

STRONG PERFORMANCE PROVES VALUE CREATION FOR SHAREHOLDERS

EPRA NAV/SHARE

FFO I/SHARE

EARNINGS/ SHARE

€2.03

+4%

€0.026

+18%

€0.07

+96%

Q1 2017 HIGHLIGHTS

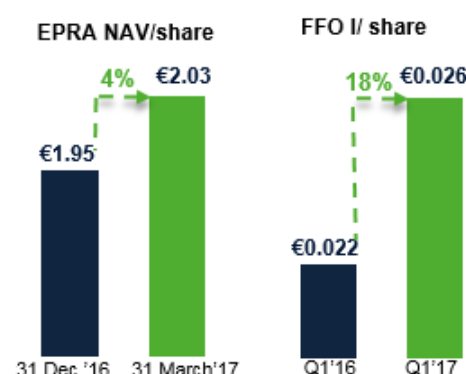
- 🌐 **Development profit of €24m** driven by projects under construction and assets for sale
- 🌐 **Profit after tax at €32m** (€16m in Q1 2016)
- 🌐 **Earnings per share up by 96% to €0.07** (€0.04 in Q1 2016)
- 🌐 **EPRA NAV increased to €933m** (€897m as of 31 December 2016)
- 🌐 **EPRA NAV / share increased 4% to €2.03 as of 31 March 2017** from €1.95 as of 31 December 2016
- 🌐 **Gross margin from rental activity increased by 6% to €22m in Q1 2017** (€21m in Q1 2016)
- 🌐 **18% FFO I improvement to €12m** (€10m in Q1 2016)
- 🌐 **FFO I / share at €0.026** (€0.022 in Q1 2016)

OPERATING PERFORMANCE

Q1 2017	Reported	V%
GMRA	€22m	+6%
EBITDA	€19m	+7%
Profit for the period	€32m	+96%
FFO I	€12m	+18%
Total property	€1,681m	+4%
Net debt	€729m	+4%
Net LTV	43%	+0bps
EPRA NAV/share	€2.03	+4%

PORTFOLIO UPDATE

- 🌐 **Completion of FortyOne phase III (Belgrade) with 10,700 sq m and GAV of €23m**
- 🌐 **GAV of income generating portfolio at €1,290m (2% increase)**
- 🌐 **154,000 sq. m GLA under construction** in 5 projects with over 72,000 sq. m to be completed in 2017
- 🌐 **156,000 sq. m GLA in planning stage**
- 🌐 **34,000 sq. m of office and retail space newly leased and renewed**
- 🌐 **Occupancy at 93% (94% as at 31 December 2016)** impacted by reclassification of FortyOne III and short-term reserve of space for key tenants expansion
- 🌐 **Strong pipeline of accretive acquisition opportunities of approx. €200m of income generating assets and development land in various stages of negotiations**



"GTC delivered strong per share performance which already proves solid value creation for our shareholders. Our high quality assets with sustainable high occupancy rates generate recurring income, which combined with our development pipeline and accretive acquisition opportunities provide a solid total return. Our development pipeline includes over 154,000 sq. m GLA under construction in such great projects as Galeria Północna, White House or Ada Mall as well as over 156,000 sq. m GLA at the planning stage, which will further unlock significant embedded value." – said **Thomas Kurzmann, GTC's CEO.**

"The results of the first quarter reflect the momentum of the current development and investment activity. It reconfirms our Total Return proposition as well as our target to generate a double-digit dividend and NAV growth in years to come" – commented **Erez Boniel, GTC's CFO.**

"With the disposal of Galleria Burgas and Galleria Stara Zagora, we fully focus our portfolio on Poland and the capital cities in CEE and SEE region. We plan to reinvest the proceeds from this disposal into the growing Sofia's office market." – commented **Thomas Kurzmann.**

KEY OPERATING ACHIEVEMENTS IN Q1 2017

Further growth of yielding portfolio despite capital recycling

- GAV of income generating portfolio at €1,290m (2% increase)
- Completion of FortyOne phase III (Belgrade) with 10,700 sq m and GAV of €23m
- Galleria Stara Zagora and Galleria Burgas sold in Q2 2017 (€62m of asset value, €3.6 m above the book value) in line with GTC'S strategy to focus on Poland and three capital cities

Further boost to NAV will come from 5 projects under construction with total of 154,000 sq. m GLA and 5 projects in the planning stage with a total GLA of 156,000 sq. m

- Developments on track with 72,000 sq. m expected to be delivered in 2017
 - Construction of Galeria Północna progressing as planned with the opening scheduled for summer 2017 (currently tenants commitments for 89% of retail space)
 - Construction of Artico according to the initial plan. Opening is scheduled for Q3 2017
- Another 156,000 sq. m GLA of retail and office space is in the planning stage in 5 projects

Strong leasing performance in Q1 2017

- 34,000 sq. m of office and retail space newly leased and renewed
- Occupancy at 93% (94% as at 31 December 2016) impacted by completion of FortyOne III and short-term reserve of space for key tenants expansion

KEY FINANCIAL HIGHLIGHTS IN Q1 2017

Rental and service revenues

- Increased to **€30m** in from €27m in Q1 2016
Reflects mainly completion of **University Business Park B** and **FortyOne II** in 2016 and acquisition of **Premium Point** and **Premium Plaza** in Bucharest, **Sterlinga Business Center** in Łódź and **Neptun Office Center** in Gdańsk.

Net profit from development revaluation and impairment

- **€24m** as compared to €7m in Q1 2016
Reflects mainly **progress in the construction** of Galeria Północna and completion of FortyOne III as well as revaluation gain on Galleria Stara Zagora and Galleria Burgas which were sold in Q2 2017

Financial expenses	<ul style="list-style-type: none"> ● Stable at €7m despite an increase in average level of debt Cost of finance at 3.2% due to decrease in average interest rate and change in hedging strategy that allowed to benefit from a low EURIBOR environment
Taxation	<ul style="list-style-type: none"> ● Tax amounted to €1m as compared to €2m in Q1 2016
Net profit	<ul style="list-style-type: none"> ● €32m 2016 compared to €16m in Q1 2016 mostly on revaluation gain
Funds From Operations (FFO I)	<ul style="list-style-type: none"> ● Increased to €12m from €10m in Q1 2016 as a consequence of improvement in the gross margin from rental activity and a decrease in interest and hedging expenses
Total property value	<ul style="list-style-type: none"> ● At €1,681m as of 31 March 2017 (€1,624m as of 31 December 2016) due to completions, investment into assets under construction and revaluation gain
EPRA NAV / share	<ul style="list-style-type: none"> ● Up by 4% to €2.03 from €1.95 in Q1 2016 Corresponding to EPRA NAV of €933m compared to €897m as of 31 December 2016
Financial liabilities	<ul style="list-style-type: none"> ● At €894m as of 31 March 2017 compared to €881m as of 31 December 2016 ● Weighted average debt maturity of 4 years and average cost of debt of 3.2% p.a. ● LTV at 43% on 31 March 2017 (43% on 31 December 2016) ● Interest coverage at 3.9x on 31 March 2017 (3.5x on 31 December 2016) ● €28.5m of Euro denominated bonds and corporate loans raised in Q1 2017 ● €11.4m investment loan for Corius refinancing
Cash and cash equivalents	<ul style="list-style-type: none"> ● Increased to €157m as of 31 March 2017 from €150m as of 31 December 2016 due to finance activity

CORPORATE HIGHLIGHTS

Re-appointment of CEO	<ul style="list-style-type: none"> ● On 12 May 2017, the Supervisory Board of GTC re-appointed Thomas Kurzmann as president of the Management Board for new three-year terms.
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	31 March 2017 (unaudited)	31 December 2016 (audited)
ASSETS		
Non-current assets		
Investment property	1,495,918	1,501,770
Investment property landbank	103,261	102,905
Residential landbank	13,761	13,761
Investment in associates and joint ventures	2,481	3,803
Property, plant and equipment	6,878	6,002
Deferred tax asset	59	1,075
Other non-current assets	377	353
	1,622,735	1,629,669
Assets held for sale	61,970	-
Current assets		
Residential inventory	5,772	5,355
Accounts receivables	5,491	5,363
Accrued income	994	767
VAT receivable	21,729	17,389
Income tax receivable	658	652
Prepayments and deferred expenses	4,998	2,558
Short-term deposits	27,651	27,925
Cash and cash equivalents	157,260	149,812
	224,553	209,821
TOTAL ASSETS	1,909,258	1,839,490

	31 March 2017 (unaudited)	31 December 2016 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,410	10,410
Share premium	499,288	499,288
Capital reserve	(36,054)	(35,702)
Hedge reserve	(3,566)	(3,631)
Foreign currency translation	2,058	1,872
Accumulated profit	347,375	315,195
	819,511	787,432
Non-controlling interest	2,806	2,891
Total Equity	822,317	790,323
Non-current liabilities		
Long-term portion of long-term borrowing	753,304	739,031
Deposits from tenants	8,850	8,043
Long term payable	2,731	2,730
Provision for share based payment	2,198	2,046
Derivatives	2,498	2,778
Provision for deferred tax liability	98,044	98,237
	867,625	852,865
Current liabilities		
Investment and trade payables and provisions	37,188	36,739
Current portion of long-term borrowing	153,578	153,902
VAT and other taxes payable	1,640	1,122
Income tax payable	650	530
Derivatives	2,074	2,553
Advances received	4,324	1,456
	199,454	196,302
Liabilities held for sale	19,862	-
TOTAL EQUITY AND LIABILITIES	1,909,258	1,839,490

Annex 2 Consolidated Income Statement for 3-month period ended 31 March 2017
(in thousands of euro)

	Three-month period ended 31 March 2017 (unaudited)	Three-month period ended 31 March 2016 (unaudited)
Revenue from rental activity	29,788	27,110
Residential revenue	442	3,700
Cost of operations	(7,946)	(6,531)
Residential costs	(379)	(2,878)
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Gross margin from operations	21,905	21,401
Selling expenses	(453)	(627)
Administrative expenses	(2,642)	(2,694)
Profit from revaluation/ impairment of assets	24,424	7,436
Other income	346	416
Other expenses	(452)	(821)
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Profit from continuing operations before tax and finance income / (expense)	43,128	25,111
Foreign exchange differences gain/(loss), net	(3,752)	293
Finance income	52	570
Finance cost	(6,542)	(6,851)
Share of gain / (loss) of associates and joint ventures	184	(483)
	<hr/>	<hr/>
Profit before tax	33,070	18,640
Taxation	(975)	(2,301)
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Profit for the period	32,095	16,339
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Attributable to:		
Equity holders of the Company	32,180	16,440
Non-controlling interest	(85)	(101)
Basic earnings per share (Euro)	0.07	0.04

	Three-month period ended 31 March 2017	Three-month period ended 31 March 2016
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	33,070	18,640
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets	(24,424)	(7,436)
Share of loss (profit) of associates and joint ventures	(184)	483
Profit on disposal of assets	-	2
Foreign exchange differences loss/(gain), net	3,752	(293)
Finance income	(52)	(570)
Finance cost	6,542	6,851
Share based payment expenses	151	53
Depreciation and amortization	167	118
Operating cash before working capital changes	19,022	17,848
Increase in debtors and prepayments and other current assets	(2,947)	(1,975)
Decrease in inventory	(416)	2,682
Increase/(decrease) in advances received	2,868	(1)
Increase in deposits from tenants	808	129
Increase/(decrease) in trade and other payables	1,623	(249)
Cash generated from operations	20,958	18,434
Tax paid in the period	(985)	(828)
Net cash from operating activities	19,973	17,606
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property under construction	(33,818)	(31,688)
Purchase of completed investment property	-	(32,230)
Sale of investment property	1,738	2,773
Sale of shares in associates and joint ventures	1,250	-
Purchase of minority	-	(18,108)
VAT/tax on purchase/sale of investment property	(3,614)	(10,560)
Interest received	31	126
Loans repayments from associates and joint ventures	406	-
Net cash from/(used in) investing activities	(34,007)	(89,687)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	42,728	49,479
Repayment of long-term borrowings	(16,978)	(24,442)
Interest paid	(5,631)	(6,018)
Loans origination cost	(437)	(252)
Decrease/(increase) in short term deposits	274	2,057
Net cash from/(used in) financing activities	19,956	20,824
Effect of foreign currency translation	1,526	(208)
Net increase / (decrease) in cash and cash equivalents	7,448	(51,465)
Cash and cash equivalents at the beginning of the period	149,812	169,472
Cash and cash equivalents at the end of the period	157,260	118,007

The **GTC Group** is a leading real estate investor and developer focusing on Poland and three capital cities in Eastern Europe. Since 1994 GTC has developed 65 high standard, modern office and retail properties with a total area of over 1.1 million sq. m through Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 35 commercial buildings providing nearly 550,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade and Zagreb. In addition, GTC has a development pipeline of more than 300,000 sq. m retail and office properties in capital cities of Eastern Europe, thereof 154,000 sq. m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and included in the WIG30 index and inward listed on the Johannesburg Stock Exchange. The company's shares are also included in the Dow Jones STOXX Eastern Europe 300 Index.

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