



Q1 2017 RESULTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017

## HIGHLIGHTS

EPRA NAV/SHARE	FFO I/SHARE	EARNINGS/ SHARE
<b>€2.03</b> +4%	<b>€0.026</b> +18%	<b>€0.07</b> +96%
<b><u>Q1 2017 HIGHLIGHTS</u></b>	<b><u>PORTFOLIO UPDATE</u></b>	
<ul style="list-style-type: none"> <li>● Development profit of <b>€24m</b> driven by projects under construction and assets for sale</li> <li>● Profit after tax at <b>€32m</b> (€16m in Q1 2016)</li> <li>● Earnings per share up by <b>96% to €0.07</b> (€0.04 in Q1 2016)</li> <li>● EPRA NAV increased to <b>€933m</b> (€897m as of 31 December 2016)</li> <li>● EPRA NAV / share increased <b>4% to €2.03 as of 31 March 2017</b> from €1.95 as of 31 December 2016</li> <li>● Gross margin from rental activity increased by <b>6% to €22m in Q1 2017</b> (€21m in Q1 2016)</li> <li>● <b>18% FFO I</b> improvement to <b>€12m</b> (€10m in Q1 2016)</li> <li>● FFO I / share at <b>€0.026</b> (€0.022 in Q1 2016)</li> </ul>	<ul style="list-style-type: none"> <li>● Completion of <b>FortyOne phase III (Belgrade)</b> with <b>10,700 sq m</b> and <b>GAV of €23m</b></li> <li>● GAV of income generating portfolio at <b>€1,290m (2% increase)</b></li> <li>● <b>154,000 sq. m GLA under construction</b> in 5 projects with over 72,000 sq. m to be completed in 2017</li> <li>● <b>156,000 sq. m GLA in planning stage</b></li> <li>● <b>34,000 sq. m of office and retail space newly leased and renewed</b></li> <li>● Occupancy at <b>93% (94% as at 31 December 2016)</b> impacted by completion of <b>FortyOne III</b> and preparation of space for extension by some tenants</li> <li>● Strong pipeline of accretive acquisition opportunities of approx. <b>€200m of income generating assets and development land in various stages of negotiations</b></li> </ul>	

### OPERATING PERFORMANCE

Q1 2017	Reported	Variance %
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%

## **GLOBE TRADE CENTRE SA**

(Incorporated and registered in Poland with KRS No. 61500)

(Share code on the WSE: GTC)

(Share code on the JSE: GTC ISIN: PLGTC0000037)

("GTC" or "the Company")

## **CORPORATE OVERVIEW**

### **NATURE OF BUSINESS**

The GTC Group is a leading real estate investor and developer focusing on Poland and three capital cities in Eastern Europe. The GTC Group is operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine through its subsidiary. The Group was established in 1994 and has been present in the real estate market since then.

The Group's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development and (iv) residential projects and landbank.

Since its establishment and as at 31 March 2017 the Group: (i) has developed 1.1 million sq. m of gross commercial space and approximately 300 thousand sq. m of residential space; (ii) has sold almost 500 thousand sq. m of gross commercial space in completed commercial properties and approximately 299 thousand sq. m of residential space; and (iii) has acquired approximately 90 thousand sq. m of commercial space in completed commercial properties.

As of 31 March 2017, the Group's property portfolio comprised the following properties:

- 35 completed commercial buildings, including 33 office buildings and two retail properties with a combined commercial space of approximately 549 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 539 thousand sq. m of GLA;
- two assets held for sale, including two assets in Bulgaria (Galleria Stara Zagora and Galleria Burgas)
- five commercial projects under construction, including three office projects and two retail project with total GLA of approximately 154 thousand sq. m, of which the Group's proportional interest amounts to 154 thousand sq. m of GLA;
- commercial landbank designated for future development;
- one residential project under construction with four thousand sq. m area designated for residential use; and
- residential projects and landbank designated for residential use.

The Group also holds a land plot in Ukraine through its subsidiary.

As of 31 March 2017, the book value of the Group's portfolio amounts to €1,680,682 with: (i) the Group's completed commercial properties accounting for 73% thereof; (ii) commercial properties under construction – 16%; (iii) a commercial landbank intended for future development – 6%; (iv) residential projects and landbank accounting for 1% and (v) assets held for sale – 4%. Based on the Group's assessment approximately 97% of the portfolio is core and remaining 3% is non-core assets, including non-core landplots and residential projects.

As of 31 March 2017, the Group's completed properties in its three most significant markets, i.e. Poland, Hungary and Romania, constitute 46%, 18% and 15% of the total book value of all completed properties.

Additionally, the Group manages third party assets, including: three office buildings in Warsaw, one office building in Katowice and five office buildings in Prague.

The Company's shares are listed on the WSE and inward listed on the Johannesburg Stock Exchange. The Company's shares are included in WIG 30 and the Dow Jones STOXX Eastern Europe 300.

The Group's headquarters are located in Warsaw, at 17 Stycznia 45A.

## STRATEGY AND DIVIDEND POLICY

GTC's objective is to create value from active management of a growing commercial real estate portfolio in CEE and SEE, supplemented by selected development activities; and enhancing deal flow, mitigating risks and optimising performance through its regional platform, by investing its own funds, the proceeds from share capital increases and reinvesting potential proceeds from the sale of real properties. This leads to accretive funds from operations and provides for growing dividend potential.

Following the growth and results achieved in 2016, GTC is well positioned to recommend to distribute PLN 0.27 / share from 2016 profits in the form of dividend. The dividend recommendation is guided by, among others things, the availability of cash, the funds from operations growth plans, the Company's capital expenditure requirements and planned acquisitions as well as the share of external financing in the Company's overall equity. GTC believes that the further realization of its growth strategy will provide for a double-digit dividend growth in the future, starting from 2017 onward.

## COMMENTARY

The management board presents unaudited interim condensed consolidated results for the 3 months ended 31 March 2017.

### 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

- 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

- Tax amounted to €1m** as compared to €2m in Q1 2016

### Net profit

- €32m 2016** compared to €16m in Q1 2016 mostly on revaluation gain

### Funds From Operations (FFO I)

- 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

- 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

- 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

- 🌐 **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

- 🌐 **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

- 🌐 On 12 May 2017, the Supervisory Board of GTC re-appointed Thomas Kurzmann as president of the Management Board for new three-year terms.

## **BASIS OF PREPARATION**

The Interim Condensed Consolidated Financial Statements for the three-months period ended 31 March 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

At the date of authorisation of these Interim Condensed Consolidated Financial Statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2016, which were authorized for issue on 17 March 2017. The interim financial results are not necessarily indicative of the full year results.

The Group's Interim Condensed Consolidated Financial Statements are presented in Euro, which is also GTC's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

The financial statements of those entities prepared in their functional currencies are included in the Interim Condensed 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" without affecting earnings for the period.

These Interim Condensed Consolidated Financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances were identified which would indicate any threat to the Group' continuing as a going concern.

Consolidated Statement of Financial Position as at 31 March 2017  
(in thousands of euro)

	31 March 2017 (unaudited)	31 December 2016 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
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
	<b>1,622,735</b>	<b>1,629,669</b>
<b>Assets held for sale</b>	<b>61,970</b>	-
<b>Current assets</b>		
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
	<b>224,553</b>	<b>209,821</b>
<b>TOTAL ASSETS</b>	<b>1,909,258</b>	<b>1,839,490</b>

	31 March 2017 (unaudited)	31 December 2016 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
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
	<b>819,511</b>	<b>787,432</b>
Non-controlling interest	2,806	2,891
<b>Total Equity</b>	<b>822,317</b>	<b>790,323</b>
<b>Non-current liabilities</b>		
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
	<b>867,625</b>	<b>852,865</b>
<b>Current liabilities</b>		
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
	<b>199,454</b>	<b>196,302</b>
<b>Liabilities held for sale</b>	19,862	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,909,258</b>	<b>1,839,490</b>

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)
<b>Gross margin from operations</b>	<b>21,905</b>	<b>21,401</b>
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)
<b>Profit from continuing operations before tax and finance income / (expense)</b>	<b>43,128</b>	<b>25,111</b>
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)
<b>Profit before tax</b>	<b>33,070</b>	<b>18,640</b>
Taxation	(975)	(2,301)
<b>Profit for the period</b>	<b>32,095</b>	<b>16,339</b>
<b>Attributable to:</b>		
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)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	33,070	18,640
<b>Adjustments for:</b>		
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
<b>Operating cash before working capital changes</b>	<b>19,022</b>	<b>17,848</b>
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)
<b>Cash generated from operations</b>	<b>20,958</b>	<b>18,434</b>
Tax paid in the period	(985)	(828)
<b>Net cash from operating activities</b>	<b>19,973</b>	<b>17,606</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
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	-
<b>Net cash from/(used in) investing activities</b>	<b>(34,007)</b>	<b>(89,687)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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
<b>Net cash from/(used in) financing activities</b>	<b>19,956</b>	<b>20,824</b>
<b>Effect of foreign currency translation</b>	<b>1,526</b>	<b>(208)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,448</b>	<b>(51,465)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>149,812</b>	<b>169,472</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>157,260</b>	<b>118,007</b>

**Management Board**

Thomas Kurzmann (Chief Executive Officer)

Erez Boniel (Chief Financial Officer)

**Supervisory Board**

Alexander Hesse (Chairman)

Philippe Couturier

Jan Düdden

Mariusz Grendowicz

Ryszard Koper

Marcin Murawski

Katharina Schade

Tomasz Styczyński

**Registered office of the Company**

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Poland

Warsaw, Poland

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