

### STRONG RESULTS 27% IMPROVEMENT IN FFO AND 23% IMPROVEMENT IN GROSS MARGIN

GROSS MARGIN FROM RENTAL ACTIVITY

**€27M**

+23%

FFO I

**€15M**

+27%

EPRA NAV/SHARE

**€2.34**

+3%

NET LTV

**43%**

+100bps

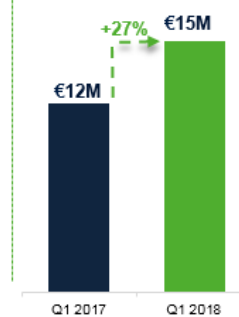
#### FINANCIAL HIGHLIGHTS

- Gross margin from rental activity up by 23% to €27m (€22m in Q1 2017)
- FFO I increased 27% to €15m (€12m in Q1 2017), FFO I / share at €0.03
- Profit before tax at €30m (€33m in Q1 2017), earnings per share at €0.05
- In-place rent up 3% to €114m (€110m at 31 December 2017)
- EPRA NAV increased 3% to €1,101m (€1,073m as of 31 December 2017)
- EPRA NAV / share increased 3% to €2.34 (€2.28 as of 31 December 2017)
- Average interest rate down to 2.7% p.a. from 2.8% p.a. as at 31 December 2017
- Interest cover at 4.3x
- Net LTV at 43% vs. 42% as at 31 December 2017

Gross margin from rental activity



FFO I



#### PORTFOLIO HIGHLIGHTS

- Completion of the two buildings in Green Heart project (formerly GTC Square)
- Acquisition of Mall of Sofia and Sofia Tower
- Strong asset management
  - Occupancy at 93% (94% as at 31 December 2017)
  - 34,000 sq. m of office and retail space newly leased and renewed in Q1 2018



**93%**  
occupancy



**34,000**  
sq. m leased



**€1,980m**  
GAV



**643,000** sq. m  
GLA office & retail

We achieved solid results in the first quarter of this year, improving our gross margin on rental activity by 23% and improving our FFO by 27%. - **said Thomas Kurzmann, GTC's CEO.** However, the most important is that we managed to secure further growth, seizing the opportunity in the growing economy in Bulgaria and acquiring Mall of Sofia, which will appreciate value by taking advantage of fast growing customer spending power. This acquisition is another step in reaching our mid to longer term NAV growth target.

During this quarter we benefitted from strong refinancing activity, which helped us to further improved the average interest rate in our portfolio to 2.7%. Based on moderate leverage and a good cash position we are able to reinforce our development activity as well as secure highly accretive asset acquisition. With the acquisition Mall of Sofia we acquired EUR 7.55 million in-place rent with less than EUR 30 million equity, achieving 19% yield on equity invested. This will improve GTC's profitability through an overall increase in EBIT, while leveraging on existing local management platform and increase our FFO to provide for additional dividend capacity and fund further growth - **added Erez Boniel, GTC's CFO.**

## **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)**
  - Completion of the refurbishment of 21,600 sq. m of office space
  - 78% leased upon completion
  - €3m of additional in-place rent p.a.
- 🌐 **Acquisition of Mall of Sofia and Sofia Tower**
  - 23,700 sq. m retail space 98% leased
  - 10,300 sq. m of office space 100% leased
  - Acquisition value of the asset of €94m
  - 65% acquisition price financed by the banks
  - Transaction to be finalized in June 2018
  - €7.55m of in-place rent p.a.
- 🌐 **Strong asset management**
  - Occupancy at 93% (94% as at 31 December 2017)
  - 34,000 sq. m of office and retail space newly leased and renewed in Q1 2018

**Expected NAV and FFO growth from development activity:**

- 🌐 **5 projects under construction** with over 106,300 sq. m GLA commenced in 2017:
  - **27,400 sq. m to be completed in 2018**
    - GTC White House (Budapest)
    - part of Green Heart (Belgrade)
  - **78,900 sq. m to be completed in 2019**
    - Ada Mall (Belgrade)
    - part of Green Heart (Belgrade)
    - Advance Business Center I (Sofia)
    - Matrix A (Zagreb )
- 🌐 Construction for **5 projects to start in 2018/2019**, with 128,400 sq. m of office space
- 🌐 Additional **6 projects in the planning stage** with over 114,100 sq. m of office space and 61,000 sq. m of retail space

## FINANCIALS

<b>Rental and service revenues</b>	<ul style="list-style-type: none"><li>● <b>Increased to €36m</b> from €30m in Q1 2017 Reflects mainly completion and leasing of FortyOne III and Galeria Północna which were opened to the public during the year 2017. These buildings contributed €6m to the recurring rental income. Additionally, the acquired Cascade Office Building and Belgrade Business Centre contributed €1m to the recurring rental income. These increases were partially offset by lost revenues of €2m following disposal of Galleria Stara Zagora and Galleria Burgas.</li></ul>
<b>Gross margin from operations</b>	<ul style="list-style-type: none"><li>● <b>Increased €27m</b> from €22m in Q1 2017 Reflects mostly newly completed and acquired properties partially offset by sale of non-core assets.</li></ul>
<b>Net profit from development revaluation and impairment</b>	<ul style="list-style-type: none"><li>● <b>Amounted to €13m</b> as compared to €24m in Q1 2017 Reflects mainly <b>valuation gain on assets under construction: Ada Mall, White House and Green Heart.</b></li></ul>
<b>Financial expenses</b>	<ul style="list-style-type: none"><li>● <b>Almost unchanged at €7m</b> as compared to €7m in Q1 2017 Cost of finance down to 2.7% (from 3.2%) due to decrease in average interest rate and change in hedging strategy</li></ul>
<b>Taxation</b>	<ul style="list-style-type: none"><li>● <b>Amounted to €6m</b> as compared to €1m tax benefit in Q1 2017 Taxation consist of €2m of current tax expenses and €4m of deferred tax expense and reflects mainly increased provision related to revaluation gain.</li></ul>
<b>Net profit</b>	<ul style="list-style-type: none"><li>● <b>Amounted to €24m</b> compared to €32m in Q1 2017 Reflects mostly revaluation gain and improvement in operating results</li></ul>
<b>Funds From Operations (FFO I)</b>	<ul style="list-style-type: none"><li>● <b>At €15m</b> compared to €12m in Q1 2017</li></ul>
<b>Total property value</b>	<ul style="list-style-type: none"><li>● <b>At €1,980m as of 31 March 2018</b> (€1,955m as of 31 December 2017) due to an investment in assets under construction and revaluation gain those assets</li></ul>
<b>EPRA NAV / share</b>	<ul style="list-style-type: none"><li>● <b>Up by 3% to €2.34</b> from €2.28 on 31 December 2017 Corresponding to <b>EPRA NAV of €1,101m</b> compared to €1,073m as of 31 December 2017</li></ul>
<b>Total bank debt and financial liabilities</b>	<ul style="list-style-type: none"><li>● <b>At €1,075m</b> compared to €1,031m as of 31 December 2017</li><li>● <b>Weighted average debt maturity of 4.2 years</b> and <b>average cost of debt of 2.7% p.a.</b></li><li>● <b>LTV at 43%</b> (42% on 31 December 2017)</li><li>● <b>Interest coverage at 4.3x</b> (3.5x on 31 December 2017)</li><li>● <b>€20.5m of bonds and corporate loan issued</b></li><li>● <b>PLN 16m bonds repaid in March</b></li></ul>
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"><li>● <b>Strong cash position of €183m as of 31 March 2018</b> from €149m as of 31 December 2017</li></ul>

Annex 1 Consolidated Statement of Financial Position as at 31 March 2018  
(in thousands of euro)

	31 March 2018 (unaudited)	31 December 2017 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	1,828,902	1,797,583
Investment property landbank	132,286	139,258
Residential landbank	12,698	12,698
Investment in joint ventures	905	1,303
Property, plant and equipment	6,809	6,847
Other non-current assets	89	86
	<u>1,981,689</u>	<u>1,957,775</u>
Loan granted to non-controlling interest partner	9,449	-
<b>Total non-current assets</b>	<u>1,991,138</u>	<u>1,957,775</u>
<b>Assets held for sale</b>	<b>5,884</b>	<b>4,336</b>
<b>Current assets</b>		
Residential inventory	870	3,755
Accounts receivables	6,139	4,367
Accrued income	720	1,093
VAT receivable	6,026	6,618
Income tax receivable	726	619
Prepayments and deferred expenses	3,111	1,767
Escrow account	1,355	777
Short-term deposits	43,637	52,756
Cash and cash equivalents	183,135	148,746
	<u>245,719</u>	<u>220,498</u>
<b>TOTAL ASSETS</b>	<u><u>2,242,741</u></u>	<u><u>2,182,609</u></u>

	31 March 2018 (unaudited)	31 December 2017 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	10,651	10,651
Share premium	520,504	520,504
Capital reserve	(36,054)	(36,054)
Hedge reserve	(3,541)	(2,365)
Foreign currency translation	2,117	2,323
Accumulated profit	466,035	441,977
	<b>959,712</b>	<b>937,036</b>
Non-controlling interest	4,477	4,226
<b>Total Equity</b>	<b>964,189</b>	<b>941,262</b>
<b>Non-current liabilities</b>		
Long-term portion of long-term borrowing	939,388	907,704
Deposits from tenants	8,994	8,960
Long term payable	2,601	2,621
Provision for share based payment	4,384	5,744
Derivatives	2,503	1,360
Provision for deferred tax liability	129,271	125,827
	<b>1,087,141</b>	<b>1,052,216</b>
<b>Current liabilities</b>		
Trade and other payables	40,829	50,505
Current portion of long-term borrowing	138,035	126,381
VAT and other taxes payable	3,177	1,516
Income tax payable	2,140	1,843
Derivatives	2,305	2,035
Advances received	4,925	6,851
	<b>191,411</b>	<b>189,131</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,242,741</b>	<b>2,182,609</b>

Annex 2 Consolidated Income Statement for the three month period ended 31 March 2018  
(in thousands of euro)

	Three-month period ended 31 March 2018 (unaudited)	Three-month period ended 31 March 2017 (unaudited)
Rental revenue	25,980	22,072
Service revenue	9,875	7,716
Residential revenue	3,615	442
Service costs	(9,007)	(7,946)
Residential costs	(2,979)	(379)
<b>Gross margin from operations</b>	<b>27,484</b>	<b>21,905</b>
Selling expenses	(475)	(453)
Administrative expenses	(1,398)	(2,642)
Profit from revaluation/ impairment of assets	12,534	24,424
Other income	163	346
Other expenses	(1,380)	(452)
<b>Profit from continuing operations before tax and finance income / (expense)</b>	<b>36,928</b>	<b>43,128</b>
Foreign exchange differences gain/(loss), net	106	(3,752)
Finance income	73	52
Finance cost	(7,161)	(6,542)
Share of gain / (loss) of associates and joint ventures	-	184
<b>Profit before tax</b>	<b>29,946</b>	<b>33,070</b>
Taxation	(5,637)	(975)
<b>Profit for the period</b>	<b>24,309</b>	<b>32,095</b>
<b>Attributable to:</b>		
Equity holders of the Company	24,058	32,180
Non-controlling interest	251	(85)
Basic earnings per share (Euro)	0.05	0.07

	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	29,946	33,070
<b>Adjustments for:</b>		
Loss/(profit) from revaluation/impairment of assets	(12,534)	(24,424)
Share of loss (profit) of associates and joint ventures	-	(184)
Profit on disposal of assets	-	-
Foreign exchange differences loss/(gain), net	(106)	3,752
Finance income	(73)	(52)
Finance cost	7,161	6,542
Share based payment expenses	(1,360)	151
Depreciation and amortization	140	167
<b>Operating cash before working capital changes</b>	<b>23,174</b>	<b>19,022</b>
Increase in debtors and prepayments and other current assets	(2,746)	(2,947)
(Increase)/Decrease in inventory	2,885	(416)
Increase/(decrease) in advances received	(1,926)	2,868
Increase in deposits from tenants	34	808
Increase in trade and other payables	1,599	1,623
<b>Cash generated from operations</b>	<b>23,020</b>	<b>20,958</b>
Tax paid in the period	(1,814)	(985)
<b>Net cash from operating activities</b>	<b>21,206</b>	<b>19,973</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditure on investment property under construction	(32,717)	(33,818)
Decrease in short term deposits	10,368	-
Increase in escrow account	(578)	-
Sale of investment property	9,266	1,738
Sale of shares in associates and joint ventures	-	1,250
VAT/tax on purchase/sale of investment property	592	(3,614)
Interest received	17	31
Loans repayments from associates and joint ventures	406	406
<b>Net cash from/(used in) investing activities</b>	<b>(12,646)</b>	<b>(34,007)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	81,371	42,728
Repayment of long-term borrowings	(37,485)	(16,978)
Interest paid	(6,385)	(5,631)
Loans origination cost	(892)	(437)
Loan granted to non-controlling interest	(9,393)	-
Decrease/(increase) in short term deposits	(1,250)	274
<b>Net cash from/(used in) financing activities</b>	<b>25,966</b>	<b>19,956</b>
<b>Effect of foreign currency translation</b>	<b>(137)</b>	<b>1,526</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>34,389</b>	<b>7,448</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>148,746</b>	<b>149,812</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>183,135</b>	<b>157,260</b>

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 67 high standard, modern office and retail properties with a total area of nearly 1.2 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 41 commercial buildings providing nearly 677,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. In addition, GTC has a development pipeline of 410,000 sq. m retail and office properties in capital cities of Central and Eastern Europe, thereof 106,000 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. The company's shares are also included in the Dow Jones STOXX Eastern Europe 300 Index.

**For further information:**

**Małgorzata Czaplicka**  
Globe Trade Centre S.A.  
T.: +48 22 166 07 10  
e-mail: [mczaplicka@gtc.com.pl](mailto:mczaplicka@gtc.com.pl)

**Weronika Ukleja**  
Hill + Knowlton Strategies  
M.: +48 601 278 855  
e-mail: [weronika.ukleja@hkstrategies.com](mailto:weronika.ukleja@hkstrategies.com)