

STRONG EARNINGS, TRANSFORMATION TO UNSECURED DEBT AND EUR 300M INVESTMENT

GROSS MARGIN FROM RENTAL ACTIVITY	ADJUSTED EBITDA	FFO I	CASH AND CASH EQUIVALENTS
€59M	€52M	€31M	€246M

H1 2021 FINANCIAL HIGHLIGHTS

- **Gross margin from rental activity** at €59m in H1 2021 (€59m in H1 2020)
- **Adjusted EBITDA** at €52m in H1 2021 (€52m in H1 2020)
- **FFO** at €31m (€33m in H1 2020), **FFO per share** at €0.06
- **EPRA NAV** at €1,126m as of 30 June 2021, EPRA NAV per share at €2.32 (PLN 10.49)
- Strong liquidity position with **cash and cash equivalents** at €246m as of 30 June 2021
- **Investment** of €268m into acquisition of income generating assets and landbank for future development
- **Occupancy** at 91% (91% as of 31 December 2020)

TRANSITIONING FROM SECURED TO PREDOMINANTLY UNSECURED DEBT

- Two **rating** agencies assigned a corporate family rating ("CFR") to GTC:
 - Fitch Ratings ("Fitch") – BBB- with stable outlook
 - Moody's Investors Service ("Moody's") – Ba1 with positive outlook
- Issue of €500m of **green Eurobonds** in June 2021 (2.8x oversubscribed with a peak order book in excess of €1.4bn.)
- €369.1m of secured project **loans refinanced**
- €82m of secured project loans **under the refinancing** process
- **Unsecured debt** at 48%
- **Unencumbered** properties up to 35% (9% as of 31 December 2020)
- **WAIR** at historical low of 2.18%¹ (2.3% as of 31 December 2020)

¹ Excludes loans related to assets held for sale

*"During the first half of the year, we concentrated on the reshuffling of our portfolio. We signed the preliminary agreement to dispose of our Serbian office portfolio, securing however our future growth in Belgrade with the acquisition of a land plot designated for a large scale phased office project and even starting a new office project GTC X. Additionally, we invested heavily into Budapest based class-A office properties to shift towards higher-rated markets. We also focused on operations on our malls, which after the last lockdown, are delivering tremendous results, with malls' turnover being well above 2019 statistics, especially in Poland. Also during this period, as the first real estate developer in the CEE region, we released the ESG report, a culmination of 25-years of GTC development based on quality offering, long-term relationships, and the transparency of our operations. It was a natural next step for our company as we consistently apply the corporate strategy based on providing real estate solutions that improve the way we live and creating a business platform that stands on trust and cooperation with stakeholders. The second half of the year will be similarly busy, as we are preparing ourselves for a capital increase and further investments" – **commented Yovav Carmi, GTC's President of the Management Board.***

*"The first half of the year was marked with the change in our financing structure and move from individual secured bank loans for particular projects to predominantly unsecured bond funding. First of all, we went through the rating process and achieved a Ba1 rating with Moody's Investors Services and investment grade rating BBB- with Fitch. Later, we tapped the Eurobonds market for more flexible instruments, and succeeded issuing €500m green Eurobond with a coupon of 2.25%. The book was 2.8x oversubscribed with peak orders in excess of €1.4bn. This gives us great confidence and validates our change in strategy, business model and sustainable and responsible approach to our properties. I believe that we will be able to come back to the market later this year to complete our goal and refinance the majority of the remaining secured debt" - **commented Ariel Ferstman, GTC's CFO and Member of the Management Board.***

OPERATING ACHIEVEMENTS

Offices: A mix of acquisitions and disposals combined with stronger leasing activity

- **€264m invested in 4 office building and one mix-use project in Hungary will contribute €15m p.a. to our in-place rent**
 - **Vaci Green D**
 - 15,650 sq m A class office space
 - €51m acquisition cost
 - **Ericsson Headquarters and Siemens Evosoft Headquarters**
 - 41,800 sq m A class office space
 - €160m acquisition cost
 - **Vaci 188**
 - 15,000 sq m A class office space
 - €31m acquisition cost
 - **Hegyvidék Retail and Office Centre**
 - 6,400 sq m letable space
 - €21m acquisition cost
- **Acquisition of a land plot in Sofia designated for ABC 3 Office building**
- **Disposal of Serbian office buildings for €268m (above the book value) to be closed in Q3 2021**
 - 122,200 sq m A class office space
 - 11 office buildings
- **Commencement of construction of GTC X**
 - 16,800 sq m A class office space to be completed in Q3 2022
 - €3.5m expected in-place rent after stabilization
- **Leasing activity reached over 53,000 sq m in H1 2021 (70,000 sq m in 2020)**
 - Prolongation and expansion of LyondellBasell in Globis Poznań (2,000 sq m)
 - New lease with Millennium - Best Value in City Gate, Bucharest (1,700 sq m)
 - New lease with Theta Furniture & More in City Gate, Bucharest (1,000 sq m)
 - Prolongation of Millenium Bank in Francuska Office Centre, Katowice (900 sq m)
- **Occupancy at 90% as of 30 June 2021 (90% in December 2020)**
- **83% of office assets green certified**

Retail: Currently 100% of space operational, however COVID-19 impact still visible in H1 2021

- **Currently, 100% of our retail GLA is allowed to trade**
- **Occupancy at 94% as at 30 June 2021 (95% as at 31 December 2020)**
- **Retailers continue to expand:**
 - 4,100 sq m Cinema City in Mall of Sofia (prolongation)
 - 608 sq m Comsed in Mall of Sofia
 - 315 sq m Foot Locker in Galeria Jurajska
- **Avenue Mall and Ada Mall showed an increase in gross margin from operations of €0.5m while Polish and Bulgarian assets were negatively impacted by €1,100**
- **Polish assets showed tremendous improvement in malls' turnover in May, June and July**
- **85% of retail assets green certified**

FINANCIALS

Rental and service revenues	<ul style="list-style-type: none">• Virtually unchanged at €79m in H1 2021 as compared to €79m in H1 2020 We recognized an increase in rental revenues due to the completion of Green Heart, Advance Business Center, Matrix of €1.6m and rental from acquired properties of €1.9m. The increase was partially offset by decrease in rental revenues of shopping centers in amount of €0.5 and decrease in rental revenues following the sale of Spiral in Q4 2020 of €2.0m.
Gross margin from operations	<ul style="list-style-type: none">• Virtually unchanged at €59m in H1 2021 as compared to €59m in H1 2020 Mostly resulted from an increase in the rental revenues due to acquisitions and completion of new properties, partially offset by a loss in rental and service revenues due to sale of Spiral and Covid-19 related lockdowns in our shopping malls.
Administrative expenses	<ul style="list-style-type: none">• Administrative expenses (before provision for share based program) increased to €6.0m from €5.6m in H1 2020 Mark-to-market of share based program resulted in share based provision of €0.3m in H1 2021 compared to a reversal of the provision of €1.1m recognized in H1 2020. The above factors resulted in increase of administration expenses of €1.7m to €6.3m in H1 2021 from €4.6m in H1 2020.
Net loss from revaluation and impairment	<ul style="list-style-type: none">• Amounted to €1m as compared to €68m loss in H1 2020 Net loss from the revaluation of the investment properties reflects mainly capital expenditure invested on the existing investment properties, partially offset by profit from the revaluation of the acquired assets in Hungary.
Financial expenses, net	<ul style="list-style-type: none">• Average interest rate at 2.18% thanks to refinancing activity, bonds issued and hedging strategy. Financial expenses, net at €21m (including one off due to early prepayment and loan origination costs recognized in the amount of €4m).
Tax	<ul style="list-style-type: none">• Tax amounted to €8m as compared to €1m tax benefit in H1 2020 Taxation consists mainly of €3m of current tax expenses and €5m of deferred tax.
Adjusted EBITDA and net profit	<ul style="list-style-type: none">• Adjusted EBITDA was unchanged at €52m (€52m in H1 2020), the net profit amounted to €21m in H1 2021 (€34m loss in H1 2020). This mostly resulted from a strong operating performance partially combined with recognition of €1m loss from revaluation/impairment of assets (€68m loss in H1 2020) and lower foreign exchange difference loss, partially offset by increase in finance cost by €5m and recognition of tax expense of €6m (€1m tax benefit in H1 2020).
Funds From Operations (FFO I)	<ul style="list-style-type: none">• At €31m as compared to €33m in H1 2021, FFO I per share at €0.06
GAV	<ul style="list-style-type: none">• At €2,398m as of 30 June 2021 (€2,100m as of 31 December 2020) due to an investment of €300m mostly into acquisition of new properties in Hungary (4 office buildings and one mixed use retail and office asset in in Hungary) and landbank in Bulgaria.
EPRA NAV / share	<ul style="list-style-type: none">• At €2.32 compared to €2.29 on 31 December 2020 Corresponding to EPRA NAV of €1,126m compared to €1,112m as of 31 December 2020.
Bank loans and bonds	<ul style="list-style-type: none">• At €1,377m compared to €1,259m as of 31 December 2020 This increase comes mainly from the bonds issue with the total value of €552m, new loans related to acquisitions in Hungary in amount of €132m and drawdown of loans for projects under construction of €20m partially offset by repayment of existing loans

in the amount of €467m combined with repayment of bonds in the amount of €20m and reclassification of loans related to the disposal of office properties in Serbia to liabilities related to assets held for sale in the amount of €146m.

- **Weighted average debt maturity of 5.0 years and average interest rate of 2.18%¹ p.a.**
- **LTV at 51.6%** (45% on 31 December 2020)
Post the disposal of Serbian assets and planned capital increase LTV ratio will improve significantly.
- **Annualized interest coverage ratio (based on EBITDA) at 3.3x** (3.3x on 31 December 2020)
- **Cash balance of €246m** as of 30 June 2021

Cash

Annex 1 Consolidated Statement of Financial Position as at 30 June 2021
(in thousands of euro)

	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS		
Non-current assets		
Investment property	2,152,879	2,125,128
Residential landbank	7,922	10,094
Property, plant and equipment	7,342	7,785
Blocked deposits	11,233	10,979
Deferred tax asset	2,242	616
Other non-current assets	178	159
	2,181,796	2,154,761
Loan granted to non-controlling interest partner	11,389	11,252
Total non-current assets	2,193,185	2,166,013
Current assets		
Accounts receivables	8,360	5,873
Accrued income	1,133	878
VAT and other tax receivable	1,797	2,343
Income tax receivable	565	1,036
Prepayments and deferred expenses	9,735	3,604
Short-term blocked deposits	16,923	27,434
Cash and cash equivalents	246,064	271,996
	284,577	313,164
Assets held for sale	290,198	1,580
TOTAL ASSETS	2,767,960	2,480,757

Annex 1 Consolidated Statement of Financial Position as at 30 June 2021 (cont.)
(in thousands of euro)

	30 June 2021 (unaudited)	31 December 2020 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	11,007	11,007
Share premium	550,522	550,522
Capital reserve	(49,489)	(49,489)
Hedge reserve	(16,808)	(11,930)
Foreign currency translation	(2,572)	(2,553)
Accumulated profit	481,013	460,053
	973,673	957,610
Non-controlling interest	17,077	16,538
Total Equity	990,750	974,148
Non-current liabilities		
Long-term portion of long-term borrowing	1,349,514	1,067,867
Deposits from tenants	11,233	10,979
Long term payable	2,569	2,524
Provision for share based payment	1,269	977
Lease liability	38,161	42,891
Derivatives	13,248	15,895
Provision for deferred tax liability	128,757	133,230
	1,544,751	1,274,363
Current liabilities		
Trade payables and provisions	29,606	27,299
Deposits from tenants	1,144	1,790
Current portion of long-term borrowing	27,937	193,425
VAT and other taxes payable	2,059	1,551
Income tax payable	873	4,220
Derivatives	1,865	3,365
Current portion of lease liabilities	192	163
Advances received	807	433
	64,483	232,246
Liabilities related to assets held for sale	167,976	-
TOTAL EQUITY AND LIABILITIES	2,767,960	2,480,757

	Six-month period ended 30 June 2021 (unaudited)	Six-month period ended 30 June 2020 (unaudited)	Three-month period ended 30 June 2021 (unaudited)	Three-month period ended 30 June 2020 (unaudited)
Rental revenue	59,783	59,038	31,799	28,040
Service charge revenue	19,065	19,652	9,822	9,625
Service charge costs	(20,024)	(20,055)	(10,263)	(8,897)
Gross margin from operations	58,824	58,635	31,358	28,768
Selling expenses	(761)	(707)	(397)	(384)
Administration expenses	(6,259)	(4,554)	(3,279)	(3,133)
Profit/(loss) from revaluation / impairment of assets	(1,080)	(67,832)	1,514	(62,051)
Other income	241	55	123	41
Other expenses	(344)	(549)	(165)	(261)
Profit/(loss) from continuing operations before tax and finance income / expense	50,621	(14,952)	29,154	(37,020)
Foreign exchange differences gain / (loss), net	(149)	(3,236)	219	2,095
Finance income	150	173	76	83
Finance cost	(21,614)	(17,051)	(13,050)	(8,318)
Profit/(loss) before tax	29,008	(35,066)	16,399	(43,160)
Taxation	(7,509)	1,242	(3,606)	6,550
Profit / (loss) for the period	21,499	(33,824)	12,793	(36,610)
Attributable to:				
Equity holders of the Company	20,960	(33,619)	12,498	(36,196)
Non-controlling interest	539	(205)	295	(414)
Basic earnings per share (in Euro)	0.04	(0.07)	0.03	(0.07)

(in thousands of euro)

	Six-month period ended 30 June 2021 (unaudited)	Six-month period ended 30 June 2020 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/ (loss) before tax	29,008	(35,066)
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	1,080	67,832
Foreign exchange differences loss/(gain), net	149	3,235
Finance income	(150)	(169)
Finance cost	21,614	17,051
Provision for share based payment loss/(profit)	292	(1,061)
Depreciation	337	328
Operating cash before working capital changes	52,330	52,150
Decrease (increase) in accounts receivables and prepayments and other current assets	(5,396)	(5,340)
Decrease (increase) in advances received	374	933
Increase (decrease) in deposits from tenants	2,705	82
Increase (decrease) in trade and other payables	2,015	(2,420)
Cash generated from operations	52,028	45,405
Tax paid in the period	(6,386)	(3,131)
Net cash from operating activities	45,642	42,274
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property and property, plant and equipment	(40,431)	(45,305)
Purchase of completed assets and land	(204,256)	-
Decrease in short term deposits designated for investment	1,005	6,030
Advances received for assets held for sale	1,080	-
VAT/tax on purchase/sale of investment property	546	1,132
Interest received	13	32
Net cash used in investing activities	(242,043)	(38,111)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	689,238	144,898
Repayment of long-term borrowings	(487,916)	(163,680)
Interest paid and other financing breaking fees	(20,535)	(15,955)
Repayment of lease liability	(516)	(90)
Loans origination payment	(6,009)	(953)
Decrease/(Increase) in short term deposits	2,856	(1,657)
Net cash from /(used) in financing activities	177,118	(37,437)
Net foreign exchange difference	58	(4,581)
Net increase/ (Decrease) in cash and cash equivalents	(19,225)	(37,855)
Cash and cash equivalents at the beginning of the period	271,996	179,636
Cash and cash equivalents at the end of the period	252,771	141,781

About GTC

The GTC Group is a leading real estate investor and developer focusing on Poland and capital cities in Central and Eastern Europe. During 25 years of its activity, GTC has developed 76 high standard, modern office and retail properties with a total area of over 1.3 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 53 commercial buildings providing ca. 829 ths. sq m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade, Zagreb and Sofia. In addition, GTC has a development pipeline of 400 ths. sq m retail and office properties in capital cities of Central and Eastern Europe, 54 ths. sq m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and inward listed on the Johannesburg Stock Exchange.

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