

G T C | 

Q2&H1 2015 RESULTS

20 August 2015

TABLE OF CONTENT

Section 1	Highlights	3
Section 2	Portfolio overview	6
Section 3	Key financial results	11

HIGHLIGHTS | ACHIEVEMENTS

- Loans restructuring
 - Five loans restructured in the total amount of €90m in Q2 2015
 - No breach of covenants
- Disposal of non-core assets:
 - Galleria Buzau, Avenue Mall Osijek, Galleria Varna project sold at book value
 - Preliminary sale agreements for commercial land in Konstancin, residential land in Vinohrady, Jarosova office building and Galleria Arad (signed in Q3)
- Disposal of mature assets:
 - Centrum Biurowe Kazimierz for €42m, slightly above the book value
- Developments
 - **Galeria Północna**
 - Building permit received in June 2015 / Construction commenced in July 2015 / Financing secured / Opening planned for Q3 2017
 - **FortyOne**
 - Construction completed / First tenant moved in / Grand opening in October 2015
- Capital increase approved and SPO planned for Q3 2015

HIGHLIGHTS | FINANCIAL HIGHLIGHTS

- **Rental margin** improved to 77% in Q2 2015 (75% in Q2 2014) and 75% in H1 2015 (74% in H1 2014)
- **Underlying profit before tax*** at €10m in Q2 2015 (€8m in Q2 2014) and €19m in H1 2015 (€14m in H1 2014)
- In aggregate, no change in **value of commercial assets** and minor impairment of residential land following sale negotiations
- **Profit before tax** at €7m in Q2 2015 (€4m in Q1 2015, €71m loss in Q2 2014) and €11m in H1 2015 (€68m loss in H1 2014)
- **Cash generated from operations** at €24m in H1 2015 (€21m in H1 2014)
- **Interest cover** at 2.5x as at 30 June 2015 (2.1x as at 31 December 2014)
- **LTV** down to 50% as at 30 June 2015 (54% as at 31 December 2014)

* Profit before taxes, movement in valuation of investment assets, depreciation and change in fair value of hedges

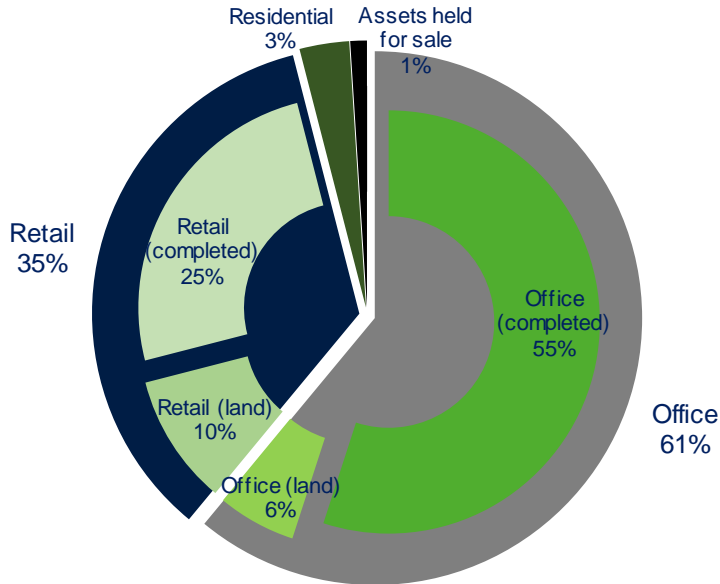
TABLE OF CONTENT

Section 1	Highlights	3
Section 2	Portfolio overview	6
Section 3	Key financial results	11

PORTFOLIO OVERVIEW

Total portfolio by sector

Total: €1,231m*
As of 30 June 2015

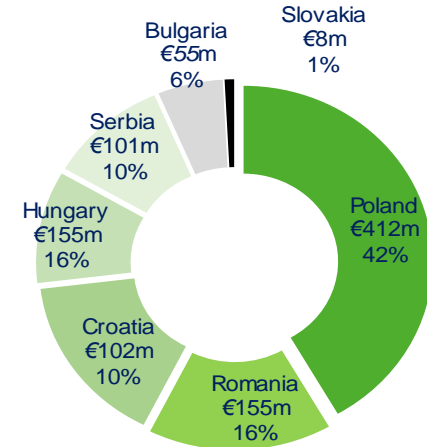


- Income generating assets amounted to €1b (80% of total portfolio)
- 6% of portfolio under active development
- 10% of portfolio in commercial landbank
- Poland remains key country with 42% of income generating assets

* Excludes €28m of investment in associates and 50% joint ventures (Russia, Ukraine, Czech Rep., Romania - Ana Tower)

Income generating assets** - GAV by country

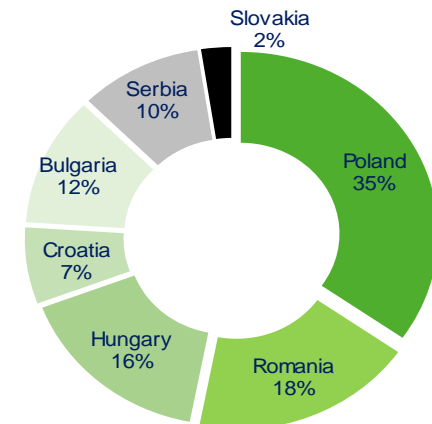
Total: €988m
As of 30 June 2015



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

Income generating assets** - NLA by country

Total: 527k sq m
As of 30 June 2015



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

PORTFOLIO OVERVIEW | PORTFOLIO VALUATION AND LEASE LENGTH BY SECTOR

As at 30 June 2015	Book value € m	Income generating portfolio %	Change in book value versus 31 Dec 2014 %	Lease length yrs
OFFICE				
Poland*	262	26%	1%	2.8
Romania	148	15%	0%	2.8
Hungary	155	16%	0%	3.8
Serbia	101	10%	1%	2.3
Slovakia	8	1%	-11%	3.2
OFFICE SECTOR	673	68%	0%	3.0
RETAIL				
Poland	150	15%	0%	4.0
Romania	7	1%	-15%**	2.8
Croatia	102	10%	0%	3.2
Bulgaria	56	6%	0%	3.7
RETAIL SECTOR	315	32%	-1%	3.3
TOTAL	988	100%	0%	3.2

* Excluding Kazimierz Office Centre

** The change comes from a decrease of 1.3m in the value of Galleria Arad

Averages are weighted based on NRA

PORTFOLIO OVERVIEW | OCCUPANCY AND CONTRIBUTION MARGIN BY SECTOR

As at 30 June 2015	Occupancy %	Change in occupancy versus 31 Dec 2014 %	Contribution to gross margin on rental activities %
OFFICE			
Poland*	92%	1%	29%
Romania	91%	-2%	12%
Hungary	100%	7%	15%
Serbia	96%	1%	12%
Slovakia	67%	4%	1%
OFFICE SECTOR	93%	1%	68%
RETAIL			
Poland	85%	-2%	16%
Romania	65%	-26%	0 %
Croatia	96%	0%	9%
Bulgaria	96%	4%	7%
RETAIL SECTOR	86%	-5%	32%
TOTAL	91%	0%	100%

* Excluding Kazimierz Office Centre
Averages are weighted based on NRA

PORTFOLIO OVERVIEW | TOP PROPERTIES

As at 30 June 2015		Book value € m	Sq m `000	Rent €/sq m/mht	Occupancy %
Galeria Jurajska	Poland	150	49	19.6	85%
City Gate	Romania	148	48	19.1	91%
Avenue Mall Zagreb	Croatia	102	36	20.3	96%
Centerpoint I&II	Hungary	79	37	11.4	99%
Spiral	Hungary	49	32	10.7	100%
Galeria Burgas	Bulgaria	41	37	9.4	97%

TABLE OF CONTENT

Section 1	Highlights	3
Section 2	Portfolio overview	6
Section 3	Key financial results	11

KEY FINANCIAL RESULTS | FINANCIAL HIGHLIGHTS

	H1 2015	H1 2014	FY 2014
	(€ m)		
Underlying PBT*	19	14	29
Cash flow from operating activities	24	21	40
Total property	1,231	1,426	1,293
Net debt	616	717	698
NAV (without minorities, IFRS)	462	606	489
NAV (without minorities, IFRS) per share	1.3	1.7	1.4
NAV (with minorities, IFRS)	444	560	427
NAV (with minorities, IFRS) per share	1.3	1.6	1.2
Underlying PBT/share	0.06	0.04	0.08

* Profit before taxes, movement in valuation of investment assets, depreciation and change in fair value of hedges, FX and other non recurrent items

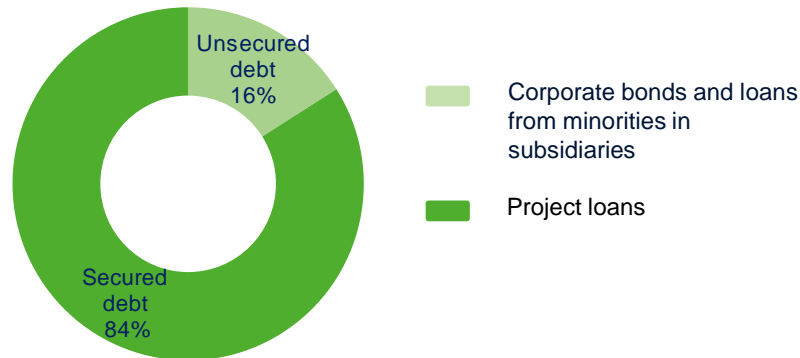
KEY FINANCIAL RESULTS | BALANCE SHEET

	30 June 2015 (€ m)	30 June 2014 (€ m)	31 December 2014 (€ m)
Investment property and L.T. assets (inc. IPUC)	1,190	1,326	1,221
Residential inventory	35	93	65
Asset held for sale	7	6	7
Investment in shares and associates	28	110	96
Cash & cash equivalents	81	90	81
Deposits	29	35	32
Other non current assets	16	18	15
TOTAL ASSETS	1,384	1,679	1,517
Equity	444	560	427
Short and long term debt	771	949	922
Derivatives	3	11	6
Other provisions & payables	166	160	162
TOTAL EQUITY AND LIABILITIES	1,384	1,679	1,517

KEY FINANCIAL RESULTS | DEBT AND MATURITY SCHEDULE

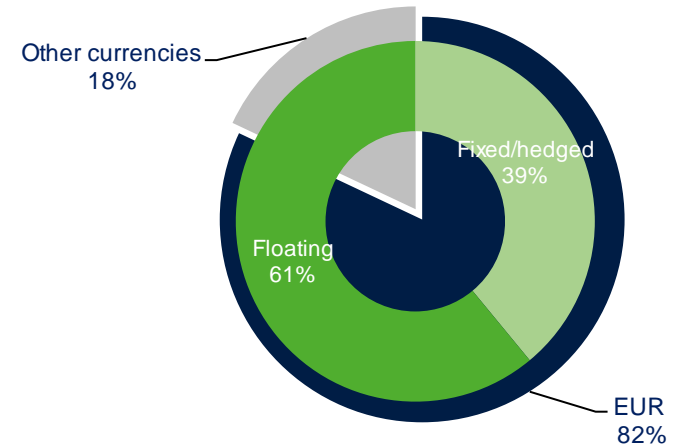
Debt split

As of 30 June 2015



Interest rate split

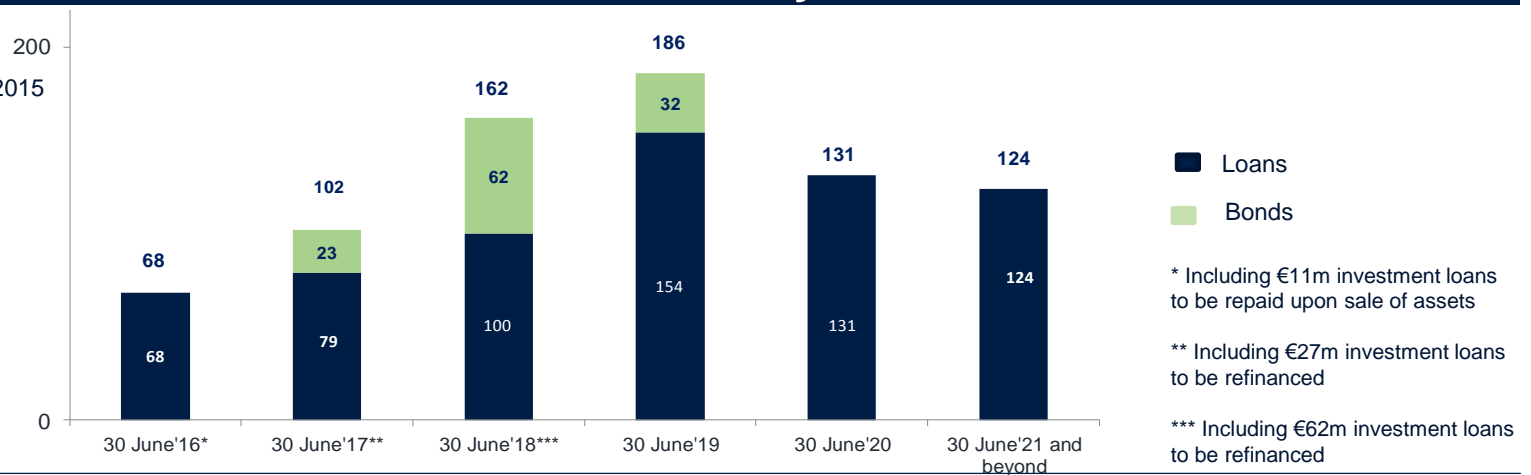
As of 30 June 2015



* Other currencies include PLN and HUF

Debt maturity

As of 30 June 2015



KEY FINANCIAL RESULTS | DEBT AND LTV

As at	30 June 2015 (€ m)	30 June 2014 (€ m)	31 December 2014 (€ m)
Long-term bank debt and financial liabilities	699	848	802
Short-term bank debt and financial liabilities	68	101	120
Loans from minorities	(47)	(116)	(118)
Deferred issuance debt expense	6	8	7
Total bank debt and financial liabilities	726	841	811
Cash & cash equivalents & deposits	110	124	113
Net debt and financial liabilities	616	717	698
Total property	1,231	1,426	1,293
Loan to value ratio	50%	50%	54%
Average interest rate	4.3%	4.3%	4.2%
Interest cover	2.5x	2.1x	2.1x

KEY FINANCIAL RESULTS | INCOME STATEMENT

	Q2 2015 (€ m)	Q2 2014 (€ m)	H1 2015 (€ m)	H1 2014 (€ m)	FY 2014 (€ m)
Rental and service revenue	26	27	53	55	110
Cost of rental operations	(6)	(7)	(13)	(14)	(29)
<i>Rental margin</i>	77%	75%	75%	74%	74%
Residential sale result	-	-	-	1	-
Gross margin from operations	20	21	40	41	81
Selling expenses	(1)	(1)	(1)	(1)	(3)
G&A expenses w/o share based provision	(2)	(3)	(5)	(6)	(11)
Loss from revaluation of invest. property and impairment	(1)	(65)	(2)	(67)	(194)
Financial expenses, net	(8)	(11)	(16)	(22)	(43)
Foreign exchange differences	2	(1)	(2)	(2)	-
Share of profit/(loss) of associates	(2)	(11)	(4)	(11)	(28)
Profit/(loss) before tax	7	(71)	11	(68)	(195)
Profit/(loss) for the period	(2)	(70)	6	(72)	(207)

KEY FINANCIAL RESULTS | CASH FLOW HIGHLIGHTS

	H1 2015 (€ m)	H1 2014 (€ m)	FY 2014 (€ m)
Operating cash before w. capital changes	34	33	67
Add / deduct:			
Decrease in residential inventory	6	7	13
Interest paid, net	(15)	(18)	(36)
Effect of currency translation	1	(1)	(2)
Tax	(1)	(1)	(2)
Cash flow from operating activities	24	21	40
Investment in real estate and related	(12)	(15)	(27)
Liquidation of joint ventures	4	-	-
Changes in working capital	(3)	(3)	(5)
Sale of assets	51	2	11
VAT/CIT on sales of investments	5	-	-
Investment in real estate and related	45	(16)	(21)
Finance activity			
Proceeds from issuance of shares, net	-	53	53
Proceeds from long term borrowings net of cost	18	122	75
Loan from JV (GK)	-	-	48
Repayment of long term borrowings/bonds	(86)	(146)	(170)
Finance activity	(68)	29	6
Net change	-	33	(25)
Cash at the beginning of the period	81	56	56
Cash classified as part of assets held for sale	-	-	-
Cash at the end of the period	81	89	81

ADDITIONAL MATERIALS

ADDITIONAL MATERIALS | RECONCILIATION OF UNDERLYING PBT

	H1 2015 (€ m)	H1 2014 (€ m)	FY 2014 (€ m)
IFRS Profit/ (Loss) before tax	11	(68)	(195)
Valuation movement (includes disposals)	2	67	194
Foreign exchange differences, net	2	2	
Amortization of intangible asset	1	1	2
Loss/(profit) from associates	4	11	28
Share based provision	-	(1)	(3)
	1	2	
Other non-recurring items	(1)	-	1
Underlying profit before tax	19	14	29

ADDITIONAL MATERIALS | PORTFOLIO OF INCOME GENERATING PROPERTIES

As of 30 June 2015

	Poland	Hungary	Serbia	Croatia	Romania	Bulgaria	Slovakia	Subtotal	Czech*	Total
Office projects										
Number of assets	11	3	3	-	1	-	1	19	2	21
GTC consolidated share of NLA, ths. sq m	135	86	53	-	48	-	13	335	11	346
Total NLA, ths. sq m	135	86	53	-	48	-	13	335	35	370
Book Value, € m	262	155	101	-	148	-	8	673	18	691
Average Rent, €/sq m	14.4	11.1	14.7	-	19.1	-	8.5	14.0	13.2	14.0
Average occupancy	92%	100%	96%	-	91%	-	67%	93%	74%	93%
Retail projects										
Number of assets	1	-	-	1	2	2	-	6	1	7
GTC consolidated share of NLA, ths. sq m	49	-	-	36	46	61	-	192	13	205
Total NLA, ths. sq m	49	-	-	36	46	61	-	192	41	234
Book Value, € m	150	-	-	102	7	56	-	315	32	347
Average Rent, €/sq m	19.6	-	-	20.3	4.7	8.2	-	12.5	14.5	12.5
Average occupancy	85%	-	-	96%	65%	96%	-	86%	95%	86%
Total										
Number of assets	12	3	3	1	3	2	1	25	3	28
GTC consolidated share of NLA, ths. sq m	184	86	53	36	94	61	13	527	24	551
Total NLA, ths. sq m	184	86	53	36	94	61	13	527	76	603
Book Value, € m	412	155	101	102	155	56	8	988	50	1 038
Average Rent, €/sq m	15.8	11.1	14.7	20.3	11.8	8.2	8.5	13.5	13.9	13.5
Average occupancy	90%	100%	96%	96%	78%	96%	67%	91%	85%	91%

* pro-rata to GTC Holding

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