the financial year of 2022 and EUR 223,624 in the financial year of 2021.

The value of the long-term loans on the date of 31 December 2022 was EUR 1,043,034 from which EUR 384,662 was long-term part of Issuer's subsidiaries' bank loan financing and EUR 658,372 was long-term loans from shareholders. The value of the short-term liabilities on the date of 31 December 2021 was EUR 22,223 from which EUR 4,427 was short-term part Company's subsidiaries' bank loan financing.

The value of the long-term loans on the date of 31 December 2021 was EUR 1,036,089 from which EUR 394,816 was long-term part of Issuer's subsidiaries' bank loan financing and EUR 641,273 was long-term loans from shareholders. The value of the short-term liabilities (excluding the liabilities related to assets held for sale)on the date of 31 December 2021 was EUR 13,106 from which EUR 4,427 was short-term part Company's subsidiaries' bank loan financing.

5.5 Consolidated income statement

5.5.1 Key items of the consolidated income statement

REVENUES FROM OPERATIONS

Revenues from operations consist of:

- rental income, which consists of monthly rental payments paid by tenants of the Group’s investment properties for the office or retail space rented by such tenants. Rental income is recognized as income over the lease term;
- service income, which comprises 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.

COST OF OPERATIONS

Costs of operations consist of:

- service costs, which consist of all the costs related to the management services provided to the individual tenants within the Group’s properties — service costs should be covered by service income.

GROSS MARGIN FROM OPERATIONS

Gross margin from operations is equal to the revenues from operations less the cost of operations.

SELLING EXPENSES

Selling expenses include:

- brokerage and similar fees incurred to originate the lease or sale of space;
- marketing and advertising costs; and
- payroll and related expenses directly related to leasing or sales personnel.

ADMINISTRATION EXPENSES

Administration expenses include:

- payroll, management fees, and other expenses that include the salaries of all employees that are not directly involved in sales or rental activities;
- provisions made to account for the share-based incentive program that was granted to key personnel;
- costs related to the sale of investment properties;
- costs of an audit, legal and other advisors;
- office expenses;
- depreciation and amortization expenses include depreciation and amortization of the Group's property, plant, and equipment; and
- others.

PROFIT / (LOSS) FROM THE REVALUATION/IMPAIRMENT OF ASSETS

Net valuation gains (loss) on investment property and investment properties under development reflect the change in the fair value of investment properties and investment property under development.

FINANCIAL INCOME / (EXPENSE), NET

Financial income includes interest on loans granted to associate companies and interest on bank deposits.

Financial expenses include interest on borrowings and deferred debt rising expenses. Borrowing costs are expensed in the period in which they are incurred, except for those that are directly attributable to construction. In such a case, borrowing costs are capitalized as part of the cost of the asset. Borrowing costs include interest and foreign exchange differences. Additionally, financial income or expenses include settlement of financial assets and gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting.

TAXATION

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the balance sheet date and any adjustments to tax payable in respect of previous years. Generally, the Group disposes of property holding companies rather than the real estate itself, in part because, in certain jurisdictions, the sale and disposal of real estate are generally subject to real estate transfer tax and/or VAT.

5.5.2 Comparison of financial results for the year ended 31 December 2022 with the result for the corresponding period of 2021

SALES REVENUE

The Group achieved net sales revenue of EUR 38,654 in the financial year of 2022 which amount comes solely from the GTC and its subsidiaries' domestic activity in both years. The net sales revenue of GTC in the financial year of 2021 was EUR 48,230. Sales revenue is driven by the rental income received that was 72% of sales revenue in FY2022 and 78% of sales revenue in FY2021.

GROSS MARGIN

The amount of the gross margin in the financial year of 2022 was EUR 27,938. The average statistical number of employees was 53 in 2022.

The amount of the gross margin in the financial year of 2021 was EUR 37,805. The average statistical number of employees was 43 in 2021.

PROFIT FROM REVALUATION OF ASSETS

The profit from revaluation of assets was EUR 16,294 in 2022 and was EUR 13,210 in the financial year of 2021.

OPERATIONAL RESULTS

The profit from continuing operation was EUR 39,100 and the amount of the EBITDA was EUR 22,806 in 2022.

The profit from continuing operation was EUR 47,277 and the amount of the EBITDA was EUR 34,067 in 2021.

FINANCIAL EXPENSES, NET

The financial expenses, net in the financial year of 2022 was of EUR 4,142 and in the financial year of 2021 was of EUR 11,209. Financial income is mainly driven by interest received from parent company (EUR 21,244 in FY2022 and EUR 9,707 in FY2021). While financial expenses mainly consist of interest on bank loans (EUR 18,036 in FY2022 and EUR 8,828 in FY2021) and interest expenses (on financial liabilities that are not fair valued through profit or loss), banking costs and other charges interest on member loans (EUR 6,926 in FY2022 and EUR 11,215 in FY2021).

PROFIT FOR THE PERIOD

The profit for the period in the financial year of 2022 was EUR 29,757 and in the financial year of 2021 was EUR 34,177.

SEGMENTAL ANALYSIS

Financial data prepared for the purposes of management reporting, on which segment reporting is based, are based on the same accounting principles that are used in the preparation of the consolidated financial statements of the Group.

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: Hungary and Serbia. The Group has operation in office segments only.

Segment analysis of rental income and costs for the year ended 31 December 2022 and 31 December 2021 is presented below:

31 December 2022

	Rental income	Service charge income	Service charge costs	Gross margin from operations
Hungary	27,330	9,970	(10,530)	**26,770**
Serbia [1]	642	121	(186)	**577**
Not allocated	-	-	-	**591**
Total	**27,972**	**10,091**	**(10,716)**	**27,938**

31 December 2021

	Rental income	Service charge income	Service charge costs	Gross margin from operations
Hungary	22,373	6,595	(6,552)	**22,416**
Serbia [2]	15,056	4,078	(3,873)	**15,261**
Not allocated	-	-	-	**128**
Total	**37,429**	**10,673**	**(10,425)**	**37,805**

(1) In April 2022, the Group acquired 70% of the shares in Glamp d.o.o. Beograd (see also Note 9, Note 20 in the consolidated financial statements for the year ended 31 December 2022). In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X.

(2) In March 2021 the Group acquired 70% shares in companies operating in Beograd, Serbia. Sale of Serbian entities took place on 12 January 2022 (see also Note 9, Note 20, Note 24 in the consolidated financial statements for the year ended 31 December 2022).

Segment analysis of assets and liabilities is presented below:

31 December 2022

	Real estate [3]	Cash and deposits	Other	Total assets
Hungary	603,456	13,308	12,648	**629,412**
Serbia [1]	50,400	1,375	243	**52,018**
Not allocated	-	26,560	657,380	**683,940**
Total	**653,856**	**41,243**	**670,271**	**1,365,370**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	241,402	18,907	12,470	**272,779**
Serbia [1]	-	3,085	4,669	**7,754**
Not allocated [4]	806,059	56	51,220	**857,335**
Total	**1,047,461**	**22,048**	**68,359**	**1,137,868**

31 December 2021

	Real estate	Cash and deposits	Other	Total assets
Hungary	585,974	14,276	11,016	**611,266**
Serbia [(2)]	271,306	14,711	8,953	**294,970**
Not allocated	-	5,582	592,306	**597,888**
Total	**857,280**	**34,569**	**612,275**	**1,504,124**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	239,144	17,867	9,494	**266,505**
Serbia [(2)]	141,952	3,000	16,554	**161,506**
Not allocated [(4)]	819,955	2,230	30,304	**852,489**
Total	**1,201,051**	**23,097**	**56,352**	**1,280,500**

(1) In April 2022, the Group acquired 70% of the shares in Glamp d.o.o. Beograd (see also Note 9, Note 20 in the consolidated financial statements for the year ended 31 December 2022). In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X.

(2) In March 2021 the Group acquired 70% shares in companies operating in Beograd, Serbia. Sale of Serbian entities took place on 12 January 2022 (see also Note 9, Note 20, Note 24 in the consolidated financial statements for the year ended 31 December 2022).

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

(4) Borrowings not allocated comprises of bonds and loans granted by related parties, including current portion.

5.6 Consolidated cash flow statement

5.6.1 Key items from consolidated cash flow statement

NET CASH FROM (USED IN) OPERATING ACTIVITIES

The operating cash flow is the cash that the Group generates through running its business and comprises cash inflows from rental activities.

NET CASH FROM (USED IN) INVESTING ACTIVITIES

The investing cash flow is the aggregate change in the Group's cash position resulting from any gains (or losses) from investments in the financial markets, investment properties, and operating subsidiaries, as well as changes resulting from amounts spent on investments in capital assets, such as property, plant, and equipment.

NET CASH FROM (USED IN) FINANCING ACTIVITIES

The cash flow from (used in) financing activities accounts for, inter alia, the payment of cash dividends, receiving proceeds from loans or bonds, and issuing stock.

CASH AND CASH EQUIVALENTS

Cash balance consists of cash in banks. Cash in banks may earn interest at floating rates based on daily bank deposit rates if those are positive. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates if those are positive. All cash is deposited in banks. All cash and cash equivalents are available for use by the Group.

5.6.2 Cash flow analysis

The table below presents an extract of the cash flow for the period of year ended on 31 December 2022 and 2021:

	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash from operating activities	**24,356**	**31,346**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures on investment property and property, plant and equipment	(23,492)	(260,815)
Provision of loan	(49,593)	(586,452)
Interest received	5,788	687
Sale of subsidiary, net of cash in disposed assets	70,809	-
Acquisition of businesses, net of cash acquired	-	(831)
Net cash used in investing activities	**3,512**	**(847,411)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	6,173	195,963
Repayment of long-term borrowings	(3,959)	(21,551)
Proceeds from related party loans	1,782	490,000
Interest paid and other financing fees	(18,460)	(9,960)
Proceeds from issue of share capital, net of issuance costs	-	40,700
Increase in short term deposits	(1,803)	(648)
Loans origination payment	(183)	-
Net cash from (used in) financing activities	**(16,450)**	**694,504**
Effect of foreign currency translation	(542)	217
Net increase/(decrease) in cash and cash equivalents	10,876	(121,254)
Cash and cash equivalents, at the beginning of the year	**24,112**	**145,366**
Cash and cash equivalents, at the end of the year	**34,988**	**24,112**

The net cash from operating activities of group was EUR 24,356 in 2022 and EUR 31,346 in 2021. The net cash from investing activities was EUR 3,512 in 2022 compare to the net cash used in investing activities EUR (847,411) in 2021. The net cash used in financing activities was EUR (16,450) in 2022 compare to the net cash from financing activities EUR 695,152 in 2021.

5.7 Future liquidity and capital resources

As of 31 December 2022, the Group believes that its cash balances, cash generated from disposal of properties, cash generated from leasing activities of its investment properties, and cash available under its existing and future loan facilities as well as revolving credit facility will fund its needs.

The Group endeavors to manage all its liabilities efficiently and is constantly reviewing its funding plans related to (i) the development and acquisition of commercial properties, (ii) debt servicing of its existing assets portfolio, and (iii) CAPEX. Such funding is sourced through available cash, operating income, and refinancing.

The Group's loans and borrowings are mainly denominated in euro. Debt in other currencies includes green bonds issued by Hungarian subsidiary in HUF (series maturing in 2027-2031), which are hedged through cross currency interest rate swaps following the hedging policy of the Group.

AVAILABILITY OF FINANCING

Real estate development companies, including the companies of the Group, usually finance their real estate projects with proceeds from the issue of the bonds, proceeds from bank loans, loans extended by their holding companies. The availability and cost of procuring financing are of material importance to the implementation of the Group's projects and for the Group's development prospects and its ability to repay existing debt. Finally, the availability and cost of financing may impact the Group's development dynamics and the Group's cash flow and net profit.

Traditionally, the principal sources of financing for the Group's core business included rental revenues, bank loans, proceeds from projects, proceeds from bonds issued by the Company, and proceeds from asset disposals.

The Management has prepared and analyzed the cash flow budget based on certain hypothetical defensive assumptions to assess the reasonableness of the going concern assumption given the current developments on the market. This analysis assumed certain loan repayment acceleration, negative impact on NOI, as well as other offsetting measures, which the Management may take to mitigate the risks, including deferring the development activity and dividend pay-out.

Based on Management's analysis, the current cash liquidity of the Company, and the budget assumptions, 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. Management notes that it is difficult to predict the ultimate short, medium, and long-term impact of the macroeconomic conditions on the financial markets and the Company's activities, but the expected impact may be significant. Accordingly, Management conclusions will be updated and may change from time to time.

6. Information on 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, cash and short-term deposits.

The main risks arising from the Group’s financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

INTEREST RATE RISK

Primarily to the Group's long-term debt obligations and loans granted. No other financial instruments, which are subject for interest rate risk. The Group’s policy is to obtain finance bearing variable interest rates. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps, swap currency or cap transactions. The Group’s loans are nominated or swapped into Euro.

As at 31 December 2022, 85% of the Group’s long-term loans and bonds is hedged (as at 31 December 2021 – 87%).

For 2022, a 50bp increase in EURIBOR rate would lead to EUR 271 thousand change in result before tax (2021: EUR 256 thousand change in result before tax).

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 either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures. It is element of hedge accounting policy of the Group.

As a result of the Company’s investments, the Company’s balance sheet and profit or loss can be affected by movements in the HUF/EUR exchange rates. The table below presents the sensitivity of profit/(loss) before tax due to changes in foreign exchange rates (data in thousands euro):

2022 HUF/EUR				2021 HUF/EUR			
+10%	+5%	(5)%	(10)%	+10%	+5%	(5)%	(10)%
55	27	(27)	(55)	(299)	(150)	150	299

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 customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

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

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.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

LIQUIDITY RISK

As at 31 December 2022, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of approximately EUR 34,988 thousand. As described above, the Group attempts to efficiently manage all its liabilities and is currently reviewing its funding plans related to:

- debt servicing of its existing assets portfolio;
- capex; and
- 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.

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

	31 December 2022	31 December 2021
First year	11,359	13,278
Second year	12,471	14,516
Third year	14,398	15,609
Fourth year	113,583	16,340
Fifth year	78,004	115,485
Thereafter	169,678	289,914
Total	399,493	465,142

The above table does not contain payments relating to the market value of derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some of the repayment amounts.

Repayments of non-current derivative payables are scheduled as follows (the amounts are not discounted):

	31 December 2022	31 December 2021
Within 5 years	-	112
Thereafter	46,798	36,227
Total	46,798	36,339

Derivative instrument payables in the current year mature within 8-9 years from the balance sheet date.

Non-current portion of long-term loans from related parties mature in 5 years with option to prolong the final maturity date.

Maturity dates of current financial liabilities as of 31 December 2022 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	13,367	-	339	10,225	2,803
Current portion of long-term borrowing	4,427	-	-	1,387	3,040
Income tax payable	3,296	-	-	-	3,296
Other [1]	786	-	716	-	70
Total	21,876	-	1,055	11,612	9,209

[1] Includes VAT payables, Deposits from tenants and Current portion of lease liabilities

Maturity dates of current financial liabilities as of 31 December 2021 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	7,077	-	932	5,050	1,095
Current portion of long-term borrowing	4,427	-	-	1,387	3,040
Income tax payable	535	-	-	-	535
Other [1]	932	-	818	-	114
Total	12,971	-	1,750	6,437	4,784

[1] Includes VAT payables, Deposits from tenants, Derivatives, and Current portion of lease liabilities

FAIR VALUE

As of 31 December 2022, 67% of all bank loans bears floating interest rate (67% as of 31 December 2021). However, as of 31 December 2022, 65% of these loans are hedged (68% as of 31 December 2021). As of 31 December 2022, 100% of these bonds are hedged (100% as of 31 December 2021).

For information related to loans granted/received from related parties please refer to Note 25 in consolidated financial statements for the year ended 31 December 2022.

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

For the fair value of investment property, please refer to Note 17 in consolidated financial statements for the year ended 31 December 2022

FAIR VALUE HIERARCHY

As at 31 December 2022 and 2021, 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,

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 year ended 31 December 2022 and 31 December 2021, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements in respect to financial instruments.

PRICE RISK

The Group is exposed to fluctuations in the real estate markets in which it operates. These can have an effect on the Group's results (due to changes in the market rent rates and in occupancy of the leased properties).

Further risks are described in Item 3 Key risk factor in this Report.

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 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 2022 and 31 December 2021.

GTC S.A. monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, divided by its real estate investment value. The Group's long-term strategy is to keep its loan-to-value ratio ("LTV") at a level of 40 per cent, however in case of acquisitions GTC S.A. may deviate temporarily. As of 31 December 2022, LTV of the GTC Group was 45.6%.

GTC Hungary Real Estate Development Pltd.

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EUROPEAN UNION (EU) FOR THE YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE INDEPENDENT AUDITOR`S REPORT

Content

The independent auditor’s report is a separate document.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of 31 December 2022
(in thousands of Euro)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Properties, plant and equipment	16	3,773	3,469
Investment property	17	650,821	582,883
Blocked deposits		2,563	1,770
Loans granted to related parties	25	652,095	595,480
Derivatives	18	4,111	50
Deferred tax asset	15	2,958	3,138
		1,316,321	**1,186,790**
Current assets			
Trade receivables		1,359	1,163
Accrued income		1,922	670
Prepayments, deferred expenses and other receivables		2,603	9,218
Derivatives	18	2,991	128
VAT receivables		1,202	897
Income tax receivables	15	294	87
Current blocked deposits		3,692	2,749
Cash and cash equivalents	19	34,988	15,338
Assets held for sale	24	-	287,084
		49,051	**317,334**
TOTAL ASSETS		**1,365,372**	**1,504,124**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of 31 December 2022
(in thousands of Euro)

	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	2	20,366	20,366
Share premium		20,350	20,350
Foreign currency translation reserve		(6,209)	(6,209)
Cash-flow hedge reserve	18	(21,700)	(29,979)
Transaction reserve	20	(1,416)	61,332
Retained earnings		211,221	123,256
		222,612	**189,116**
Non-controlling interest	21	4,892	34,508
Total Equity		**227,504**	**223,624**
Non-current liabilities			
Non-current portion of long-term borrowing	22	384,662	394,816
Non-current portion of long-term loans from related parties	25	658,372	641,273
Lease liabilities		91	14
Derivatives	18	46,798	36,339
Deferred tax liabilities	15	22,048	20,097
Deposits from tenants		2,563	1,770
Share based payment liabilities	23	111	-
Other long-term liabilities		1,000	1,027
		1,115,645	**1,095,336**
Current Liabilities			
Trade payables and provisions		13,367	7,077
Deposits from tenants		67	45
Current portion of long-term borrowing	22	4,427	4,427
Current portion of lease liabilities		3	5
VAT payables		716	818
Income tax payables	15	3,296	535
Advances received		347	135
Derivatives	18	-	64
Liabilities related to assets held for sale	24	-	172,058
		22,223	**185,164**
TOTAL EQUITY AND LIABILITIES		**1,365,372**	**1,504,124**

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022
(in thousands of Euro)

	Note	31 December 2022	31 December 2021
Rental income	11	27,972	37,429
Management fees		591	128
Service charge income	11	10,091	10,673
Service charge costs	11	(10,716)	(10,425)
Gross margin from operations		**27,938**	**37,805**
Profit from revaluation of investment property	17	16,294	13,210
Selling expenses	12	(516)	(332)
Administrative expenses	13	(3,662)	(3,135)
Other income		40	23
Other expense		(994)	(294)
Profit from continuing operations before tax, finance income / cost and foreign exchange gain / (loss), net		39,100	**47,277**
Foreign exchange gain / (loss), net		(257)	(269)
Finance income	14	21,246	9,707
Finance cost	14	(25,131)	(20,647)
Profit before tax		**34,958**	**36,068**
Taxation	15	(5,201)	(1,891)
Profit for the period		**29,757**	**34,177**
Attributable to:			
Equity holders of the Company		26,633	29,196
Non-controlling interest	21	3,124	4,981
Gain/(Loss) on cash-flow hedge	18	8,459	(26,354)
Deferred tax (expense)/income on cash-flow hedge	15	(180)	2,514
Net gain/(loss) on cash-flow hedge		**8,279**	**(23,840)**
Total other comprehensive income		8,279	(23,840)
Total comprehensive income for the period, net of tax		**38,036**	**10,337**
Attributable to:			
Equity holders of the Company		34,912	5,169
Non-controlling interest		3,124	5,168

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(in thousands of Euro)

	Share capital	Share premium	Cash-flow hedge reserve	Foreign currency translation reserve	Transaction reserve	Retained earnings	Total	Non-controlling interest	Total
Balances as of 1 January 2021	**16**	**-**	**(5,952)**	**(6,209)**	**-**	**94,060**	**81,915**	**-**	**81,915**
Issuance of share capital (Note 20)	20,350	20,350	-	-	-	-	40,700	-	40,700
Other comprehensive income/(loss)	-	-	(24,027)	-	-	-	(24,027)	187	(23,840)
Profit for the period	-	-	-	-	-	29,196	29,196	4,981	34,177
Transaction reserve (Note 20)	-	-	-	-	61,332	-	61,332	-	61,332
Transaction with non-controlling interest (Note 21)	-	-	-	-	-	-	-	29,340	29,340
Balances as of 31 December 2021	**20,366**	**20,350**	**(29,979)**	**(6,209)**	**61,332**	**123,256**	**189,116**	**34,508**	**223,624**
Balances as of 1 January 2022	**20,366**	**20,350**	**(29,979)**	**(6,209)**	**61,332**	**123,256**	**189,116**	**34,508**	**223,624**
Other comprehensive income	-	-	8,279	-	-	-	**8,279**	-	**8,279**
Profit for the period	-	-	-	-	-	26,633	**26,633**	3,124	**29,757**
Capital restructuring (Note 20)					(61,332)	61,332	-	-	**-**
Transaction reserve (Note 20)	-	-	-	-	(1,416)	-	**(1,416)**	-	**(1,416)**
Transaction with non-controlling interest (Note 21)	-	-	-	-	-	-	-	(32,740)	**(32,740)**
Balances as of 31 December 2022	**20,366**	**20,350**	**(21,700)**	**(6,209)**	**(1,416)**	**211,221**	**222,612**	**4,892**	**227,504**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022
(in thousands of Euro)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**34,958**	**36,068**
Adjustments for			
Depreciation		195	164
Gain from revaluation of investment property	17	(16,294)	(13,210)
Share-based payment loss		111	-
Foreign exchange loss/(gain), net		257	917
Finance income	14	(21,250)	(9,707)
Finance cost	14	25,322	20,647
Operating cash flow before working capital changes		**23,299**	**34,879**
Changes in trade receivables		968	365
Changes in other current assets		720	(1,781)
Changes in trade and other payables		704	3,718
Cash generated in operations		**25,691**	**37,181**
Tax paid in the period		(1,335)	(5,745)
Net cash from operating activities		**24,356**	**31,436**
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on investment property and property, plant and equipment	17	(23,492)	(260,815)
Provision of loan	25	(49,593)	(586,452)
Interest received		5,788	687
Sale of subsidiary, net of cash in disposed assets	24	70,809	-
Acquisition of businesses, net of cash acquired		-	(831)
Net cash from / (used in) investing activities		**3,512**	**(847,411)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	22	6,173	195,963
Repayment of long-term borrowings	22	(3,959)	(21,551)
Proceeds from related party loans	25	1,782	490,000
Interest paid and other financing fees		(18,460)	(9,960)
Proceeds from issue of share capital, net of issuance costs	20	-	40,700
Increase in short term deposits		(1,803)	(648)
Loans origination payment		(183)	-
Net cash (used in) / from financing activities		**(16,450)**	**694,504**
Net foreign exchange difference, related to cash and cash equivalents		(542)	217
Net increase in cash and cash equivalents		**10,876**	**(121,254)**
Cash and cash equivalents, at beginning of year	19	**24,112**	**145,366**
Cash and cash equivalents at the end of the period	19	**34,988**	**24,112**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

1. PRINCIPAL ACTIVITIES

GTC Hungary Real Estate Development Pltd. ("the Company", "GTC") and its subsidiaries ("Group") are real-estate corporation in Hungary and Serbia. The Company was registered in Budapest on 11 September 1998. The Company's registered office is in Budapest, Hungary at 22 Népfürdő street, Tower "A" 15th floor. The Company owns - through its subsidiaries - commercial office companies in Budapest, Hungary and Belgrade, Serbia. The Company is developing, and leasing or selling space to commercial and individual tenants, through it's directly and indirectly owned subsidiaries (together "the Group").

The Group's business activity is development and rental of office. There is no seasonality in the business of the Group companies.

As of 31 December 2022, and 31 December 2021 the number of full-time equivalent personnel working in the Group companies was 53 and 43 respectively.

2. SHAREHOLDERS STRUCTURE

The Company is a wholly-owned subsidiary of Globe Trade Center S.A. ("GTC Poland", "GTC SA"), a company listed on the Warsaw Stock Exchange (WSE) and inward listed on Johannesburg stock exchange (JSE). The majority shareholder of the GTC SA is Optimum Ventures Private Equity Funds, though GTC Dutch Holdings B.V. ("GTC Dutch") and GTC Holding Zrt. The ultimate controlling party of the Group is Pallas Athéné Domus Meriti Foundation.

Share capital comprises the following as of December 31, 2022 and as of December 31, 2021:

Shares	Authorized in HUF	Issued and fully paid in EUR	Issued and fully paid in HUF	Nr of shares issued	Nominal value in HUF
Class "B" Common shares	7,107,400,000	20,358,042	7,107,400,000	7,107,400	1,000
Class "A" Preference shares	2,499,000	8,035	2,499,000	2,499	1,000
Total	**7,109,899,000**	**20,366,077**	**7,109,899,000**	**7,109,899**	

3. BASIS OF PREPARATION

The Company maintains its books of account in accordance with the accounting principles and practices employed by enterprises in Hungary as required by Hungarian Accounting Law (Act C/2000). The accompanying consolidated financial statements reflect certain adjustments not reflected in the Company's books to present these statements in accordance with standards issued by the International Accounting Standards Board as adopted by EU and Hungarian Accounting Law (Act C/2000).

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 authorization 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.

The functional currency of the Group is mainly 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 entities in the Group is other than euro.

The financial statements of those companies prepared in their functional currencies are included in the consolidated financial statements by translation into Euro using appropriate exchange rates outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as "Foreign currency translation reserve" without effecting earnings for the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

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 26.

As of 31 December 2022, the Group's net working capital (defined as current assets, less current liabilities) was positive and amounted to EUR 26,828.

The management has analyzed 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 this financial statements.

5. CHANGES IN THE 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 2021 except for the new standards, which are effective as at 1 January 2022 (see Note 6). There were no changes in significant accounting estimates and management's judgements during the period.

6. NEW STANDARDS, AND INTERPRETATIONS AMENDMENTS ADOPTED BY THE GROUP

(a) *Standards issued and effective for financial years beginning on or after 1 January 2022*

- Amendments to IFRS 3 Business Combinations – amendments to standard published in May 2020 relate to the applicable references to Conceptual Framework for Financial Reporting, without changes to the substance of business combinations accounting.
- Amendments to IAS 16 Property, plant and equipment – the amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognized in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - the amendment to IAS 37 includes a clarification as to whether the unavoidable costs under a contract exceed the expected economic benefits.
- Annual improvements to IFRSs 2018-2020 - the annual improvements contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to illustrative examples to IFRS 16 Leasing. Amendments include explanations and clarify standards guidelines to recognition and valuation.

The Company's assessment is that the above changes (new standards/amendments) have no material impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

6. NEW STANDARDS, AND INTERPRETATIONS AMENDMENTS ADOPTED BY THE GROUP (CONT'D)

(b) *Standards issued but not yet effective*

- IFRS 17 Insurance Contracts (issued on 18 May 2017 and amended on 25 June 2020) – effective for financial years beginning on or after 1 January 2023.
- Amendments to IAS 1 - Disclosure of accounting policies and IAS 8 - Definition of accounting estimates (issued on 12 February 2021) — effective for financial years beginning on or after 1 January 2023.
- Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (issued on 9 December 2021) — effective for financial years beginning on or after 1 January 2023.
- Amendments to IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) — effective for financial years beginning on or after 1 April 2023.
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) - The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2016.
- 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 2022) - 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.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - effective for annual periods beginning on or after a date to be determined by the International Accounting Standards Board (IASB).
- Amendment to IFRS 16 Leases: Lease liability in a Sale and Leaseback (issued on 22 September 2022) – 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.

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.

The Group plans to adopt all new standards on the required effective date. The Group does not expect a significant impact on its statement of financial position and equity, but they could impact disclosures.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 7(c) (ii) are met, share based payments, non-current financial assets and derivative financial instruments that are measured at fair value.

(b) *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. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Reassessment of the useful life and indications for impairment is performed each quarter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following depreciation rates have been applied:

	Depreciation rates
Equipment	10 -33 %
Properties	2 %
Vehicles	20 %

Assets under construction are shown at cost. The direct costs paid to subcontractors for the improvement of the property are capitalised into construction in progress. Capitalised costs also include borrowing costs, planning and design costs, construction overheads and other directly related costs. Assets under construction are not depreciated.

(c) *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 are initially measured at cost, including transaction costs. The carrying amount includes the replacement costs if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. 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.

(i) Completed Investment property

Investment property are stated at fair value according to the fair value model, which reflects market conditions at the reporting date.

Completed investment properties were externally valued by independent appraisers as of 31 December 2022 and 31 December 2021 based on open market values (RICS Standards). Completed properties are either valued on the basis of discounted cash flow (DCF) or - as deemed appropriate – on the basis of the income capitalisation or yield method. The applied method is defined by the valuer.

Investment property are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use, and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

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.

(ii) Investment property under construction ("IPUC")

The Group revalue IPUC based on its 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 was deducted from the value. The profit margin deducted is reduced when the construction is closer to completion.

(d) *Fair value hierarchy of investment property*

Fair value hierarchy is based on the sourced of input used to estimate the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

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.

As of 31 December 2022, the Group made reassessment of fair value hierarchy due to significant changes on the market and in economic environment. Based on performed reassessment and analysis, the Group applied Level 3 category of fair value hierarchy for all investment property of the Group as of reporting date. Assessment of fair value classification is done periodically.

(e) *Lease origination costs*

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.

(f) *Non-current assets held for sale*

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This requirement can be fulfilled only if the occurrence of a sale transaction is highly probable and the item of assets is available for immediate sale in its present condition. The classification of an asset as held for sale assumes the intent of the entity's management to realise the transaction of sale within one year from the moment of asset classification to the held for sale category. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Rental revenue*

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).

(h) *Interest and dividend income*

Interest income is recognised on an accrual basis using the effective interest method that is the rate that exactly discounts estimated future cash flows through the expected life of financial instruments to the net carrying amount of the underlying financial asset or liability.

(i) *Contract revenue and costs recognition*

Except from rental revenue mentioned in Note 7(h), Group has Service charge revenue stream.

Service charge represents 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, 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 component and are accounted for using rules described below.

Service charge revenue under IFRS 15 Revenue from Contracts with Customers

Service charge revenue is recognised under IFRS 15 when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. 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 statement purposes such income and expenses are disclosed on a net basis, as GTC acts as an agent. The Group has no such service charge in the reporting period.
- 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. 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 statement 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.

(j) *Borrowing costs*

Borrowing costs directly attributable to the acquisition or construction of an asset 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. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity 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 gross 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, i.e., when substantially all of the development work is completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(k) *Share issuance expenses*

Share issuance costs are deducted from equity (share premium), net of any related income tax benefits.

(l) *Income taxes & other taxes*

The current provision for corporate income tax for the Group companies is calculated in accordance with tax regulations ruling in particular country of operations and is based on the profit or loss reported under relevant tax regulations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ► where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- ► in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- ► where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- ► in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured using the tax rates enacted to taxable income in the years in which these temporary differences are expected to be recovered or settled.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which each company of the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

At each reporting date, the Group companies re-assess unrecognised deferred tax assets and the carrying amount of deferred tax assets. The companies recognise a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The companies conversely reduce 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.

Deferred tax relating to items recognised outside profit and loss is also recognized outside profit and loss: in other comprehensive income if relates to items recognised under other comprehensive income, or in equity – if relates to items recognized in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenues, expenses, assets and liabilities are recognized net of the amount of value added tax except:

- ► where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable and
- ► receivables and payables, which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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.

(m) *Foreign exchange differences*

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Transactions denominated in a foreign currency (including Hungarian Forint) 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 are charged to the income statement.

The following exchange rates were used for valuation purposes in cases where a certain lease is denominated in local currency as of 31 December 2022, and 2021: HUF/EUR 400.25 and HUF/EUR 369 respectively.

(n) *Interest bearing loans and borrowings and debt securities*

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.

Debt issuance expenses are deducted from the amount of debt originally recognised. These costs are amortised through the income statement over the estimated duration of the loan. Debt issuance expenses represent an adjustment to effective interest rates.

Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

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7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) *Financial instruments – initial recognition and subsequent measurement*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 7(j) Contract revenue and costs recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with the recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets relevant to the Group:

(i) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to expected credit losses (ECL) impairment charge. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost include Trade receivables, Loans granted to related parties, and Cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as valued at fair value through profit or loss unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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 recognised in the statement of profit or loss.

The Group's financial assets at fair value through profit or loss include non-current financial assets (related to investment property).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include Trade payables and provisions, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(p) *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that readily convert to a known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) *Accounts receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 7(p) Financial instruments – initial recognition and subsequent measurement.

(r) *Purchase of shares of non-controlling interest*

If the Group increases its share in the net assets of its controlled subsidiaries, the difference between the remuneration paid/to-be-paid and the carrying amount of non-controlling interest is recognised in equity attributable to equity holders of the parent.

(s) *Derivatives financial instruments and hedge accounting*

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and cap, to hedge its interest rate risks. 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.

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 documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

(i) Cash flow hedges

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.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For derivatives that do not qualify for hedge accounting, any gain or losses arising from changes in fair value are recorded directly to net profit or loss of the year.

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7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value of cross-currency interest swap, interest rate swaps and caps contracts are determined by using discounted cash flow method using observable inputs (fair value level hierarchy 2).

(t) *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 discounts rates applicable for the local real estate market and updated by the Management judgment or - as deemed appropriate – on basis of the Income capitalisation or 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 amortization and depreciation rates used (Note 16).

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).

The Group uses estimates in determining the settlement of share-based payment in cash (Note 23).

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

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 7(c)(ii), related to determination of IPUC valuation.

Significant accounting judgements related to market liquidity of investment property are presented in Note 7(d).

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(in thousands of Euro)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of GTC and the financial statements of its subsidiaries for the year ended 31 December 2022.

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 Group, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if, and only if, it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate impairment.

(w) *Provisions*

Provisions are recognised when the Group has present obligation (legal or assumed i.e. customarily accepted) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(x) *Share-based payment transactions*

Amongst others, GTC remunerates key personnel by granting them rights for payments based on GTC S.A.'s share price performance in PLN, in exchanges for their services ("Phantom shares"). The cost of the phantom shares is measured initially at fair value at the grant date. The liability is re-measured to fair value at each reporting date up and at the settlement date. The costs of the program during the vesting period and the effects of changes in fair value are recognized in administration expenses. The employee acquires the right to payment from phantom shares in annual tranches during the period of work / service. Costs are recognized on a straight-line basis over the vesting period for each tranche.

(y) *Short term deposits*

Short-term 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. 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.

(z) *Deposits from tenants*

Deposits from tenants include deposits received from tenants to secure the obligation of the tenants towards the landlord. The deposits are refundable at the end of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Leases

There are two types of leases in GTC Group that are subject to IFRS 16 and affect the financial statements:

(i) Property rented to tenants - the primary activity of the Group.

For this leasing activity, the 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 risk and benefits of ownership of the asset, are classified as operating leases.

(ii) Leases of lands under perpetual usufruct where the Group acts as Lessee.

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 Group has no such lease.

(ac) Business Combination Under Common Control (BCUCC)

IFRS 3 'Business Combination' excludes from its scope 'a combination of entities or businesses under common control'.

Because IFRS does not specify the accounting approach to be followed, the Group has option to select from two approaches to follow as an accounting policy choice to be applied consistently to all similar transactions for business combinations involving entities under common control:

- The acquisition method (as set out in IFRS 3), or
- Book value accounting

The rationale for applying IFRS 3 is that, although it is part of a group of entities under common control, the acquirer is still a separate entity in its own right. Consequently, from that entity's perspective there has been a substantive transaction.

The rationale for book value accounting is that the business has simply been moved from one part of a group of entities under common control to another. This view might be taken in circumstances in which businesses have been moved around a group as part of a restructuring or for tax planning purposes, or in preparation for the sale or listing of part of an existing group.

The following factors are considered by the Group:

- The transaction affect non-controlling shareholders of the receiving company
  If the non-controlling shareholder is not affected, book value method can be applied.
- The receiving company's shares traded in a public market
  If the receiving company's shares traded in a public market, acquisition method can be applied.
- All non-controlling shareholders related parties of the receiving company
  If the receiving company's shares are not traded in a public market and all non-controlling shareholders related parties of the receiving company, book value method can be applied.

Since the non-controlling shareholders of the receiving company is not affected by this transaction, therefore book value method was used. Based on book value method, any difference between consideration paid and the book value of the assets and liabilities received is recognized as Transaction reserve within equity.

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8. INVESTMENT IN SUBSIDIARIES

The consolidated financial statements include the financial statements of the Company, and its subsidiaries ('Group') listed below together with direct and indirect ownership of these entities and voting rights proportion as at the end of each period. In brackets, we mention the name of the project the subsidiary is part of.

	Name	Incorporated	Functional currency	31 December 2022	31 December 2021
1	Váci Út 81-85 Kft. (Center Point 1-3)	Hungary	EUR	100%	100%
2	Center Point I. Kft. (Center Point 1-2)	Hungary	EUR	100%	100%
3	Center Point II. Kft. (Center Point 3)	Hungary	EUR	100%	100%
4	Riverside Apartments Kft. (1)	Hungary	HUF	100%	100%
5	GTC Metro Kft. (Metro)	Hungary	EUR	100%	100%
6	Albertfalva Kft. (Szeremi Gate)	Hungary	EUR	100%	100%
7	GTC Future Kft. (GTC Future)	Hungary	EUR	100%	100%
8	Spiral I. Kft.	Hungary	HUF	100%	100%
9	GTC White House Kft.	Hungary	EUR	100%	100%
10	GTC Duna Kft. (Duna Tower)	Hungary	EUR	100%	100%
11	VRK Tower Kft. (Twins)	Hungary	EUR	100%	100%
12	Kompakt Land Kft. (Pillar)	Hungary	EUR	100%	100%
13	Globe Office Investments Kft. (Váci Greens D)	Hungary	EUR	100%	100%
14	GTC Investments Sp. z.o.o. (previously: Halsey Investments Sp.z.o.o.)	Poland	EUR	100%	100%
15	GTC Univerzum Projekt Kft. (Univerzum)	Hungary	EUR	100%	100%
16	Office Planet Kft. (2)	Hungary	EUR	-	100%
17	GTC Business Park d.o.o. Beograd (2)	Serbia	EUR	-	70%
18	GTC Medunarodni Razvoj Nekretnina d.o.o. Beograd (2)	Serbia	EUR	-	70%
19	GTC BBC d.o.o. (2)	Serbia	EUR	-	70%
20	Demo Invest d.o.o. (2)	Serbia	EUR	-	70%
21	Atlas Centar d.o.o. (2)	Serbia	EUR	-	70%
22	Glamp d.o.o. Beograd (3) (GTC X)	Serbia	EUR	70%	-

(1) Under liquidation
(2) Sold
(3) Acquired

9. EVENTS IN THE PERIOD

(a) *Management board changes and other corporate events*

On 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi, former President of the Management Board. Subsequently, Mr Carmi resigned from his seat on the Management Board of the Company and other subsidiaries.

On 7 February 2022, the shareholder of the Company appointed Mr. Csaba Zovát as member of the Management Board of the Company, effective immediately.

On 17 March 2022, the shareholder of the Company appointed Mr. Zoltán Fekete as the President of the Management Board of the Company, effective immediately.

On 22 June 2022, the shareholder of the Company appointed Mr. János Gárdai as a member of the Management Board of the Company, effective immediately.

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9. EVENTS IN THE PERIOD (CONTINUED)

(b) *Acquisitions, disposals and developments*

On 12 January 2022, GTC S.A. and the Company finalized sale of the entire share capital of Serbian subsidiaries: Atlas Centar d.o.o. Beograd ("Atlas Centar"), Demo Invest d.o.o. Novi Beograd ("Demo Invest"), GTC BBC d.o.o. ("BBC"), GTC Business Park d.o.o. Beograd ("Business Park") and GTC Medjunarodni Razvoj Nekretnina d.o.o. Beograd ("GTC MRN") and Hungarian company Office Planet Kft., which has 70% in shares of sold Serbian entities (together "Serbian Disposal Group"), following the satisfaction of customary conditions precedent. For details, please refer to Note 24 and Note 20(b).

In March 2022, the Group has completed a Class A office building in Budapest, Hungary – Pillar.

On 5 April 2022, GTC Hungary acquired 70% of the shares in Glamp d.o.o. Beograd - which existing capital shares were fully held by GTC S.A. - after increase of share capital of the Company. For details, please refer to Note 20(b). In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X. For details, please refer to Note 17.

As of 31 August 2022, Center Point 2 project was carved out from Center Point II Kft to Center Point I Kft. After completion of the carve-out and merge, completed project of Center Point 2 is owned by Center Point I Kft, including related assets (e.g., cash and trade receivables, etc.) and liabilities (e.g., bank loan, etc.).

(c) *Impact of the situation in Ukraine on GTC Group*

Since the start of the war in Ukraine on 24 February 2022, even though the Group does not conduct any activities in the territory of Ukraine, Russia or Belarus, it cannot be ruled out that the current geopolitical situation in Europe triggered by this war, which has resulted in a number of macroeconomic consequences for Poland and other European countries, may also have an impact on the Group's operations. The continuation of the war, its scale and further course of military operations may cause an extension of the set of economic sanctions imposed thus far, further disruption in supply chains, limited availability of subcontractors and a general increase in the prices of materials resulting from, among others, rising energy prices, which in turn may translate into significant costs of the implementation of investments carried out by the Group. A significantly higher and volatile costs of energy (severe energy crunch because of steep cuts in natural gas supplies from Russia following the outbreak of the Russia-Ukraine conflict) and general uncertainties related to the impact of the war in Ukraine on both global and the SEE/CEE economy and the deterioration of the global and regional economies may adversely impact the economic situation of the Group.

As at the date of this financial statements, the 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.

(d) *Effects of climate-related matters on financial statements*

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.

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10. SEGMENTAL ANALYSIS

Financial data prepared for the purposes of management reporting, on which segment reporting is based, are based on the same accounting principles that are used in the preparation of the consolidated financial statements of the Group.

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: Hungary and Serbia. The Group has operation in office segments only.

Segment analysis of rental income and costs for the year ended 31 December 2022 and 31 December 2021 is presented below:

31 December 2022	Rental income	Service charge income	Service charge costs	Gross margin from operations
Hungary	27,330	9,970	(10,530)	26,770
Serbia (1)	642	121	(186)	577
Not allocated (3)	-	-	-	591
Total	**27,972**	**10,091**	**(10,716)**	**27,938**

31 December 2021	Rental income	Service charge income	Service charge costs	Gross margin from operations
Hungary	22,373	6,595	(6,552)	22,416
Serbia (2)	15,056	4,078	(3,873)	15,261
Not allocated (3)	-	-	-	128
Total	**37,429**	**10,673**	**(10,425)**	**37,805**

(1) In April 2022, the Company acquired 70% of the shares in Glamp d.o.o. Beograd (see also Note 9, Note 20). In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X.
(2) In March 2021 the Company acquired 70% shares in companies operating in Beograd, Serbia. Sale of Serbian entities took place on 12 January 2022 (see also Note 9, Note 20, Note 24).
(3) Comprise of management fee income in the Company

Segment analysis of assets and liabilities is presented below:

31 December 2022	Real estate (3)	Cash and deposits	Other	Total assets
Hungary	603,456	13,308	12,648	**629,412**
Serbia (1)	50,400	1,375	243	**52,018**
Not allocated	-	26,560	657,382	**683,942**
Total	**653,856**	**41,243**	**670,273**	**1,365,372**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	241,402	18,907	12,470	**272,779**
Serbia (1)	-	3,085	4,669	**7,754**
Not allocated (4)	806,059	56	51,220	**857,335**
Total	**1,047,461**	**22,048**	**68,359**	**1,137,868**

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10. SEGMENTAL ANALYSIS (CONTINUED)

31 December 2021

	Real estate [3]	Cash and deposits	Other	Total assets
Hungary	585,974	14,276	11,016	**611,266**
Serbia [2]	271,306	14,711	8,953	**294,970**
Not allocated	-	5,582	592,306	**597,888**
Total	**857,280**	**34,569**	**612,275**	**1,504,124**

	Borrowings	Deferred tax	Other	Total liabilities
Hungary	239,144	17,867	9,494	**266,505**
Serbia [2]	141,952	3,000	16,554	**161,506**
Not allocated [4]	819,955	2,230	30,304	**852,489**
Total	**1,201,051**	**23,097**	**56,352**	**1,280,500**

(1) In April 2022, the Company acquired 70% of the shares in Glamp d.o.o. Beograd (see also Note 9, Note 20). In October 2022, the Group has completed a Class A office building in Belgrade, Serbia – GTC X.

(2) In March 2021 the Company acquired 70% shares in companies operating in Beograd, Serbia. Sale of Serbian entities took place on 12 January 2022 (see also Note 9, Note 20, Note 24).

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

(4) Borrowings not allocated comprises of bonds and loans granted by related parties, including current portion.

11. RENTAL AND SERVICE CHARGE INCOME AND RELATED COSTS

Rental income represents fixed contractual rental fees. Lease agreements typically contain rent incentives (e.g. rent-free periods and discounts).

The Group has entered into various operational lease contracts on its property portfolio in Serbia 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).

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.

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

	31 December 2022	31 December 2021 [1]
Within 1 year	33,978	33,442
After 1 year, but not more than 5 years	86,838	94,169
More than 5 years	25,020	37,070
Total	**145,836**	**164,681**

(1) Excluding Serbian portfolio held-for-sale, which was sold on 12 January 2022.

Service charge revenue includes income from charging maintenance costs to tenants. Service charge is billed on a monthly basis, based on the agreed rate from the contract with standard payment terms.

Service charge costs comprise of remuneration costs of EUR 560 (2021: EUR 199) and third-party services, material and energy usage and other operating costs.

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12. SELLING EXPENSES

Selling expenses comprise the following:

	31 December 2022	31 December 2021
External services - advertising and marketing	262	103
Payroll and related expenses	253	229
Total	**516**	**332**

13. ADMINISTRATIVE EXPENSES

Administration expenses comprise the following:

	31 December 2022	31 December 2021
Remuneration and other employee benefits	1,677	948
Audit and valuations	290	154
Legal, tax, IT and other advisory	90	119
Office and insurance expenses	301	245
Travel expenses	14	73
Depreciation (Note 16)	192	164
Other expenses	384	92
Office rent (Note 25)	202	52
Management fees (Note 25)	401	1,288
Provision for share-based payments (Note 23)	111	-
Total	**3,662**	**3,135**

14. FINANCE INCOME AND EXPENSE

Finance income comprise the following:

	31 December 2022	31 December 2021
Interest on deposits and other	2	-
Interest on loan granted to related-parties	21,244	9,707
Total	**21,246**	**9,707**

Finance costs comprise the following:

	31 December 2022	31 December 2021
Interest expenses (on financial liabilities that are not fair valued through profit or loss), banking costs and other charges	6,926	11,215
Finance costs related to lease liability	3	217
Early prepayment costs	-	261
Amortization of long-term borrowings raising costs	166	126
Interest on loan granted by related-parties	18,036	8,828
Total	**25,131**	**20,647**

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15. TAXATION

	31 December 2022	31 December 2021
Current corporate and capital gain tax expense	(3,890)	(2,559)
Deferred tax expense / (income)	(1,311)	668
Total	**(5,201)**	**(1,891)**

The Group companies are subject to taxes in the following jurisdictions: Hungary, Serbia and Poland. The Group does not constitute a tax group under local legislation. Therefore, every company in the Group is a separate taxpayer.

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

	31 December 2022	31 December 2021
Accounting profit before tax	34,958	36,068
Taxable expenses at the applicable tax rate in each country of activity	(4,036)	(3,805)
Tax effect of expenses that are not deductible in determining taxable profit	(805)	(32)
Tax effect of foreign currency differences	(395)	(262)
Withholding tax	(74)	(275)
Unrecognised deferred tax asset on losses in current year	(778)	(271)
Local tax on income, net	(534)	(510)
Deferred tax recognized on acquisitions and disposals	(3,148)	3,148
Corporate income tax on disposal of asset held for sale	3,585	-
Other	983	116
Total	**(5,201)**	**(1,891)**

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

Net deferred tax assets ('DTA') comprise the following:

	Financial instruments[1]
1 January 2021	**-**
Credit / (charge) to Income Statement	-
Credit / (charge) to Equity	2,514
Netting (to)/from DTL	624
31 December 2021	**3,138**
Credit / (charge) to Income Statement	-
Credit / (charge) to Equity	(180)
Netting (to)/from DTL	-
31 December 2022	**2,958**

(1) It contains the revaluation of a cross currency interest rate swap (cash flow hedge).

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15. TAXATION (CONTINUED)

Net deferred tax liability ('DTL') comprises of the following:

	Financial instruments[1]	Tax loss carry forward	Basis difference in non-current assets[2]	Net DTL
1 January 2021	**491**	**1,574**	**(14,305)**	**(12,240)**
Credit / (charge) to Income Statement	708	(166)	(7,681)	**(7,139)**
Credit / (charge) to Equity	(94)	-	-	**(94)**
Netting (to)/from DTA [3]	(624)	-	-	**(624)**
31 December 2021	**481**	**1,408**	**(21,986)**	**(20,097)**
Credit / (charge) to Income Statement	1,585	393	(3,290)	**(1,312)**
Credit / (charge) to Equity	(639)	-	-	**(639)**
31 December 2022	**1,427**	**1,801**	**(25,276)**	**(22,048)**

(1) It contains mostly foreign exchange differences, deferred loan cost and valuation of derivatives.
(2) Related to difference between book value and tax value of investment properties.
(3) 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.

Deferred tax losses

Losses carried forward may be utilized to decrease the corporate income tax base up to 50% of income tax base in any one year. The limitation of the utilization of losses carried forward is five years for the tax losses generated after 1 January 2015. The Company can use the losses incurred by the end of the 2014 tax year until 2030 based on FIFO method. The Company recognizes deferred tax assets only on those Company's subsidiaries' carry forward losses where there is plan that, future taxable profits will be available against loss-carry forward. The Company's subsidiaries have utilizable losses carried forward as of 31 December 2022 and 2021 in the amount of approximately Euro 53 million and Euro 110.5 million, respectively. The expiry dates of these tax losses as of 31 December 2022 are as follows: within one year - EUR 5 million, between 2-5 years - EUR 31 million, afterwards – EUR 17 million.

The Company hasn't recognized deferred tax assets for losses carried forward as of 31 December 2022 and 2021 in the amount of approximately Euro 20 million and Euro 93 million, respectively.

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

	31 December 2022	31 December 2021
Hungary	9%	9%
Serbia	15%	15%
Poland	19%	19%

Future benefit for deferred tax assets has been reflected in these consolidated financial statements only if it is probable that taxable profits will be available when timing differences that gave rise to such deferred tax asset reverse.

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 authorized to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest.

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15. TAXATION (CONTINUED)

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.

16. PROPERTY, PLANT, AND EQUIPMENT

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

	Buildings and related improvements	Equipment and Software	Vehicles	Total
Gross carrying amount				
1 January 2022	**3,217**	**391**	**329**	**3,937**
Additions	8	222	392	**622**
Disposals and other decreases	-	(101)	(29)	**(130)**
31 December 2022	**3,225**	**512**	**692**	**4,429**
Accumulated Depreciation				
1 January 2022	**126**	**229**	**113**	**468**
Charge for the period	64	63	65	**192**
Disposals and other decreases	-	-	(4)	**(4)**
31 December 2022	**190**	**292**	**174**	**656**
Net book value at 31 December 2022	**3,035**	**220**	**518**	**3,773**

The movement in property, plant, and equipment for the year ended 31 December 2021 was as follows:

	Buildings and related improvements	Equipment and Software	Vehicles	Total
Gross carrying amount				
1 January 2021	**2,093**	**271**	**234**	**2,598**
Additions	124	127	173	**424**
Reclassified from Investment Property	1,000	-	-	**1,000**
Disposals and other decreases	-	(7)	(78)	**(85)**
31 December 2021	**3,217**	**391**	**329**	**3,937**
Accumulated Depreciation				
1 January 2021	**72**	**179**	**74**	**325**
Charge for the period	54	55	42	**151**
Reclassified from Investment Property	**-**	**-**	**-**	**-**
Disposals and other decreases	-	(5)	(3)	**(8)**
31 December 2021	**126**	**229**	**113**	**468**
Net book value at 31 December 2021	**3,091**	**162**	**216**	**3,469**

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17. INVESTMENT PROPERTY

The Investment property are office space owned by the Group, including property under construction.

The Investment property can be split up as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Completed investment properties	594,838	425,337
Investment property under construction ('IPUC')	19,500	102,900
Investment property landbank	36,483	54,646
Total	**650,821**	**582,883**

The movements in investment property were as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Fair value as of 1 January	**582,883**	**319,683**
Purchase of completed assets and land (3)	20,120	497,512
Capitalized expenditure (2)	30,481	38,802
Reduction of lease income (SIC 15) (1)	(3)	(140)
Adjustment to fair value / (impairment)	16,294	13,210
Borrowing cost capitalized (4)	1,046	1,900
Reclassified to Property, Plant and Equipment	-	(1,000)
Reclassified to Asset held for Sale (5)	-	(287,084)
Fair value as of period end	**650,821**	**582,883**

(1) Fair value of investment property reflects the impact of rent incentive provided for tenants which is presented separately in this disclosure in line with paragraph 4 of SIC 15.
(2) The additions are related to construction of GTC X, refurbishment of Center Point 1-2, completion of construction of Pillar, start of construction of Center Point 3 and a general CAPEX and fit-out works on the completed office buildings.
(3) Acquisition price of GTC X (Please see Note 9 also)
(4) Represents borrowing costs capitalized during the current year using a capitalization rate of 4% (prior year 4%).
(5) Disposal of Serbian entities took place in 12 January 2022 (See also Note 9, Note 24)

Reconciliation between capitalized subsequent expenditure and paid subsequent expenditure is presented below:

	Year ended 31 December 2022	Year ended 31 December 2021
Capitalized expenditure (including Purchase of completed assets and land)	**50,601**	**536,314**
Change in payables and provisions related to investing activities	(4,520)	2,040
Change in receivables related to investing activities	(2,877)	1,933
Related party loan conversion on acquisition of assets and land	(20,120)	(279,957)
Purchase of property, plant and equipment.	408	485
Expenditures on investment property and property, plant and equipment (Cash Flow statement)	**23,492**	**260,815**

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17. INVESTMENT PROPERTY (CONTINUED)

Adjustment to fair value / (impairment) consists of the following:

	Year ended 31 December 2022	Year ended 31 December 2021
Adjustment to fair value of completed investment properties	22,590	4,425
Adjustment to the fair value of investment properties under construction	(4,065)	7,923
Adjustment to fair value/(impairment) of assets held for sale	(172)	1,091
Reversal of impairment/(Impairment)	(2,059)	(229)
Profit from revaluation of investment property	**16,294**	**13,210**

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

	Year ended 31 December 2022	Year ended 31 December 2021
Hungary	7,063	3,334
Serbia	15,527	1,091
Adjustment to fair value of completed investment properties	**22,590**	**4,425**

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).

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

Input	Unit	Hungary	Serbia	Total
Book value	€ thousand	544,438	50,400	594,838
Gross leasable area (GLA)	thousand sqm	181	18	199
Average occupancy	%	86	94	87
Actual average rent	€/sqm/month	17.1	18.0	17.2
Average ERV (1)	€/sqm/month	16.5	18.2	16.6
Average Yield (2)	%	5.9	7.2	6.0

(1) Estimated Rent Value (ERV): 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.
(2) Average yield is calculated as in-place rent divided by fair value of asset.

Assumptions used in the fair value valuations of completed assets as of 31 December 2021 are presented below:

Input	Unit	Hungary
Book value	€ thousand	425,337
Gross leasable area (GLA)	thousand sqm	152
Average occupancy	%	97
Actual average rent	€/sqm/month	15.7
Average ERV (1)	€/sqm/month	15.7
Average Yield (2)	%	6.5

(1) Estimated Rent Value (ERV): 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
(2) Average yield is calculated as in-place rent divided by fair value of asset.

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17. INVESTMENT PROPERTY (CONTINUED)

As of 31 December 2022, all investment properties under construction were valued using residual method, by independent appraisers at year end and middle year based on open market values (RICS Standards).

Information regarding investment properties under construction as of 31 December 2022 and 31 December 2021, respectively is presented below:

	Book value € thousand	**Estimated area** thousand sqm
Pillar (Hungary)	102,900	29
Investment property under construction 31.12.2021	**102,900**	**29**
Center Point 3 (Hungary)	19,500	36
Investment property under construction 31.12.2022	**19,500**	**36**

Investment property landbank are valued using residual or comparison methods, by independent appraisers at year end and middle year based on open market values (RICS Standards). All investment property landbank was located in Hungary.

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 2022:

Key unobservable inputs	**Change in input**	**Estimated change**	**Estimated FV following the change**
Estimated rental value (ERV)	5 %	28,624	623,462
Estimated rental value (ERV)	(5) %	(28,724)	566,114
Capitalisation rate (Cap rate)	25 bp	(22,738)	572,100
Capitalisation rate (Cap rate)	(25) bp	23,947	618,785

The following table presents the significant unobservable inputs used in the fair value measurement of investment property under construction for the residual method in the year ended 31 December 2022:

Key unobservable inputs	**Unit**	**Center Point 3**
Estimated rental value (ERV)	€ / sqm / month	20.4
Capitalisation rate (Cap rate)	%	5.8
Expected constructions costs	€ / sqm / GLA	3,800

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 2022:

Key unobservable inputs	**Change in input**	**Estimated change**	**Estimated FV following the change**
Estimated rental value (ERV)	5 %	6,000	25,500
Estimated rental value (ERV)	(5) %	(5,900)	13,600
Capitalisation rate (Cap rate)	25 bp	(4,900)	14,600
Capitalisation rate (Cap rate)	(25) bp	5,400	24,900
Expected construction costs	5 %	(4,900)	14,600
Expected construction costs	(5) %	5,000	24,500

Inter-relationship between key unobservable input and fair value measurements of investment property/landbank for the comparable method in the year ended 31 December 2022:

Key unobservable input	**Change in input**	**Estimated change**	**Estimated FV following the change**
Price	5 %	1,824	38,307
Price	(5) %	(1,824)	34,659

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18. DERIVATIVES

The Group holds instruments (IRS, CAP, currency SWAP and cross-currency interest rate SWAP) that hedge the risk involved in fluctuations of interest rate and currencies rates. The instruments hedge interest on loans and bonds for a period of 2-9 years.

Derivatives are presented in financial statements as below:

	31 December 2022	31 December 2021
Non-current assets	4,111	50
Current assets	2,991	128
Non-current liabilities	(46,798)	(36,339)
Current liabilities	-	(64)
Fair value as of the end of the year	**(39,696)**	**(36,225)**

The movement in derivatives for the years ended 31 December 2022 and 31 December 2021 was as follows:

	31 December 2022	31 December 2021
Fair value as of the beginning of the year	**(36,225)**	**(7,982)**
Charged to other comprehensive income[1]	(8,460)	(26,354)
Charged to profit or loss[2]	4,989	(1,889)
Fair value as of the end of the year	**(39,696)**	**(36,225)**

(1) Change is mainly attributable to the revaluation of IRS instruments related borrowings.
(2) This loss mainly offset a foreign exchange difference gains on bonds nominated in HUF.

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 flows models based on the data from publicly available sources.

The Group 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 profit or loss. 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.

Derivatives as of 31 December 2022 and 31 December 2021 consists mainly of IRS and cross-currency interest rate swaps.

Instruments	Measurement	Rate range for interest	Currency rate for SWAP
CCIRS (BUBOR/HUF)	Fair value	0.93% - 0.99%	360.33 - 367.66
IRS (EURIBOR 3M)	Fair value	(0.32%) – (0.08%)	N/A

Instruments	Nature	Nominal amount	Ccy	Fair value as at 31 December 2022	Nominal amount	Ccy	Fair value as at 31 December 2021
CCIRS (BUBOR/HUF)	Bond	59,400	HUF m	(46,798)	59,400	HUF m	(36,226)
IRS (EURIBOR 3M)	Loan	242	€ m	7,102	240	€ m	1
Fair value				**(39,696)**			**(36,225)**

For more information regarding derivatives, see Note 26.

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19. CASH AND CASH EQUIVALENTS

Cash balance consists of cash in banks and cash in 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. Group cooperates mainly with banks with investment ranking above BBB-.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2022 and 31 December 2021:

	Year ended 31 December 2022	Year ended 31 December 2021
Cash at banks and on hand	34,988	15,338
Cash at banks related to assets held for sale	-	8,774
Cash and cash equivalents at the end of the period	**34,988**	**24,112**

20. CAPITAL AND RESERVES

(a) *Share capital and premium*

On 9 June 2021, the registered share capital of GTC Hungary increased in the amount of EUR 7,850 thousand from its sole-shareholders cash contribution and simultaneously EUR 7,850 thousand cash contribution was transferred into the share premium of GTC Hungary.

On 28 June 2021, the registered share capital of GTC Hungary increased in the amount of EUR EUR 12,500 thousand from its sole-shareholders cash contribution and simultaneously EUR 12,500 thousand cash contribution was transferred into the share premium of GTC Hungary.

(b) *Transaction reserve*

On 12 March 2021, Office Planet Ltd. was newly founded and on 1 April 2021, it acquired 70% shares in companies GTC Business Park d.o.o. Beograd, GTC Medunarodni Razvoj Nekretnina d.o.o. Beograd, GTC BBC d.o.o., Demo Invest d.o.o. and Atlas Centar d.o.o. ('**Serbian Disposal Group**') via share capital increase. 30% shares of these companies are still owned by GTC SA. At the acquisition date the fair value of the net assets of these entities in total was EUR 97,799 thousand while the fair value of total consideration transferred in cash was EUR 7,127 thousand. Consequently, in the business combination the company recognized positive transaction reserve in the equity with the amount of EUR 61,332 thousand.

Identifiable assets, liabilities and non-controlling interest at acquisition date comprise:

Serbian Disposal Group	**Fair value at acquisition date**
Investment properties	269,324
Cash and deposit	12,578
Other Assets	10,030
Total Assets	**291,932**
Loans	172,924
Deferred tax liability	10,508
Other liabilities	10,701
Total Liabilities	**194,133**
Fair value of net assets	**97,799**
Non-controlling interest	29,340
Transaction reserve	61,332
Total consideration transferred	**7,127**

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20. CAPITAL AND RESERVES (CONTINUED)

From the date of acquisition, the Serbian Disposal Group contributed EUR 15,030 thousand of rental income and EUR 10,133 thousand to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, rental income from continuing operations would have been EUR 42,439 thousand and profit before tax from continuing operations for the Group would have been EUR 39,446 thousand.

On 12 January 2022, GTC S.A. and the Company finalized sale of the entire share capital of Serbian Disposal Group, and Transaction Reserve of EUR 61,332 thousand was reclassified to Retained Earnings.

On 5 April 2022, GTC Hungary acquired 70% of the shares in Glamp d.o.o. Beograd - which existing capital shares were fully held by GTC S.A. - after increase of share capital of the Company. At the acquisition date the fair value of the net assets of this asset in total was EUR 4,437 thousand while the fair value of total consideration transferred in cash was EUR 4,522 thousand. Consequently, in the business combination the company recognized negative transaction reserve in the equity with the amount of EUR 1,416 thousand.

GTC X	**Fair value at acquisition date**
Investment properties	20,121
Cash and deposit	4,632
Other Assets	61
Total Assets	**24,814**
Loans	17,074
Other liabilities	3,303
Total Liabilities	**20,377**
Fair value of net assets	**4,437**
Non-controlling interest	1,331
Transaction reserve	(1,416)
Total consideration transferred	**4,522**

From the date of acquisition, Glamp contributed EUR 11 thousand of rental income (rental operation started in November 2022) and EUR 11,869 thousand to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, the profit before tax from continuing operations for the Group would have been EUR 11,843 thousand.

(c) *Dividend payments*

No distribution of the profit was authorized or paid to the shareholder of the Group.

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21. NON-CONTROLLING INTEREST

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

	GTC X	Serbian Disposal Group	Total
Non-current assets	50,400	-	**50,400**
Current assets	1,618	-	**1,618**
Total assets	**52,018**	**-**	**52,018**
Equity	16,306	-	**16,306**
Non-current liabilities	31,486	-	**31,486**
Current liabilities	4,226	-	**4,226**
Total equity and liabilities	**52,018**	**-**	**52,018**
Revenue	112	-	**112**
Profit / (loss) for the year	11,841	-	**11,841**
Other comprehensive profit/(loss)	-	-	**-**
NCI share in equity	4,892	-	**4,892**
NCI share in profit / (loss)	3,554	(437)	**3,117**

Glamp d.o.o Beograd (GTC X) is incorporated in Serbia.

Summarized financial information of the material non-controlling interest as of 31 December 2021 is presented below:

	Serbian Disposal Group
Non-current assets	271,306
Current assets	15,779
Total assets	**287,085**
Equity	115,027
Non-current liabilities	163,535
Current liabilities	8,523
Total equity and liabilities	**287,085**
Revenue	19,132
Profit / (loss) for the year	16,601
Other comprehensive profit/(loss)	-
NCI share in equity	34,508
NCI share in profit / (loss)	4,981

No loans granted to / received from NCI.

The movement in NCI for the years ended 31 December 2022 and 31 December 2021 was as follows:

	31 December 2022	31 December 2021
Balance as of the beginning of the year	**34,508**	**-**
Disposal	(34,071)	-
NCI Recognized at acquisition date	1,331	29,340
Other comprehensive income for the period	-	187
Profit for the period	3,124	4,981
Balance as of end of the year	**4,892**	**34,508**

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22. LONG-TERM BORROWINGS

Long-term borrowings are linked to the following currencies and have been separated into the non-current portion and the current portion as disclosed below:

Non-current portion	Currency linkage	31 December 2022	31 December 2021
Loan from OTP (Center Point 1-2)	EUR	44,248	46,055
Loan from OTP (Duna Tower)	EUR	34,314	35,715
Loan from Erste (Váci Greens D)	EUR	22,938	23,688
Loan from OTP (Univerzum)	EUR	80,000	80,000
Loan from UniCredit (Pillar)	EUR	57,000	50,827
Green bonds mature in 2027-2030 (HU0000360102)	EUR	98,938	107,317
Green bonds mature in 2028-2031 (HU0000360284)	EUR	49,469	53,659
Deferred debt expenses	EUR	(2,245)	(2,445)
		384,662	**394,816**

Current portion	Currency linkage	31 December 2022	31 December 2021
Loan from OTP (Center Point 1-2)	EUR	1,807	1,807
Loan from OTP (Duna Tower)	EUR	1,401	1,401
Loan from Erste (Váci Greens D)	EUR	750	750
Green bonds mature in 2027-2030 (HU0000360102)	EUR	72	72
Green bonds mature in 2028-2031 (HU0000360284)	EUR	397	397
		4,427	**4,427**

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 (‘LTV’) and Debt Service Coverage (‘DSCR’) ratios in the subsidiary that holds the project. As at 31 December 2022, the Group continue to comply with the financial covenants set out in their loan agreements and bonds’ terms and conditions.

In addition, substantially, all investment properties and IPUC that were financed by a lender have been 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.

Green Bonds (series maturing in 2027-2030) and green bonds (series maturing in 2028-2031) are denominated in HUF. The initial fair value differed from the transaction price. The Group presents the difference as part of the amortized cost of the bonds under "Long-term liabilities" in the balance sheet. As of December 31, 2022, the unreconciled difference in the income statement is EUR 109 thousand (2021: EUR 101 thousand).

All other bank loans and bonds are denominated in euro.

For further information please refer also to Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

22. LONG TERM BORROWINGS (CONTINUED)

The movement in long term loans and bonds for the years ended 31 December 2022 and 31 December 2021 was as follows:

	31 December 2022	31 December 2021
Balance as of the beginning of the year	**399,243**	**222,096**
Drawdowns and issuance of bonds	6,173	195,963
Repayments	(3,959)	(21,551)
Interest payments	(1,588)	(1,088)
Change in accrued interest	-	396
Change in deferred issuance debt expenses	200	744
Foreign exchange difference	(10,980)	2,683
Balance as of end of the year	**389,089**	**399,243**

From financing activities the Company had proceeds from related party loans EUR 1,782 thousand (2021: EUR 490,000 thousand) (please refer to Note 25) and proceeds from issue of share capital in 2021 with the amount of EUR 40,700 thousand (please refer to Note 20).

23. PHANTOM SHARES

Certain key management personnel of the Company are entitled to specific cash payments resulting from phantom shares in the Company (the "Phantom Shares"). The Company uses binomial model to evaluate the fair value of the phantom shares. The input data includes date of valuation, strike price, and expiry date.

The Phantom shares (as presented in below table) have been accounted for based on future cash settlement.

As at December 31, 2022, the Group's share-based payment liabilities amounted to EUR 111 thousand (as at December 31, 2021 was nil). The loss recognized in the income statement amounted to EUR 111 thousand in 2022 (in 2021 it was nil).

As at 31 December 2022, phantom shares issued were as follows:

Strike price (PLN)	Blocked	Vested	Total
5.95	118,000	59,000	177,000
6.11	-	100,000	100,000
6.31	-	250,000	250,000
Total	**118,000**	**409,000**	**527,000**

The Phantom shares (as presented in above table) have been provided for assuming cash payments will be materialized, as the Company assesses that it is more likely to be settled in cash.

Last year of exercise date	Number of phantom shares
2023	350,000
2025	177,000
Total	**527,000**

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24. ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

The balance of assets held for sale decreased significantly as the Group finalized sale of the entire share capital of Serbian subsidiaries. The balance of assets held for sale as of 31 December 2021 was as follows:

Entity	Real Estate	Cash and Deposits	Other Assets	Total
Atlas Centar	106,924	5,407	405	112,736
Demo Invest	62,126	3,500	283	65,909
GTC BBC	38,714	1,525	180	40,419
GTC Business Park	37,860	2,358	77	40,295
GTC MRN	25,682	1,921	123	27,726
Total, Serbian Disposal Group	**271,306**	**14,711**	**1,068**	**287,085**

The balance of liabilities related to assets held for sale as of 31 December 2021 was as follows:

Entity	Lease Liability	Loans	Deferred Tax Liability	Other Liabilities	Total
Atlas Centar	924	59,833	67	1,956	62,780
Demo Invest	1,126	37,092	609	1,380	40,207
GTC BBC	714	28,240	623	434	30,011
GTC Business Park	960	20,468	922	676	23,026
GTC MRN	-	14,902	779	353	16,034
Total, Serbian Disposal Group	**3,724**	**160,535**	**3,000**	**4,799**	**172,058**

The purchase price on disposal of Serbian entities was calculated on an enterprise value basis, based on a property value of aggregate EUR 267.6 million and considered repayment of external loans of EUR 142.4 million. Net proceeds from sale of Serbian completed office portfolio were EUR 70,809 thousand (net of cash in disposed assets of EUR 8,774 thousand).

25. RELATED PARTY TRANSACTIONS

The Company has entered into a variety of transactions with its related parties. All related party transactions are occurred in the normal course of business on an arm's-length basis.

(a) *Major transactions with related parties*

Major transactions with related parties for the year ended 31 December 2022 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Rental income (1)	219	-	-
Management fees (2)	-	-	583
Service charge income (1)	62	-	-
Administrative expenses	-	-	569
Finance income	-	-	21,247
Finance cost	-	4,495	13,515

(1) Rental revenue and Service charge revenue in relation to rental guarantees provided by sellers, controlled entities of the ultimate controlling party.
(2) Management fee income from GTC S.A.'s subsidiaries in Hungary, which are outside of this Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Major transactions with related parties for the year ended 31 December 2021 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Rental income [(1)]	169	-	-
Management fees [(2)]	-	-	128
Service charge income [(1)]	43	-	-
Administrative expenses	-	-	1,340
Finance income	-	-	9,707
Finance cost	-	4,199	7,085

(1) Rental revenue and Service charge revenue in relation to rental guarantees provided by sellers, controlled entities of the ultimate controlling party.
(2) Management fee income from GTC S.A.'s subsidiaries in Hungary, which are outside of this Group.

(b) *Related party balances*

Related party balances for the year ended 31 December 2022 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Loans granted to related parties	-	-	652,095
Trade receivables	-	273	-
Non-current portion of long-term loans from related parties	-	157,279	501,093
Trade and other payables	-	177	57
Other long-term liabilities	1,000	-	-

Related party balances for the year ended 31 December 2021 was as the follows:

	Company controlled by the Ultimate controlling party	Majority Shareholder	Subsidiary of the Majority Shareholder
Loans granted to related parties	-	-	595,480
Trade receivables	-	203	-
Non-current portion of long-term loans from related parties	-	144,185	497,088
Trade and other payables	-	278	1,010
Other long-term liabilities	1,027	-	-

Outstanding loans (from)/to related parties are unsecured and presented with accrued interest in both financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) *Transactions with Management Board*

Remuneration of the Management Board of GTC Hungary (i.e., directors of the Company) for the year ended 31 December 2022 was amounted to Euro 398 thousand (in 2021: Euro 311 thousand) and 409,000 phantom share (Note 23) was vested (in 2021: no phantom share was vested).

There was no other transaction with the Management and Supervisory Board GTC S.A.

26. 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, cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk.

(a) *Interest rate risk*

Primarily to the Group's long-term debt obligations and loans granted. No other financial instruments, which are subject for interest rate risk. The Group's policy is to obtain finance bearing variable interest rates. To manage the interest rate risk in a cost-efficient manner, the Group enters into interest rate swaps, swap currency or cap transactions. The Group's loans are nominated or swapped into Euro.

As at 31 December 2022, 85% of the Group's long-term loans and bonds is hedged (as at 31 December 2021 – 87%).

For 2022, a 50bp increase in EURIBOR rate would lead to EUR 271 thousand change in result before tax (2021: EUR 256 thousand change in result before tax).

(b) *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 either matching the currency of the inflow, outflow and cash and cash equivalent with that of the expenditures. It is element of hedge accounting policy of the Group.

As a result of the Company's investments, the Company's balance sheet and profit or loss can be affected by movements in the HUF/EUR exchange rates. The table below presents the sensitivity of profit/(loss) before tax due to changes in foreign exchange rates (data in thousands euro):

2022				**2021**			
HUF/EUR				HUF/EUR			
+10%	+5%	(5)%	(10)%	+10%	+5%	(5)%	(10)%
55	27	(27)	(55)	(299)	(150)	150	299

(c) *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 customers. The Group does not expect any counter parties to fail in meeting their obligations. The Group has no significant concentration of credit risk with any single counterparty or Group counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

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.

The maximum exposure to credit risk as of the reporting date is the full amount presented.

There are no material financial assets as of the reporting dates, which are overdue and not impaired. There are no significant financial assets impaired.

(d) *Liquidity risk*

As at 31 December 2022, the Group holds cash and cash equivalents (as defined in IFRS) in the amount of approximately EUR 34,988 thousand. 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.

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

	31 December 2022	31 December 2021
First year	11,359	13,278
Second year	12,471	14,516
Third year	14,398	15,609
Fourth year	113,583	16,340
Fifth year	78,004	115,485
Thereafter	169,678	289,914
Total	**399,493**	**465,142**

The above table does not contain payments relating to the market value of derivative instruments. The Group hedges significant parts of the interest risk related to floating interests rate with derivative instruments. Management plans to refinance some of the repayment amounts.

Repayments of non-current derivative payables are scheduled as follows (the amounts are not discounted):

	31 December 2022	31 December 2021
Within 5 years	-	112
Thereafter	46,798	36,227
Total	**46,798**	**36,339**

Derivative instrument payables in the current year mature within 8-9 years from the balance sheet date.

Non-current portion of long-term loans from related parties mature in 5 years with option to prolong the final maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Maturity dates of current financial liabilities as of 31 December 2022 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	**13,367**	-	339	10,225	2,803
Current portion of long-term borrowing	**4,427**	-	-	1,387	3,040
Income tax payable	**3,296**	-	-	-	3,296
Other [(1)]	**786**	-	716	-	70
Total	**21,876**	**-**	**1,055**	**11,612**	**9,209**

[(1)] Includes VAT payables, Deposits from tenants and Current portion of lease liabilities

Maturity dates of current financial liabilities as of 31 December 2021 were as following:

	Total	Overdue	Up to a month	1-3 months	3 months – 1 year
Trade payables and provisions	**7,077**	-	932	5,050	1,095
Current portion of long-term borrowing	**4,427**	-	-	1,387	3,040
Income tax payable	**535**	-	-	-	535
Other [(1)]	**932**	-	818	-	114
Total	**12,971**	**-**	**1,750**	**6,437**	**4,784**

[(1)] Includes VAT payables, Deposits from tenants, Derivatives, and Current portion of lease liabilities

(e) *Fair value*

As of 31 December 2022, 67% of all bank loans bears floating interest rate (67% as of 31 December 2021). However, as of 31 December 2022, 65% of these loans are hedged (68% as of 31 December 2021). As of 31 December 2022, 100% of these bonds are hedged (100% as of 31 December 2021).

For information related to loans granted/received from related parties please refer to Note 25.

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

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

Fair value hierarchy

As at 31 December 2022 and 2021, 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,
- 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 year ended 31 December 2022 and 31 December 2021, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements in respect to financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(f) *Price risk*

The Group is exposed to fluctuations in the real estate markets in which it operates. These can have an effect on the Group's results (due to changes in the market rent rates and in occupancy of the leased properties).

Further risks are described in the Management Report as of 31 December 2022.

(g) *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 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 2022 and 31 December 2021.

GTC S.A. monitors its gearing ratio, which is Gross Project and Corporate Debt less Cash & Deposits, divided by its real estate investment value. The Group's long-term strategy is to keep its loan-to-value ratio ("LTV") at a level of 40 per cent, however in case of acquisitions GTC S.A. may deviate temporarily. As of 31 December 2022, LTV of the GTC S.A. group was 45.6%.

(h) *Leasing arrangements*

Investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- ► achieve the longest weighted average lease term possible;
- ► minimise vacancy rates across all properties; and
- ► minimise the turnover of tenants with high quality credit ratings.

27. COMMITMENTS

As of 31 December 2022 (31 December 2021), the Group had commitments contracted for in relation to future building construction without specified date, amounting to EUR 91.5 million (EUR 12.5 million). These commitments are expected to be financed from available cash and current financing facilities, other external financing or future installments under already contracted sale agreements and yet to be contracted sale agreements.

28. SUBSEQUENT EVENTS

On 25 April 2023, the GTC S.A. and the Company entered into a mutual employment contract termination agreement with Mr. Ariel Ferstman. Mr. Ferstman resigned from his seat on the Management Board of the Company as well as GTC S.A. The resignation is effective as of 25 April 2023. After this date, Mr. Ferstman will stay with GTC covering the regional functions of capital markets, M&A, fundraising and creation of new investment platforms for the GTC S.A.

29. GROUP APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for the issue by the Management Board on 4 May 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2022
(in thousands of Euro)

30. DISCLOSURE OBLIGATION ACCORDING TO HUNGARIAN ACCOUNTING LAW

(a) *Audit*

The auditor of the Group is PWC Könyvvizsgáló Kft. and the signing auditor is Márton Kalavszky. PWC Könyvvizsgáló Kft. had not provided any services besides auditing the financial statements to the Group.

In accordance with Section 133 of the Hungarian Accounting Law, the financial statements include the fees paid for mandatory statutory audit of consolidated financial statements and other non-audit services for the financial year by the auditor or auditing company. The fee charged by the auditor company (PwC Könyvvizsgáló Kft.) for the Group's consolidated financial statements for the year 2022 was EUR 190 thousand.

(b) *Persons required to sign the Statement of Responsibility*

Name	Position	Address	Mother's maiden name
Csaba Zovát	Board Member	2092 Budakeszi, Honfoglalás sétány 13/2.	Gizella Baksa
János Gárdai	Board Member	1125 Budapest, Trencséni utca 40.	Sarolta Király
Dr. Klára Bujdosó	Board Member	1016 Budapest, Naphegy utca 13. 1. em. 2.	Klára Szabó
Dr. Zoltán Fekete	Board Member	1026 Budapest, Bimbó út 166. 2.em. 5.	Katalin Cséke

(c) *Presentation of company controls*

In accordance with Section 89 of the Hungarian Accounting Law, the financial statements include a detailed list of the names, registered offices, and percentages of voting rights of the various economic entities in which the company exercises majority control, in accordance with the provisions of the Hungarian Civil Code. Please refer to the Note 8 for more information.

(d) *Contact information*

Name: GTC Magyarország Ingatlanfejlesztő Zrt
Address: HU – 1138 Budapest, Népfürdő utca 22. A torony. ép. 15. em.
Website: https://www.gtcgroup.com/en

Statement of responsibility

The Management Board of GTC Hungary Real Estate Development Pltd. (“**Company**”) represented by:

Name	Position
Dr. Klára Bujdosó	Member of the Board
Csaba Zovát	Member of the Board
János Gárdai	Member of the Board
Dr. Zoltán Fekete	Member of the Board

hereby represents that to the best of its knowledge:

(i) the consolidated financial statement is in accordance with the applicable accounting standards to the best knowledge of the Company and the annual results provide a true and fair view of the assets, liabilities, financial position and income statement of the Company and its subsidiaries (the Group); and

(ii) the consolidated management report provides a reliable picture of the situation, development and performance of the Company and its subsidiaries (the Group), describing the main risks and uncertainties as well.

Felelősségvállalási nyilatkozat

A GTC Magyarország Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság **(“Társaság”)** Igazgatóság képviseletében:

Név	Beosztás
Dr. Klára Bujdosó	Igazgatósági tag
Csaba Zovát	Igazgatósági tag
János Gárdai	Igazgatósági tag
Dr. Zoltán Fekete	Igazgatósági tag

ezúton kijelenti, hogy legjobb tudomása szerint:

(i) a konszolidált pénzügyi kimutatások a Társaság legjobb tudomása szerint megfelel az alkalmazandó számviteli standardoknak, és az éves eredmények megbízható és valós képet adnak a Társaság és leányvállalatai (a Csoport) eszközeiről, kötelezettségeiről, pénzügyi helyzetéről és eredménykimutatásáról; és

(ii) az ügyvezetés konszolidált jelentése megbízható képet ad a Társaság és leányvállalatai (a Csoport) helyzetéről, fejlődéséről és teljesítményéről, ismertetve a főbb kockázatokat és bizonytalanságokat is.

Budapest, 4 May 2023 / 2023. május 4

Dr. Klára Bujdosó
Member of the Board / Igazgatósági tag

Csaba Zovát
Member of the Board / Igazgatósági tag

János Gárdai
Member of the Board / Igazgatósági tag

Dr. Zoltán Fekete
Member of the Board / Igazgatósági tag