

STRONG OPERATING PERFORMANCE WITH 35% FFO IMPROVEMENT

GROSS MARGIN FROM
RENTAL ACTIVITY

FFO I

EPRA NAV/SHARE

NET LTV

€54M

€29M

€2.32

45%

+26%

+35%

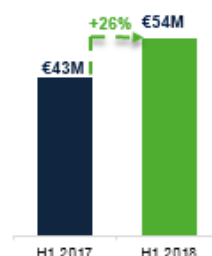
+2%

+3%

FINANCIAL HIGHLIGHTS

- Gross margin from rental activity up by 26% to €54m (€43m in H1 2017)
- Profit after tax at €46m (€60m in H1 2017), earnings per share at €0.10
- Profit after tax without revaluation increased 49% to €25m (€17m in H1 2017)
- FFO I increased 35% to €29m (€21m in H1 2017), FFO I / share up to €0.06
- In-place rent up 14% to €125m
- EPRA NAV increased 4% to €1,120m (€1,073m as of 31 December 2017); EPRA NAV / share up to €2.32
- Average interest rate down to 2.6% p.a. from 2.8% p.a. as of 31 December 2017
- Interest cover at 4.0x
- Net LTV at 45%

Gross margin from rental activity



FFO I



PORTFOLIO HIGHLIGHTS

- Refurbishment of the two buildings in Green Heart project (formerly GTC Square)
- Completion of White House
- Acquisition of Mall of Sofia and Sofia Tower
- 4 projects under construction with 85,000 sq. m GLA to be completed in 2019
- 3 projects with 90,000 sq. m to be commenced still in 2018
- Strong asset management
 - Occupancy at 93% (93% in Q1 2018)
 - 85,000 sq. m of office and retail space newly leased and renewed in H1 2018


93%
occupancy


85,000
sq. m leased


€2,117m
GAV
+8%


697,000
sq. m GLA office & retail

*Solid operating performance combined with successful development and acquisition activity constantly improve GTC's KPI's – said **Thomas Kurzmann**, GTC's CEO. The completion of GTC White House office building in Budapest, with BlackRock as main tenant confirms GTC's ability to deliver highest quality office space for multinational clients. Healthy demand for high quality office and retail space in the CEE capitals and major polish cities strongly support our development and acquisition strategy.*

OPERATING ACHIEVEMENTS

Completions, acquisitions and asset management boost in place rent and profit:

- 
Completion of the two buildings in Green Heart project (formerly GTC Square)
 - Refurbishment of 21,600 sq. m of office space
 - 85% leased as of 30 June 2018
 - €3.2m of additional in-place rent p.a.
- 
Completion of White House
 - 21,500 sq. m of newly developed office space
 - 59% leased as of 30 June 2018 (the remaining space under negotiation)
 - €2.4m of additional in-place rent p.a.
- 
Acquisition of Mall of Sofia
 - 22,900 sq. m retail and 10,300 sq. m of office space
 - 96% leased
 - 65% acquisition price financed by the bank's loan
 - €7.55m of in-place rent p.a.
 - Yield on equity invested 19.5%
- 
In-place rent of €125m annually (+14% vs. Dec. 2017)

Expected NAV and FFO growth from development activity:

- 
4 projects under construction with 85,000 sq. m GLA to be completed in 2019:
 - Ada Mall (Belgrade)
 - part of Green Heart (Belgrade)
 - Advance Business Center I (Sofia)
 - Matrix A (Zagreb)
- 
3 projects with 90,000 sq. m to be commenced still in 2018:
 - Advance Business Center II (Sofia)
 - City Rose Park 1&2 (Bucharest)
 - The Twist (Budapest)
- 
2 projects with over 39,000 sq. m of office space to start in next 12 months
 - Matrix B (Zagreb)
 - The Pillar (Budapest)
- 
Another 6 projects in the planning stage with over 175,000 sq. m GLA

FINANCIALS

Rental and service revenues

- Increased to **€73m** from €58m in H1 2017

Reflects improvement in the rental revenue through completion and leasing of FortyOne III, Galeria Północna, Artico, which were opened to the public during the year 2017 and contributed €12m to the recurring rental income. Additionally, the acquired Cascade Office Building, Belgrade Business Centre and Mall of Sofia contributed €4m to the recurring rental income. These increases were partially offset by lost revenues of €3m following disposal of Galleria Stara Zagora and Galleria Burgas.

Gross margin from operations

- Increased **€55m** from €43m in H1 2017

Reflects mostly newly completed and acquired properties partially offset by sale of non-core assets.

Net profit from development revaluation and impairment

- Amounted to **€23m** as compared to €51m in H1 2017

Reflects mainly **valuation gain on assets under construction: Ada Mall, White House and Green Heart.**

Financial expenses

- Almost unchanged at **€14m** as compared to €13m in H1 2017

Cost of finance down to 2.6% (from 3.1%) due to decrease in average interest rate and change in hedging strategy.

Taxation

- Amounted to **€11m** as compared to €8m tax benefit in Q1 2017

Taxation consist of €4m of current tax expenses and €7m of deferred tax expenses.

Net profit

- Amounted to **€46m** compared to €60m in H1 2017. The profit without revaluation increased 49% to €25m.

Reflects strong operating performance and operational excellence.

Funds From Operations (FFO I)

- At **€29m** compared to €21m in H1 2017

Total property value

- At **€2,117m as of 30 June 2018** (€1,955m as of 31 December 2017) due to an investment in assets under construction and revaluation gain those assets.

EPRA NAV / share

- Up by **2% to €2.32** from €2.28 on 31 December 2017

Corresponding to **EPRA NAV of €1,120m** compared to €1,073m as of 31 December 2017.

Total bank debt and financial liabilities

- At **€1,135m** compared to €1,031m as of 31 December 2017

- Weighted average debt maturity of 4.25 years** and **average cost of debt of 2.6% p.a.**

- LTV at 45%** (42% on 31 December 2017)

- Interest coverage at 4.0x** (3.5x on 31 December 2017)

- €20m of bonds issued**

- €39m bonds repaid**

Cash and cash equivalents

- Cash position of €140m as of 30 June 2018** from €149m as of 31 December 2017

	30 June 2018 (unaudited)	31 December 2017 (audited)
ASSETS		
Non-current assets		
Investment property	1,964,653	1,797,583
Investment property landbank	133,383	139,258
Residential landbank	12,698	12,698
Investment in joint ventures	407	1,303
Property, plant and equipment	6,657	6,847
Other non-current assets	101	86
	2,117,899	1,957,775
Loan granted to non-controlling interest partner	9,511	-
Total non-current assets	2,127,410	1,957,775
 Assets held for sale	 3,566	 4,336
Current assets		
Residential inventory	-	3,755
Accounts receivables	6,743	4,367
Accrued income	1,466	1,093
VAT receivable	5,253	6,618
Income tax receivable	782	619
Prepayments and deferred expenses	2,718	1,767
Escrow account	316	777
Short-term deposits	41,148	52,756
Cash and cash equivalents	140,280	148,746
	198,706	220,498
 TOTAL ASSETS	 2,329,682	 2,182,609

	30 June 2018 (unaudited)	31 December 2017 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,960	10,651
Share premium	546,711	520,504
Capital reserve	(36,054)	(36,054)
Hedge reserve	(3,492)	(2,365)
Foreign currency translation	738	2,323
Accumulated profit	451,385	441,977
	970,248	937,036
Non-controlling interest	4,707	4,226
Total Equity	974,955	941,262
Non-current liabilities		
Long-term portion of long-term borrowing	1,021,623	907,704
Deposits from tenants	9,558	8,960
Long term payable	2,654	2,621
Provision for share based payment	4,371	5,744
Derivatives	2,071	1,360
Provision for deferred tax liability	138,788	125,827
	1,179,065	1,052,216
Current liabilities		
Trade and other payables	48,031	50,505
Current portion of long-term borrowing	116,164	126,381
VAT and other taxes payable	1,626	1,516
Income tax payable	816	1,843
Derivatives	2,279	2,035
Advances received	6,746	6,851
	175,662	189,131
TOTAL EQUITY AND LIABILITIES	2,329,682	2,182,609

Annex 2 Consolidated Income Statement for the six month period ended 30 June 2018
(in thousands of euro)

	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017	Three-month period ended 30 June 2018	Three-month period ended 30 June 2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental revenue	53,360	43,465	27,380	21,393
Service revenue	19,202	14,516	9,327	6,800
Residential revenue	4,578	442	963	-
Service costs	(18,521)	(15,052)	(9,514)	(7,106)
Residential costs	(3,868)	(379)	(889)	-
Gross margin from operations	54,751	42,992	27,267	21,087
Selling expenses	(1,195)	(964)	(720)	(511)
Administration expenses	(4,099)	(7,654)	(2,701)	(5,012)
Profit from revaluation/impairment of assets	23,368	51,094	10,834	26,670
Other income	407	864	244	518
Other expenses	(2,757)	(1,351)	(1,377)	(899)
Profit (loss) from continuing operations before tax and finance income / (expense)	70,475	84,981	33,547	41,853
Foreign exchange differences gain/ (loss), net	294	(4,158)	188	(406)
Finance income	158	92	85	40
Finance cost	(14,311)	(13,013)	(7,150)	(6,471)
Share of gain (loss) of associates and joint ventures	-	184	-	-
Profit before tax	56,616	68,086	26,670	35,016
Taxation	(10,544)	(8,487)	(4,907)	(7,512)
Profit (loss) for the period	46,072	59,599	21,763	27,504
Attributable to:				
Equity holders of the Company	45,591	59,634	21,533	27,454
Non-controlling interest	481	(35)	230	50
Basic earnings per share (in Euro)	0.10	0.13	0.05	0.06

	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	56,616	68,086
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets	(23,368)	(51,094)
Share of loss (profit) of associates and joint ventures	-	(184)
Profit on disposal of assets	-	-
Foreign exchange differences loss/(gain), net	(294)	4,158
Finance income	(158)	(92)
Finance cost	14,311	13,013
Share based payment (income) / expenses	(1,373)	2,215
Depreciation and amortization	266	216
Operating cash before working capital changes	46,000	36,318
Increase in trade receivables, prepayments and other current assets	(1,158)	(85)
Decrease/ (increase) in inventory and residential land bank	3,755	(1,801)
Increase/(decrease) in advances received	(1,567)	2,947
Increase in deposits from tenants	(92)	1,439
Increase/(decrease) in trade and other payables	(693)	(477)
Cash generated from operations	46,245	38,341
Tax paid in the period	(4,623)	(2,101)
Net cash flows from operating activities	41,622	36,240
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(59,337)	(69,199)
Decrease in short term deposits	15,515	-
Purchase of subsidiary	(37,846)	(12,500)
Purchase of completed assets and land	-	(10,525)
Decrease/(Increase) in Escrow accounts for purchase of assets	461	(7,444)
Sale of investment property	13,613	1,731
Sale of subsidiaries	-	37,545
Sale of shares in associate	-	1,250
VAT on purchase/sale of investment property	1,067	(3,498)
Interest received	40	71
Loans repayments	813	812
Net cash flows from/(used in) investing activities	(65,674)	(61,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	135,967	106,035
Repayment of long-term borrowings	(82,752)	(48,075)
Dividends paid	(9,752)	(8,061)
Interest paid	(13,525)	(12,440)
Loans origination cost	(1,180)	(1,474)
Loan granted to non-controlling interest	(9,393)	-
Decrease/(increase) in blocked deposits	(1,967)	794
Net cash from/(used in) financing activities	17,398	36,779
Effect of foreign currency translation	(1,812)	1,232
Net increase / (decrease) in cash and cash equivalents	(8,466)	12,494
Cash and cash equivalents at the beginning of the period	148,746	149,812
Cash and cash equivalents at the end of the period	140,280	162,306

The GTC Group is a leading real estate investor and developer focusing on Poland and three capital cities in Central and Eastern Europe. Since 1994 GTC has developed 68 high standard, modern office and retail properties with a total area of over 1.2 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 42 commercial buildings providing nearly 700,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. In addition, GTC has a development pipeline of nearly 400,000 sq. m retail and office properties in capital cities of Central and Eastern Europe, thereof 85,000 sq. m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and included in the mWIG40 index and inward listed on the Johannesburg Stock Exchange.

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