



## **BOND ISSUE PRESENTATION**

**October, 2016**

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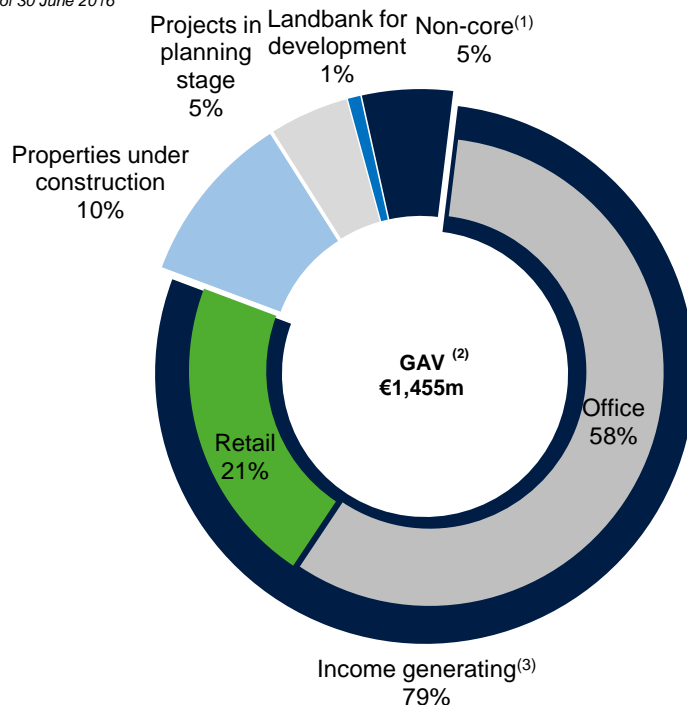
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# 1 GTC AT A GLANCE

## Balanced portfolio providing stable rental income and significant growth potential from secured developments

As of 30 June 2016



## Key financial metrics

As of 30 June 2016

Property book value	€1,455m
of which income generating	€1,146m
of which dev. under construction	€150m
of which projects in planning stage	€69m
of which landbank for development	€11m
Annualised in-place rent <sup>(4)</sup>	€84m
Net debt	€630m
LTV	43%
In-place rental yield	7.3%
FFO	€22m

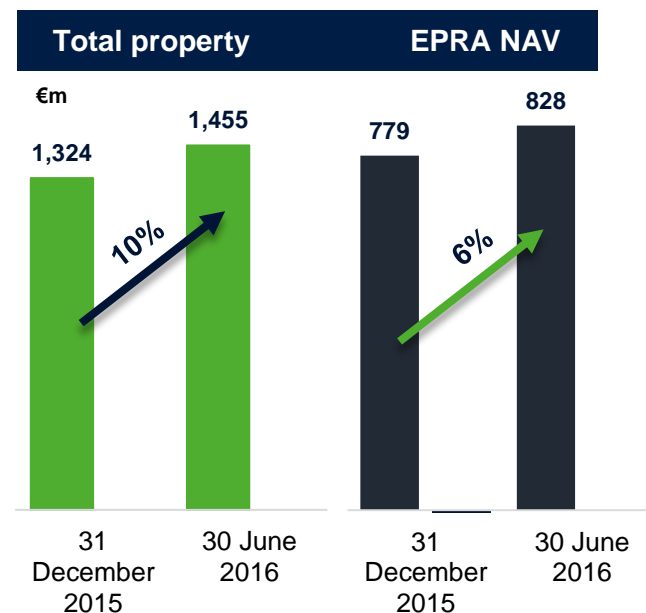
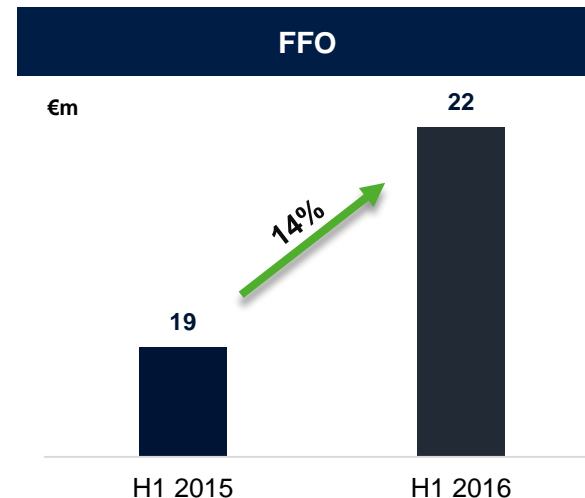
GTC is a leading commercial real estate operator and developer in Poland and capital cities of CEE and SEE countries. GTC has one of the best quality property platforms with more than a 20 year track record in the region

Note: Note (1) Includes Residential Landbank & Inventory (2%) and Assets held for sale (1%); (2) Excludes €18m of investment in associates and 50% Joint Ventures; (3) Excludes attributable value for assets held for sale and completed assets in associates (Czech Rep.) and non-core assets; (4) Net of rent-free periods

Source: GTC

## 2 KEY FINANCIAL METRICS

Key metrics (€m)	H1 2016	H1 2015
NOI	41	39
Rental margin	76%	75%
EBITDA	35	35
FFO I	22	19
FFO I /share (€)	0.05	0.05
	30 June 2016	31 December 2015
Total property	1,455	1,324
Net Debt	630	522
LTV	43%	39%
EPRA NAV	828	779
EPRA NAV/share (€)	1.80	1.69



### 3 NET LOAN-TO-VALUE POLICY: 40-50%

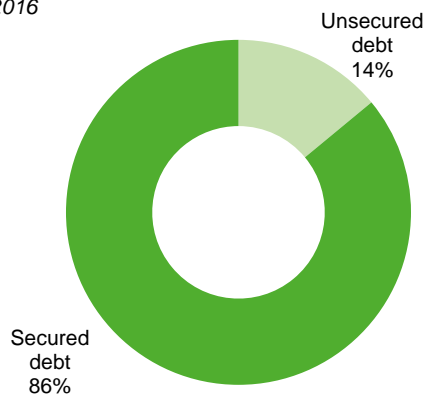
(€m)	30 June 2016
Long-term bank debt and financial liabilities	1 699
Short-term bank debt and financial liabilities	1 115
Loans from minorities (included in the above)	2 (20)
Deferred issuance debt expense	5
<b>Total bank debt and financial liabilities</b>	<b>799</b>
Cash & cash equivalents & deposits	99
Escrow accounts for purchase of assets	3 70
<b>Net debt and financial liabilities</b>	<b>630</b>
Total property	1,455
<b>Loan-to-Value ratio</b>	<b>4 43%</b>
Average interest rate	3.2%
Interest cover	3.4x

Comments
1 See Debt Maturity Profile
2 Quasi Equity on Project level
3 Cash paid for asset acquisition post-balance sheet date
4 Moderate leverage in accordance with the company's policy

## 4 CONSERVATIVE FINANCING STRUCTURE

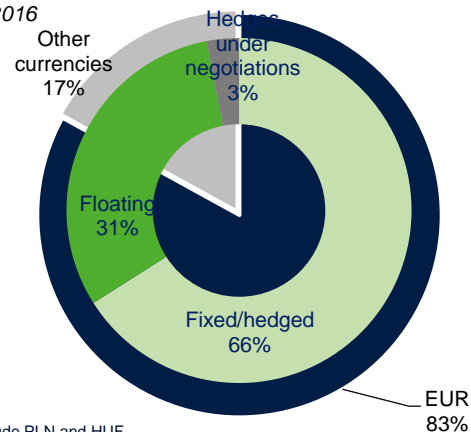
### Balanced debt split

As of 30 June 2016



### Interest rate split

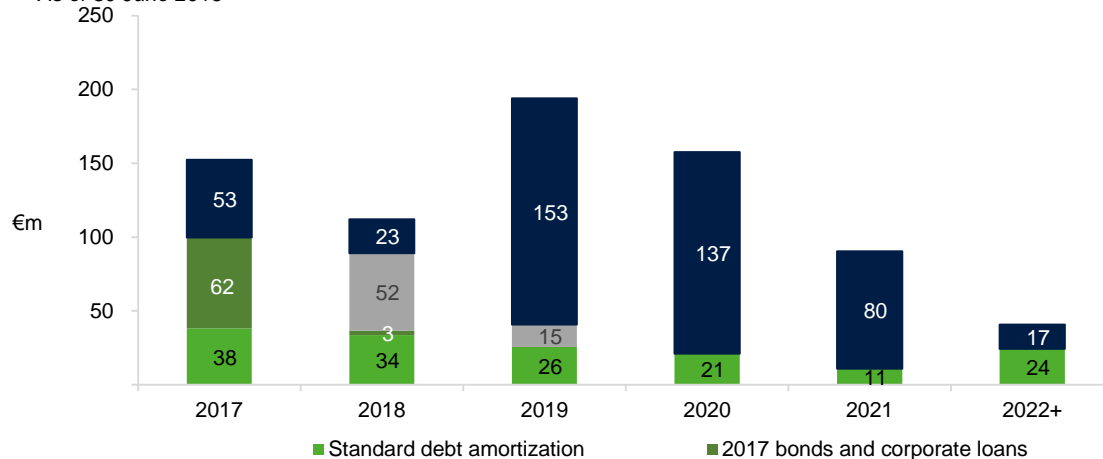
As of 30 June 2016



\* Other currencies include PLN and HUF

### Current debt maturity (EUR mn)

As of 30 June 2016



### Comments

- Average interest rate of 3.2%
- Interest cover at 3.4x
- Bonds due in 2017 and corporate debt totaling €65mn, to be refinanced by the new Bond Program

Conservative financing structure with 43% LTV

## 5 OUTLINE TERMS AND CONDITIONS

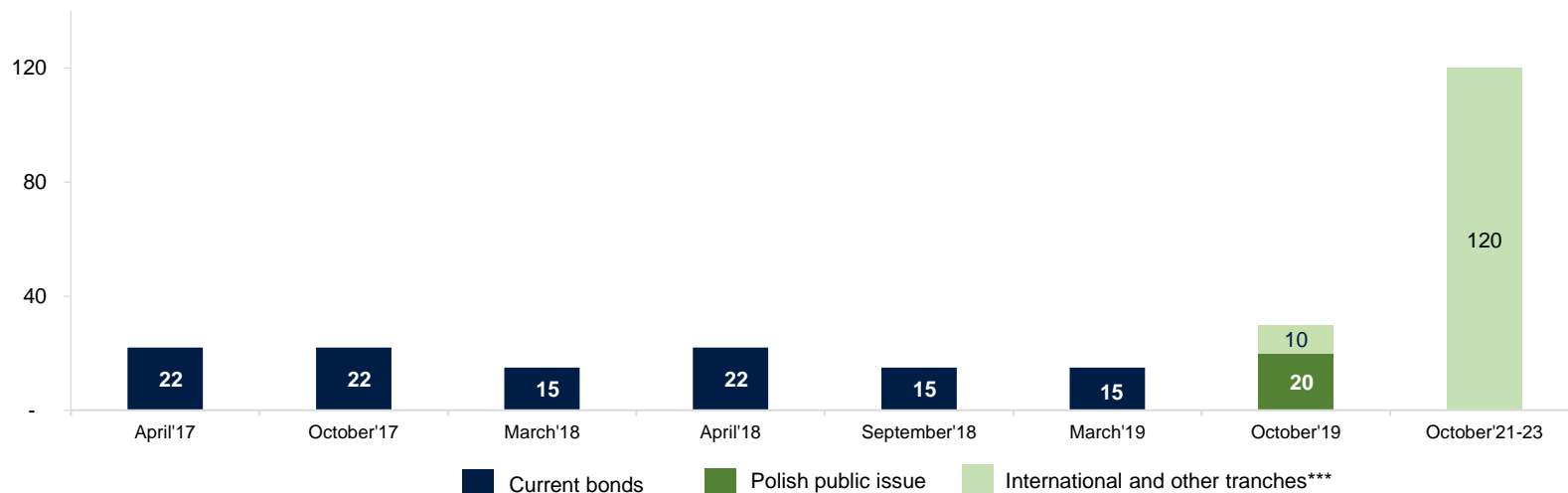
PURPOSE OF TRANCHE	<ul style="list-style-type: none"> <li>Funding to refinance bonds principal due in 2017 and corporate debt (€65m)</li> <li>General corporate purposes</li> </ul>
PROGRAM SIZE	<ul style="list-style-type: none"> <li><b>€150m, including offered tranche and other debt instruments potentially issued by the Company</b></li> </ul>
POLISH PUBLIC ISSUE - SIZE	<ul style="list-style-type: none"> <li><b>Up to €20m - for Public Offer aimed at institutional investors, and private investors subscribing not less than €100,000</b></li> </ul>
POLISH PUBLIC ISSUE - MATURITY	<ul style="list-style-type: none"> <li><b>3-years</b></li> <li>Issue in October, 2016</li> </ul>
POLISH PUBLIC ISSUE - COUPON	<ul style="list-style-type: none"> <li><b>3.75%</b></li> <li>Fixed</li> <li>Payable 6-monthly</li> </ul>
INSTRUMENT SIZE	<ul style="list-style-type: none"> <li>€1,000 nominal value per bond</li> <li>€ 100,000 minimum subscription per institutional investor</li> </ul>
LISTING	<ul style="list-style-type: none"> <li>CATALYST</li> </ul>
KEY FINANCIAL COVENANTS	<ul style="list-style-type: none"> <li>Net Financial indebtedness /Total Assets Value <math>\leq 60\%</math></li> <li>Total Assets less Secured Financial Indebtness / Unsecured Financial Indebtedness <math>\geq 130\%</math></li> <li>Net Secured Financial Indebtedness /Total Assets Value <math>\leq 50\%</math></li> <li>Profit from continuing operations*/Interest paid <math>\geq 150\%</math></li> </ul>
KEY DATES	<ul style="list-style-type: none"> <li>18 October - opening of subscriptions</li> <li>25 October - closing of subscriptions</li> </ul>

\* Profit from continuing operations before tax and financial items, and after profit or loss from revaluation and impairment of assets

## 6 POST-PROGRAM BOND MATURITY/COVENANTS (PRO-FORMA)

### Bond maturity (€m)\*\*

As of 30 June 2016



	Bond Covenants	Pro-forma Covenants (based on June 2016 financial statements)
Net Financial indebttness /Total Assets Value	<=60%	36%
Total Assets less Secured Financial Indebtness / Unsecured Financial Indebtness	> = 130%	380%
Net Secured Financial Indebtness / Total Assets Value	<=50%	19%
Profit from continuing operations****/Interest paid >=150%	>=150%	285%*

\* Pre completion of Galeria Polnocna it is estimated at 250%

\*\* Assuming completed program issuance of €150mn, structured up to €30mn (3-yr) and up to €120mn (5-7-yr)

\*\*\* Other debt instruments potentially issued by the Company as part of the Program

\*\*\*\* Profit from continuing operations before tax and financial items, and after profit or loss from revaluation and impairment of assets



## 7 OUTLINE SUMMARY OF KEY SOURCES AND USES OF CASH\*

<b>RENTAL INCOME</b>	<ul style="list-style-type: none"> <li>▪ Running at €84mn annualised (€42m H1 2016)</li> <li>▪ Properties acquired/completed post-balance sheet date to contribute additional c€6mn</li> <li>▪ <b>Projects under construction to boost income from 2017</b></li> </ul>	<b>c.€84-90+m</b>
<b>DEBT SERVICE (interest&amp;principal)</b>	<ul style="list-style-type: none"> <li>▪ Net interest payments running at €31m annualised, plus impact of acquisitions post balance sheet date</li> <li>▪ Principal repayment of project loans at c.€40m annually</li> </ul>	<b>(c.€71m)</b>
<b>CURRENT CASH</b>	<ul style="list-style-type: none"> <li>▪ Current unencumbered cash and cash equivalent (as of H1 2016)</li> </ul>	<b>€74m</b>
<b>SALE OF ASSETS</b>	<ul style="list-style-type: none"> <li>▪ Disposal of non- core landbank and residentials</li> </ul>	<b>€24m</b>
<b>DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>▪ Cash/Equity requirement for construction 2016-2018E (Ada Mall, White House, Galeria Wilanów and Green Heart)</li> </ul>	<b>(c.€88m)</b>
<b>PROPERTY ACQUISITIONS</b>	<ul style="list-style-type: none"> <li>▪ Intention to acquire more income-generating assets</li> </ul>	<b>Size/ timing dependent on opportunities</b>

\* Sources and uses of cash are indicative, prior to repayment and issuance of new debt

**A LEADER IN CEE  
REAL-ESTATE**

- GTC present in Poland, Budapest, Bucharest, Belgrade and across the region
- 35 properties with over 586,000 of NLA
- NAV of over €1,455m

**IMPROVING REAL  
ESTATE MARKET**

- Rental yield spreads in CEE and SEE at widest level in decade
- Rising rents and decrease in vacancy rates in key markets (Poland/Hungary)
- Assets values do not reflect yield compression

**GROWTH  
STRATEGY**

- Development of landmark shopping centres and Class A office buildings
- Buying quality yielding assets with value-add potential
- Focused on the capital cities of key CEE markets

**QUALITY ASSET  
BASE**

- Owner of a quality portfolio of landmark commercial properties across the region
- Assets under development to add significant value

**GROWING NOI**

- Currently generating over €84mn on annualised basis
- Recent property acquisitions to add further €6mn
- Projects under construction and accretive acquisitions will further boost NOI and FFO starting 2017

**STRONG  
BALANCE SHEET**

- Loan to value of 43%
- Limited bond debt, with spread-out and extended maturity schedule

**CAUTIOUS USE  
OF BOND FUNDS**

- To provide funding for mid-term repayment of existing debt
- Underpin further acquisition of attractive income generating properties
- Funding costs at attractive level; matches EUR linked assets to liabilities

**ATTRACTIVE  
INVESTMENT**

- First offering of EUR paper from GTC into the Polish market
- Proposed coupon attractive
- Allows existing investors to lengthen duration of current GTC holding

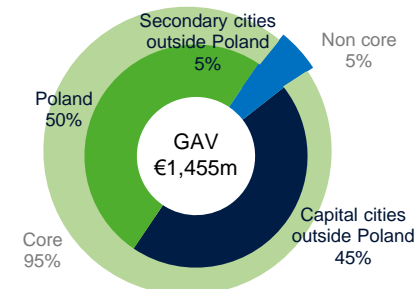
# BUSINESS DESCRIPTION

# 1 LEADING COMMERCIAL REAL ESTATE PLATFORM

GTC PORTFOLIO (30 June 2016)	#	Book value (€m)	%	Annualised in-place rent (€m)	NLA (ths. sq. m)
<b>Income generating (a+b)</b>	<b>28</b>	<b>1,146</b>	<b>79%</b>	<b>84</b>	<b>556</b>
a) Office	24	835	58%	60	413
b) Retail	4	311	21%	24	143
<b>Investment properties and residential project under construction</b>	<b>5</b>	<b>150</b>	<b>10%</b>	<b>-</b>	<b>105<sup>(1)</sup></b>
<b>Projects in planning stage</b>	<b>4</b>	<b>69</b>	<b>5%</b>	<b>-</b>	<b>161</b>
<b>Landbank for development</b>	<b>6</b>	<b>11</b>	<b>1%</b>	<b>-</b>	<b>-</b>
<b>CORE PORTFOLIO</b>	<b>43</b>	<b>1,376</b>	<b>95%</b>		<b>NM</b>
<b>NON-CORE PORTFOLIO<sup>(4)</sup></b>	<b>22</b>	<b>79</b>	<b>5%</b>		<b>49<sup>(2)</sup></b>
<b>TOTAL</b>	<b>65</b>	<b>1,455</b>	<b>100%</b>		<b>NM</b>

## Asset location by GAV<sup>(3)</sup>

As of 30 June 2016



## Top tenants



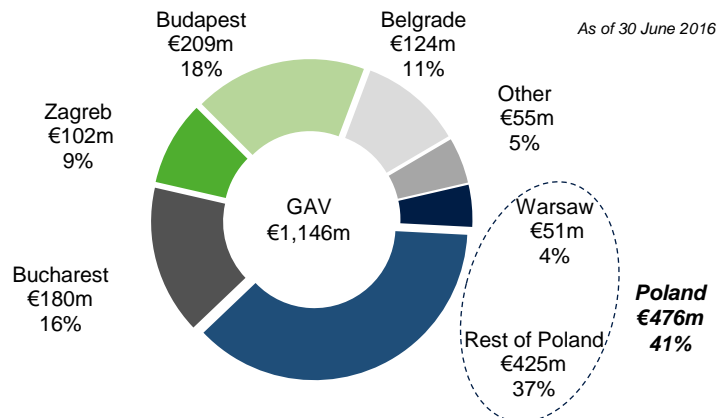
- High quality core portfolio of 24 office and 4 retail properties
- 97% of leases and rental income €-denominated
- Top tier tenants, mostly multinational corporations and leading brands

Notes: (1) Excludes 4 ths. sq. m area designated for residential use in Osiedle Konstancja (2) Only the two retail assets in Romania are included in NLA of the Non-core portfolio; (3) Excludes €18m of investment in associates and 50% joint ventures (Russia, Czech Rep, Romania - Ana Tower); (4) Includes assets held for sale (€12m), and "Residential Landbank & Inventory"

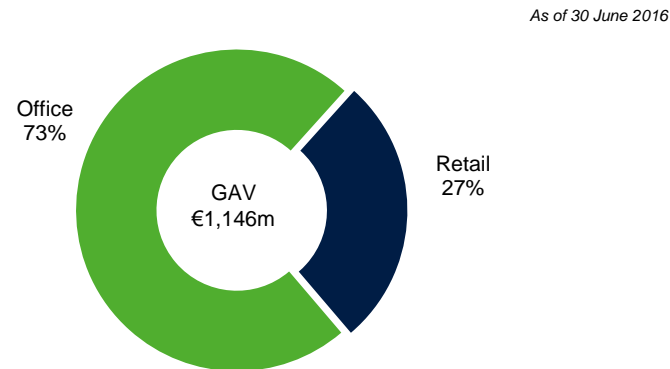
Source: GTC

## 2 €1.1BN INCOME GENERATING CORE PORTFOLIO








### Regional diversification (income generating portfolio)<sup>(1)</sup>



### Portfolio by asset class (income generating only)<sup>(1)</sup>



Note: (1) Excludes attributable value for assets held for sale and completed assets in associates (Czech Rep.)

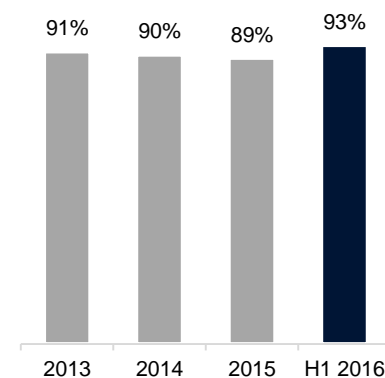
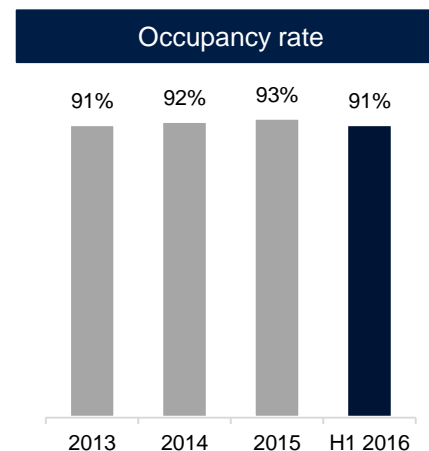
Top properties <sup>(1)</sup>	Asset class	Country	City	Book Value €m	NLA ths. sq. m	Rent €/sq. m/month	Occupancy %
Galeria Jurajska		Poland	Czestochowa	153	49	19.7	92%
City Gate		Romania	Bucharest	147	48	18.2	95%
Avenue Mall Zagreb		Croatia	Zagreb	102	36	20.0	97%
Center Point I&II		Hungary	Budapest	79	37	13.6	98%
Korona Office Complex		Poland	Cracow	77	37	14.2	94%
University Business Park		Poland	Łódź	62	39	12.5	73%
Duna Tower		Hungary	Budapest	54	31	13.4	83%
<b>TOTAL</b>				<b>674</b>	<b>277</b>		

Income generating portfolio consists of mostly newly-built retail properties (27%) and Class A office portfolio focused on Poland and capital cities Belgrade, Bucharest and Budapest (73%)

Office <sup>(1)</sup>	Top properties	Country	Book Value €m	Debt €m	Equity €m
	City Gate	Romania	147	85	62
	Center Point I&II	Hungary	79	39	40
	Korona Office Complex	Poland	77	42	35
	University Business Park	Poland	62	23	39
	Duna Tower	Hungary	54	-	54
<b>TOTAL OFFICE</b>			<b>419</b>	<b>189</b>	<b>230</b>

Retail <sup>(1)</sup>	Top properties	Country	Book Value €m	Debt €m	Equity €m
	Galeria Jurajska	Poland	153	96	57
	Avenue Mall Zagreb	Croatia	102	19	83
	<b>TOTAL RETAIL</b>		<b>255</b>	<b>115</b>	<b>140</b>

<b>TOTAL</b>	<b>674</b>	<b>304</b>	<b>370</b>
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## 4 FOCUS ON PROPERTY ACQUISITIONS AND DEVELOPMENT

GTC acquired €208m of yielding properties since last SPO (Oct-15), to provide c.€20.5m stabilised NOI

### Selection criteria

- Institutional grade office and retail assets with value-add potential
- Located in Warsaw or other major Polish cities and capital cities of CEE and SEE countries
- Significant cash flow / FFO contribution potential
- Active management angle (i.e. through re-leasing, improvement in occupancy, increase of rental rates, and re-development)

### Market conditions

- Attractive market for real estate investors
- Limited range of buyers provides for competitive edge
- Target markets are bottoming out

### Funding

Efficient non-recourse asset level financing maintaining an average group level LTV of approx. 40-50%

### Execution timeline

12-18 months

### Current pipeline

- GTC is in the process of reviewing potential acquisition targets
- Constantly evaluating acquisition targets of at least c. €300m in total volume

Acquisition of yielding, value-add assets

Source: GTC

## 5 EXECUTION OF GROWTH STRATEGY

Acquisitions	Purchase price (€m)	Equity invested (€m)	Current / expected loan (€m)	Current NOI (€m)	NOI upon stabilization (€m)	FFO yield upon stabilization
Duna Tower	52.2	17.2	35.0	3.7	4.8	14%
Pixel	32.5	11.5	22.6	2.4	2.4	18%
City Gate	18.1	18.1	-	3.9	3.9	13%
Land plot in Budapest (V-RK Tower)	11.3	11.3	-	-	-	-
Premium Plaza and Premium Point	32.5	32.5	Exp. 19.0	2.1	3.0	14%
<b>Total</b>	<b>146.6</b>	<b>90.6</b>	<b>57.6</b>	<b>12.1</b>	<b>14.1</b>	

### POST BALANCE SHEET

Neptun Office Center	31.5	9.4	22.1	2.2	2.8	20%
Sterlinga Business Center	25.0	7.5	17.5	2.2	2.2	19%
Artico	5.5	5.5	-	-	1.4	18%
<b>Total</b>	<b>62.0</b>	<b>22.4</b>	<b>39.6</b>	<b>4.4</b>	<b>6.4</b>	
<b>Total</b>	<b>208.6</b>	<b>113.0</b>	<b>97.2</b> <b>Exp. 19.0</b>	<b>16.5</b>	<b>20.5</b>	



# 6 DEVELOPMENT AND PLANNING STAGE

## Projects under construction



**Galeria Północna**  
Warsaw, Poland

NLA (sq. m) 63,400

Parking units 2,000

Total investment cost (€m) 178

Expected year of completion 2017



**FortyOne II**  
Belgrade, Serbia

NLA (sq. m) 7,500

Parking units 490<sup>(1)</sup>

Total investment cost (€m) 13

Expected year of completion 2016



**FortyOne III**  
Belgrade, Serbia

NLA (sq. m) 10,800

Parking units 490<sup>(1)</sup>

Total investment cost (€m) 17

Expected year of completion 2017



**White House**  
Budapest, Hungary

NLA (sq. m) 23,000

Parking units 299

Total investment cost (€m) 38

Expected year of completion 2017/2018

## Project acquired after 30 June 2016



**Artico**  
Warsaw, Poland

Project under construction



NLA (sq. m) 7,800

Pre-lease 100%

Parking units 153

Expected year of completion 2017

## Projects in planning stage



**V-RK Tower**  
Budapest, Hungary



**Galeria Wilanów**  
Warsaw, Poland



**Green Heart**  
Belgrade, Serbia



**Ada Mall**  
Belgrade, Serbia

Source: GTC

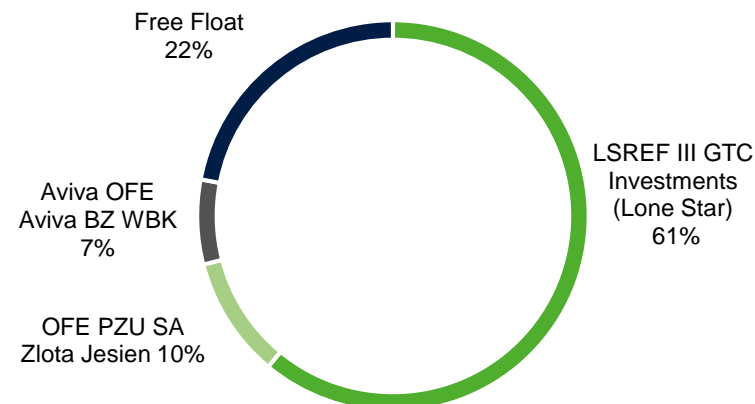
Note: (1) Whole complex

## 7 KEY SHAREHOLDER INFORMATION

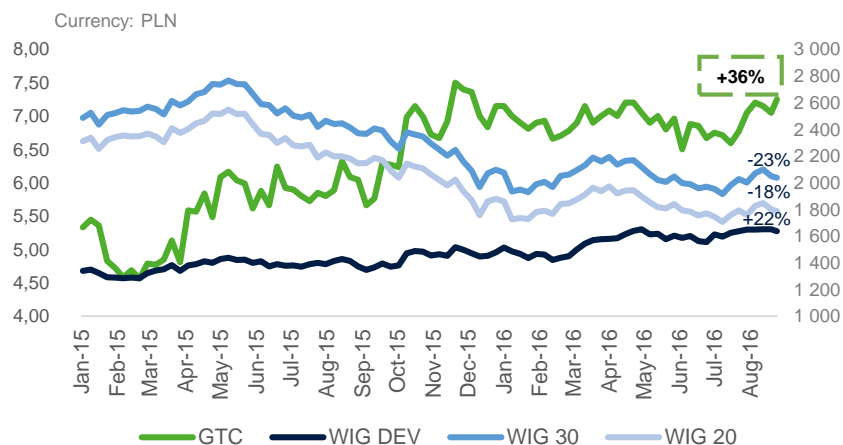
### Basic share information (as of 22 September 2016)

Symbol	GTC S.A.
Share price	8.45PLN
ISIN	PLGTC0000037
Performance	+36%
Primary exchange	Warsaw Stock Exchange
Market capitalization <sup>(1)</sup>	PLN 3.86bn / €900m
Shares outstanding	460.2 million

### Shareholder structure



### Share performance



### Broker coverage

Analyst coverage	Target Price (PLN)	Analyst name	Date
JPM	8.80 (Buy)	Michał Kuzawiński	06/09/16
IPOPEMA	7.81 (Buy)	Krzysztof Kuper	06/06/16
Wood&Company	7.83 (Buy)	Jakub Caithaml	03/06/16
DM BOŚ	8.50 (Buy)	Maciej Wewiórski	15/12/15
m Dom Maklerski	8.20 (Buy)	Piotr Zybala	20/11/15

Source: Company website; Thomson Reuters

Note: (1) 1 EURO = 4.3116 PLN

# RISK FACTORS

- Deterioration of the general economic conditions in the countries where the Group operates
- Downturn in the real estate market
- Drop in the market value of the Group's properties
- Deterioration in occupancy
- Reduction in rent rates
- Failure to implement the Group's strategy
- Misjudgment regarding future acquisitions of real estate
- Inability to fully recover the costs of operating the properties from the tenants
- Loss of attractive tenants
- Increasing competition from other owners, real estate managers and developers of commercial real estate
- Inability to sell the Group's properties on a timely basis
- Damage in properties due to undiscovered defects or external influences (e.g. earthquakes, floods)
- Failure to obtain the required zoning or construction permits, or any other approvals in a timely manner
- Failure of the general contractors or subcontractors to meet accepted standards of quality and safety

- Credit risk
- Risk related to Group's capability to service bond obligations
- Risk of value change of fixed-rate bond as a result of market interest rate fluctuation
- Risk related to lack of collateral
- Risk related to tax law
- Risk of not introducing bonds to alternative trading system
- Risk of bond trading suspension
- Risk of bond delisting from trading on alternative trading system
- Risk related to administrative and statutory fines for failing to comply with disclosure obligations
- Risk of bond price change and liquidity risk
- Foreign exchange risk



# **ADDITIONAL MATERIAL**

## A) FINANCIALS

# 1 BALANCE SHEET

(€m)		30 June 2016	31 Dec 2015
Investment property and L.T. assets (incl. IPUC)	1	1,415	1,289
Residential landbank and inventory		28	30
Asset held for sale		12	6
Investment in shares and associates		18	23
Cash & cash equivalents	2	74	169
Deposits		25	27
Escrow accounts for purchase of assets	3	70	16
Other non current assets		21	16
<b>TOTAL ASSETS</b>		<b>1,663</b>	<b>1,560</b>
Common equity	4	677	643
Minorities		(15)	(21)
Short and long term financial debt	5	814	739
Derivatives		6	5
Deferred tax liabilities		143	133
Other liabilities		38	61
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,663</b>	<b>1,560</b>

Comments	
1	Increase in investment property driven by acquisitions and development activity
2	Decrease in cash and cash equivalents mainly due to investment activity
3	Increase in Escrow accounts due to funds deposited for acquisition of Neptun Office Center and Sterlinga Business Center
4	Increase in common equity due to an increase in accumulated profit
5	Increase in short and long term financial debt as a result of refinancing activity and increase in loans related to projects under construction



(€m)		H1 2016	H1 2015	Q2 2016	Q2 2015	Comments
<b>Rental and service revenue</b>	<b>1</b>	<b>55</b>	<b>53</b>	<b>28</b>	<b>26</b>	<b>1</b> An increase in rental and services revenue mainly due to acquisition of income generated assets
Cost of rental operations		(13)	(13)	(7)	(6)	
Residential sale result		1	-	-	-	
<b>Gross margin from operations</b>		<b>43</b>	<b>40</b>	<b>21</b>	<b>20</b>	<b>2</b> Profit from revaluation reflects mainly the progress in the construction of Galeria Północna, completion of University Business Park B and FortyOne I
Selling expenses		(1)	(1)	(1)	(1)	
G&A expenses w/o share based provision		(5)	(5)	(2)	(2)	
Profit/(loss) from revaluation of investment property and impairment of residential projects	<b>2</b>	24	(2)	17	(1)	
Other income/ (expenses), net		(1)	-	(1)	-	<b>3</b> Further decrease in finance expenses due to refinancing, deleveraging and restructuring of debt combined with reduction in average interest rate
<b>Profit (loss) from continuing operations before tax and finance income / (expense)</b>		<b>59</b>	<b>32</b>	<b>34</b>	<b>15</b>	
Foreign exchange differences, net		3	(2)	3	2	
Finance expenses, net	<b>3</b>	(13)	(16)	(6)	(8)	
Share of profit/(loss) of associates		(4)	(4)	(3)	(2)	
<b>Profit/(loss) before tax</b>		<b>46</b>	<b>11</b>	<b>27</b>	<b>7</b>	<b>4</b> Increase €7m of temporary provision that shall be cancelled upon completion of the Inter-company merger
Taxation	<b>4</b>	(11)	(5)	(9)	(9)	
<b>Profit/(loss) for the period</b>		<b>35</b>	<b>6</b>	<b>19</b>	<b>(2)</b>	
Attributable to equity holders of the parent		35	6	19	(2)	
Attributable to non-controlling interest		-	-	-	-	

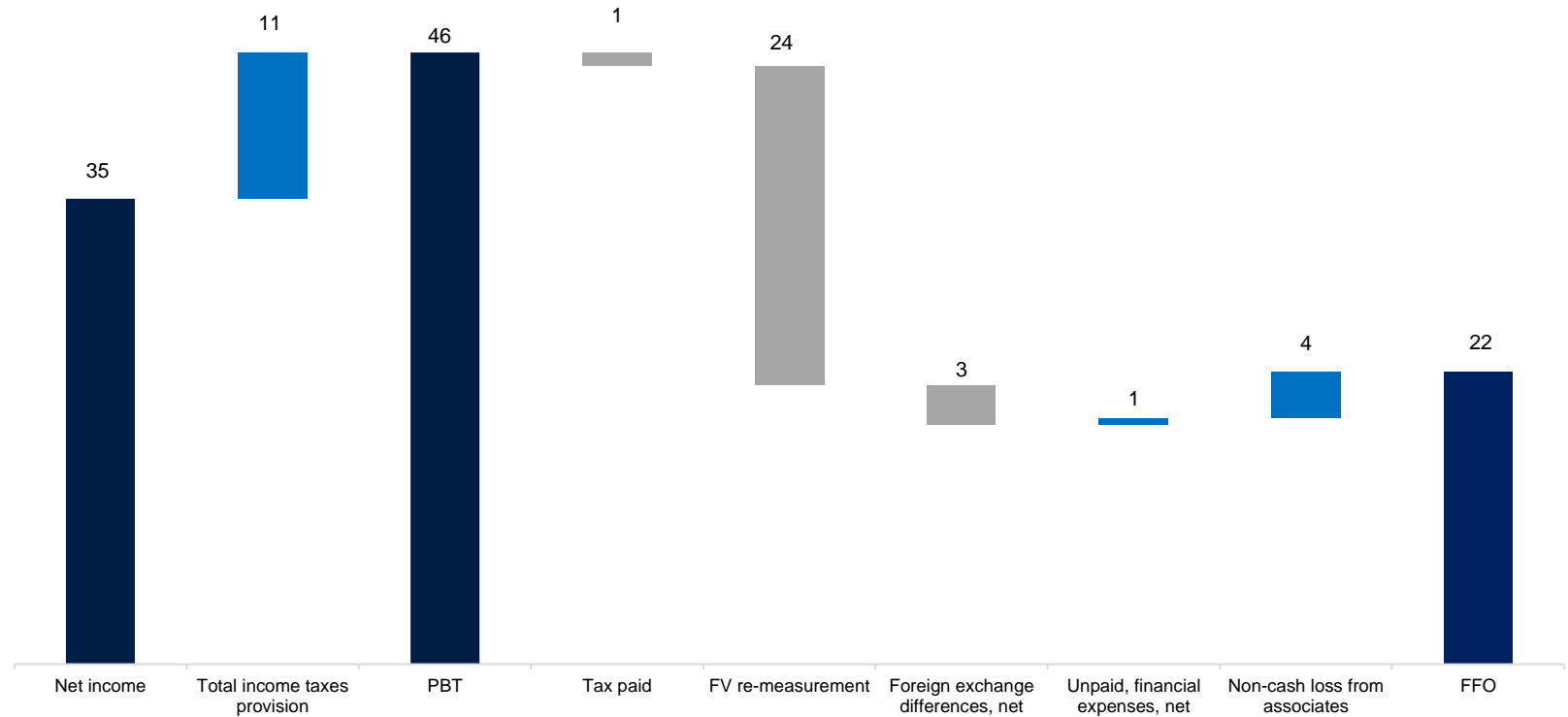
### 3 CASH FLOW STATEMENT

(€m)		H1 2016	H1 2015	Comments
<b>Operating activities</b>				
Operating cash before working capital changes		35	34	<b>1</b> Investment in real estate includes: acquisition of Pixel, Premium Point, Premium Plaza and land in Budapest as well as expenditure on investment property under construction (FortyOne, UBP and Galeria Pólnocna)
<b>Add / deduct:</b>				
Decrease in residential inventory		2	6	
Interest paid, net		(12)	(15)	
Effect of currency translation		(1)	1	
Tax		(1)	(1)	<b>2</b> Purchase of non-controlling interest reflects an investment in remaining stake in City Gate
<b>Cash flow from operating activities</b>		<b>23</b>	<b>24</b>	
<b>Investing activities</b>				
Investment in real estate and related	<b>1</b>	(126)	(12)	
Purchase of non-controlling interest	<b>2</b>	(18)	-	
Increase in Escrow accounts for purchase of assets	<b>3</b>	(70)	-	
Liquidation of joint ventures		-	4	<b>3</b> Escrow accounts for purchase of assets includes the funds deposited for the acquisition of Neptun Office Center and Sterlinga Business Center (including VAT)
Changes in working capital		-	(3)	
Sale of assets		9	51	
VAT/CIT on sales of investments		-	5	
<b>Investment in real estate and related</b>		<b>(205)</b>	<b>45</b>	
<b>Finance activity</b>				<b>4</b> Proceeds from long term borrowings reflect drawdowns under loans on assets under constructions and refinancing
Proceeds from long term borrowings net of cost	<b>4</b>	129	18	
Repayment of long term borrowings / bonds		(42)	(86)	
<b>Finance activity</b>		<b>87</b>	<b>(68)</b>	
Net change		(96)	-	
<b>Cash at the beginning of the period</b>		<b>169</b>	<b>81</b>	
<b>Cash at the end of the period</b>		<b>74</b>	<b>81</b>	

## 4 FFO BRIDGE H1 2016, TOTALLING €22M

### FFO reconciliation H1 2016

in €m



## 5 DEFINITIONS

EPRA NAV	Net Asset Value calculated in accordance with EPRA's methodology
FFO	Funds From Operations
GAV	Gross Asset Value
LTV	Loan to Value (= Net Debt / Total Property)
NAV	Net Asset Value
NLA	Net Lettable Area
NOI	Net Operating Income



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