

14 November 2012



Okęcie Business Park, Warsaw, Poland



# Agenda

- Strategy – further implementation progress
- Q3 highlights & performance
- Markets update
- Portfolio overview
- Key financial results



# 2012-2014 - a Period of Strategic Re-orientation of the Balance Sheet to Market Conditions

## Mid term strategy - 2012-14

- €180m net liquidity assets disposal plan
- €100m rights issue by mid-year 2012

## Strategy - implementation progress

Plan to raise €280m during 2012-14 to deleverage:

- 35% already realized via sale of Platinum Business Park and two plots: Poland & Romania (transactions to be closed in Q4'2012/Q1' 2013)
- Successful rights issue completed in June 2012 generated approx. €100m
- Maturity of €50m bonds extended; €17m repaid
- Improved current cash position and prepared for deleveraging

New developments focused on the most promising assets

- Development of selective projects
  - Acquisition of remaining 50% in Galeria Wilanów
  - Design of the malls in Warsaw and preparation to file building permits
  - Ada Mall (Belgrade) land assembly
  - Negotiations for financing and pre-lease for Ana Tower (Bucharest)

Elevating operating quality

- Optimization of operating costs in progress
  - Sale of non-performing assets
  - Cost optimization
  - Active asset management
  - Further improvement in average occupancy rate



# GTC Challenges

Avenue 19, Belgrade, Serbia

Challenge	Steps taken
<ul style="list-style-type: none"> <li>Bonds repayments of €294m in 2013 and 2014 (including hedging liabilities)</li> <li>Renegotiate and extend existing project financing loans on acceptable terms</li> <li>Reduce exposure to certain weak markets of SEE</li> <li>Operational improvements</li> <li>Maximize value on disposals from an increasingly challenging negotiating position</li> <li>Maintain growth despite internal and external financing market constraints and difficult market</li> </ul>	<ul style="list-style-type: none"> <li>€50m of bonds prolonged until 2017-2018</li> <li>€17m of bonds repaid</li> <li>Discussion with banks commenced</li> <li>Sale of Galleria Buzau, Galleria Suceava, Galleria Piatra Neamt</li> <li>Under way; significant savings implemented while maintaining same income levels</li> <li>Discussions with potential buyers ongoing</li> <li>Acquisition of remaining 50% in Galeria Wilanów</li> <li>Focus on Warsaw malls</li> <li>Outside Poland focus on: Ana Tower (Bucharest office project) and Ada Mall (Belgrade)</li> </ul>

# Q3 Highlights & Performance



GTC Metro, Budapest, Hungary



## Q3 Key Highlights

- Sale of Platinum Business Park I-IV generated €44m of net cash; sale of Platinum Business Park V expected in Q1'2013 (another €16m net cash expected)
- Sale of Galleria Buzau, Galleria Piatra Neamt, Galleria Suceava to improve operating cash flow by app. €4m p.a.
- €50m bonds extended until 2017-2018
- €17m bonds repaid
- LTV ratio at 57%
- Cash flow from operations after interest at €15m in 9M 2012



# Q3 Key Achievements

## **New office leases (over 5,200 sq m):**

- New tenant in Francuska Office Centre in Katowice: Rockwell (2,100 sq m) (66% leased up from 32% at 2011 YE)
- New tenant in University Business Park in Łódź: Hewlett-Packard (1,500 sq m)
- Warta has leased additional 1,600 sq m in University Business Park (51% leased up from 37% at 2011 YE)

**New lease agreements signed with leading local and international brands (e.g. Bershka, DIY, Benetton Kids, Atlantic and others) for retail space located in GTC malls throughout the region ( 2,000 sq m)**

## **Significant lease renewals and extensions (over 20,000 sq m) :**

- Hewlett-Packard extended its lease for 6,600 sq m in Globis Wrocław
- Luxmed extended its lease for 1,500 sq m in Globis Poznań
- Eaton (1,200 sq m) and Mitsubishi (1,000 sq m) will stay in Nothus (Okęcie Business Park in Warsaw)
- Raiffeisen Bank (1,000 sq m), City Handlowy (700 sq m) and Ergomed (300 sq m) will stay at Korona Office Centre in Kraków
- Mag extended its contract for 8,000 sq m in Centerpoint in Budapest

## **LEED Gold certificate for Platinum V building (Warsaw) and Galleria Burgas**

- Platinum Business Park V is only the third facility in Poland with LEED for Cover and Shell
- Galleria Burgas is the first sustainable shopping centre in Bulgaria with LEED certificate



# Markets Update

Challenging market conditions affecting SEE economies primarily

Okęcie Business Park, Warsaw, Poland

## Office Markets – GTC's office markets portfolio proved resilient across CEE and SEE

- Reduction in financing and limited development lending result in declining new office completions throughout the region
- Development activity in Warsaw unchanged y-o-y; expected slow down in 2013; stabilization of rents expected in a two-three year perspective
- Warsaw remains an active market with sustained level of leasing activities albeit with pressure on rents and slowly increasing vacancy; other cities are stable especially Kraków, Katowice, Poznań
- Prime rents across the region have remained largely stable
- Bucharest appears good for next few years

## Retail Markets – continue to remain challenging in SEE

- Poland's retail market maintains steady growth. "Even though in the pipeline...there are two shopping centers planned by GTC, the retail supply is clearly insufficient", (CBRE, WBJ 14 Oct, 2012)
- Decreasing disposable income and negative sentiment continue to make the retail environment in SEE challenging
- Prime retail rents remained stable
- In Zagreb prime rents have been under pressure due to rising vacancies
- In Belgrade demand for prime retail locations has remained high

## Residential Markets – GTC residential properties continue to be impacted by deterioration of mortgage availability and economic conditions

- Romania- very weak market with sales stagnating despite substantial price reductions except for Bucharest center
- Poland – sales and pricing are dropping
- Weak mortgage lending activity throughout the region slows demand
- Average size of sold apartments decreases even in the strongest markets

## Investment Markets – Lack of financing and narrowing investor requirements remain the key concerns

- Poland mainly on radar screens whilst other CEE markets with weaker demand and SEE without any noteworthy investment activity
- Investor sentiment for Warsaw continues to be positive with transaction volume remaining strong

# Portfolio Overview



Harfa Office Park, Prague, Czech Republic

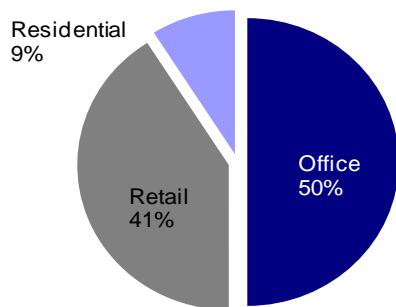


# Balanced Portfolio with CEE Focus

>80% of Portfolio Concentrated in 4 EU Markets

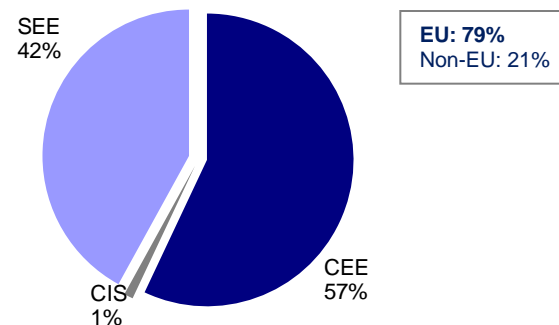
## Portfolio Breakdown

### By Asset Class \*



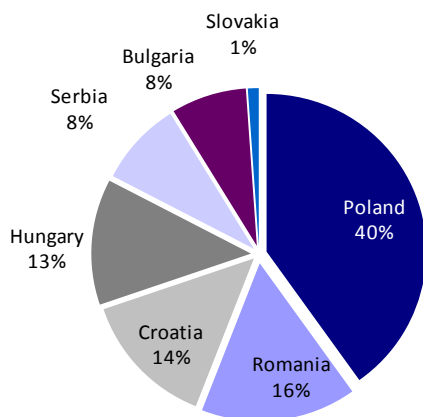
Total: €1,845m

### By Region \*



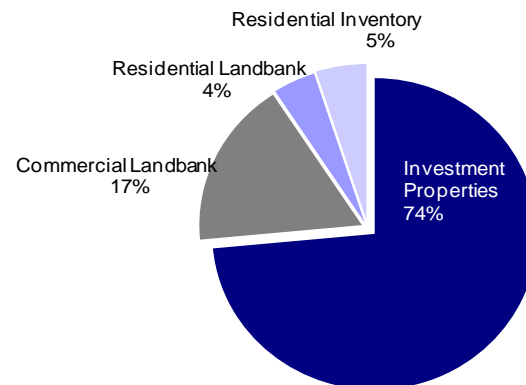
Total: €1,845m

### Income Generating Assets



Total: €1,356m

### By Development Stage \*



Total: €1,845m

\* As of 30 September 2012 in % of portfolio value without assets held for sale



Galeria Wilanów, Warsaw, Poland

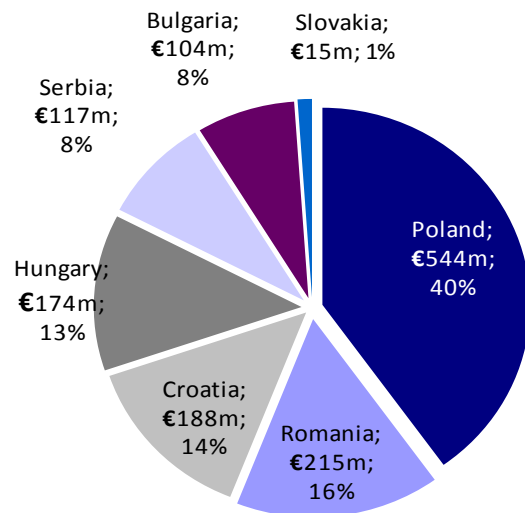
# Poland remains as main focus

Poland accounts for over 50% of pro-forma portfolio as of December 2015

## Current commercial investment property portfolio

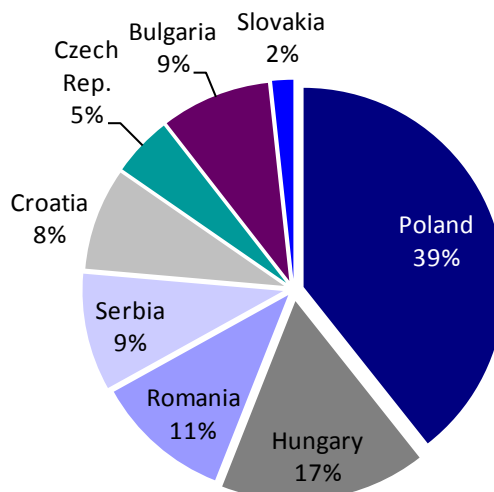
### Value by country \*

As of 30 September 2012



Total: €1,356m

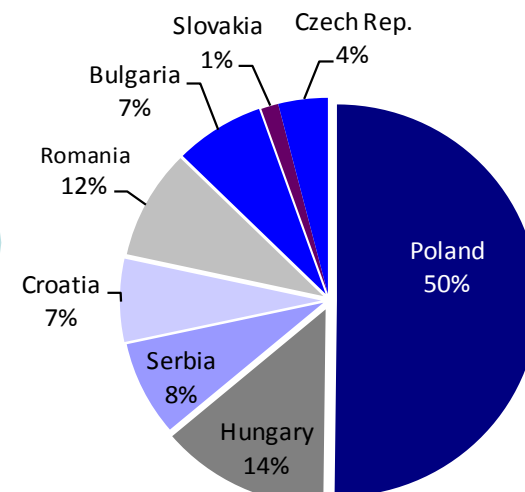
### NRA \*\* by country



Total: 553,161 sq m

## Going forward

### Pro-forma NRA by country YE 2015\*\*\*



Total: 673,161 sq m \*\*

\* Excludes attributable value for assets in Czech Republic and Ukraine where GTC holds minority stakes

\*\* NRA is pro-rata to GTC holding

\*\*\* Assumes completion of Galeria Wilanów and Galeria Białoleka and sale of Platinum Business Park and Galleria Suceava, Galleria Piatra Neamt, Galleria Buzau

# Key Financial Results



Okęcie Business Park, Warsaw, Poland



# Key Indicators

€ m	30 Sep'12	FY 2011
Gross profit from operations	71	95
Profit after taxation	(43)	(338)
Cash, cash equivalents and short term deposits	221	179
Loans, bonds & derivatives	1,375	1,395
<b>LTV</b>	<b>57%</b>	<b>60%</b>
<b>Calculation of NNNAV</b>		
Investment property (incl. assets held for sale) and related*	1,860	1,838
Residential inventory and land bank	170	182
Other items	43	44
Net debt	(1,154)	(1,216)
<b>NAV</b>	<b>919</b>	<b>848</b>
Deferred tax on revaluation and mark to market of hedges	(127)	(124)
<b>NNNAV**</b>	<b>792</b>	<b>724</b>

\* Includes standing commercial assets, assets held for sale, Investment property under construction and commercial landbank are also included at cost of €319m

\*\* Mark to market of debt is assumed to be zero as interest margin is assumed to be within the market rate



# Balance Sheet Highlights

- Valuation of property portfolio conducted by the management
  - Loss of €19m on sale of three assets in Romania
  - Average occupancy at c. 90%
- Assets held for sale:
  - Platinum I-V (I-IV sold on 31 October 2012)
  - Land plot in Konstancin (Poland) and Galati (Romania)
  - Three malls in Romania (NCC)
- Loan to value ratio at 57%

€ m	30 Sep'12	FY 2011
Investment property and L.T. assets (inc. IPUC)	1,675	1,704
Assets held for sale	185	134
Investment in shares and associates	49	54
Cash and deposits	221	179
Inventory	170	182
Other current assets	50	57
<b>TOTAL ASSETS</b>	<b>2,350</b>	<b>2,310</b>
Equity	792	724
Long term financial debt	1,016	1,110
Other long term liabilities	137	129
Current liabilities	359	285
Trade payables and advances	46	62
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,350</b>	<b>2,310</b>
Financial ratios		
Loan to value ratio (LTV)	57%	60%



# Debt and LTV

## Loan to value breakdown as at 30 September 2012

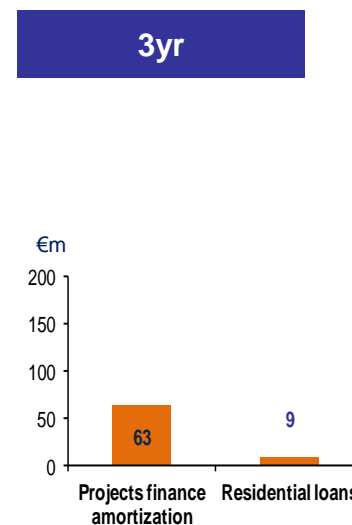
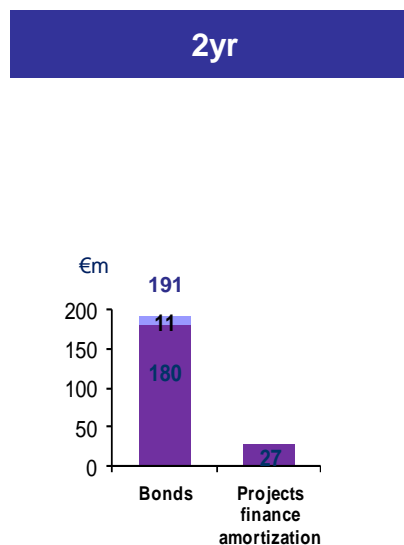
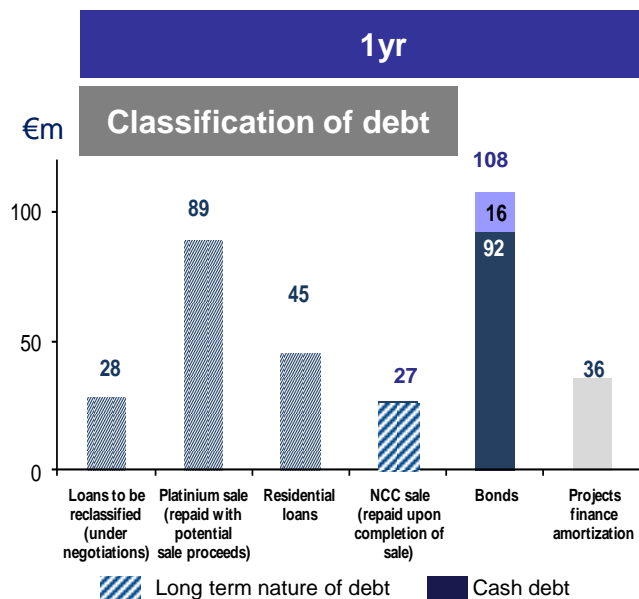
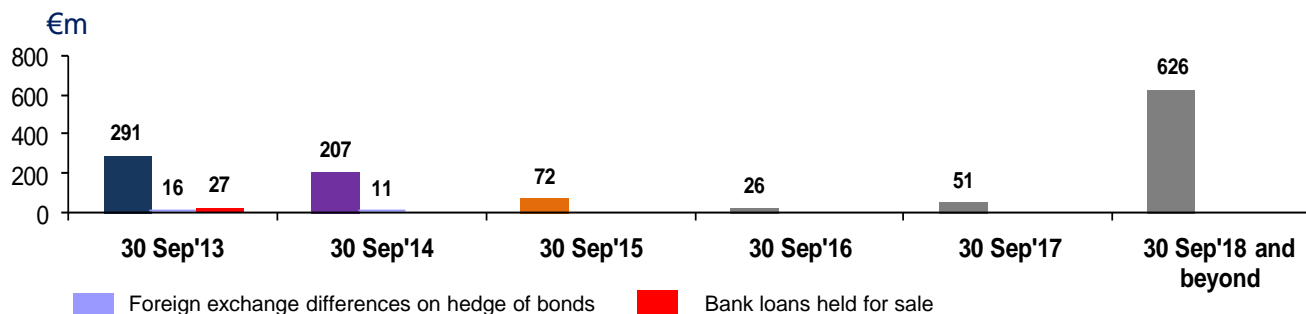
€ m	30 Sep'12 adjusted for post B/S sale of PBP I-V and assets in Romania	30 Sep'12	FY 2011
Long-term bank debt and financial liabilities	1,016	1,016	1,110
Short-term bank debt and financial liabilities (see breakdown overleaf)	242	359	285
<b>Total bank debt and financial liabilities</b>	<b>1,258</b>	<b>1,375</b>	<b>1,395</b>
Cash & cash equivalents and short term deposits	244	221	179
<b>Net debt and financial liabilities</b>	<b>1,014</b>	<b>1,154</b>	<b>1,216</b>
Investment property, inventory, assets held for sale	1,851	2,030	2,020
Loan to value ratio	55%	57%	60%



# Medium Term Debt Maturity Challenge

45% of debt matures in more than 5 years

Debt maturity schedule as at 30 September 2012





# Bonds Rolled Over until 2017-2018

- €50m of bonds extended until 2017-2018
- Interest rate of WIBOR+400bp = aprox. 8.5% p.a.
- Hedges remained valid until the original maturity
- Part of hedges (€4.5m) may impact P&L for a short time
- No impact on total interest costs - increased interest of €1.5m per year will be offset by saving interest on the €17m redeemed bonds and repayment of bonds maturing in 2013
- New bonds to be listed on Catalysts by February 2013

	Total	Apr-13	Oct-13	Apr-14	Apr-17	Oct-17	Apr-18
Pre Oct-2012	294	103.12		190.59			
<u>Transaction</u>	-						
Prolonged	(50)			(49.77)			
Redeemed	(17)	(6.05)		(11.17)			
New tranche	50				16.59	16.59	16.59
Status as of 1.11.2012	276	97.07	-	129.65	16.59	16.59	16.59



# Income Statement Highlights

(€ m)	9M'12	9M'11	Q3'12	Q2'12	FY 2011
Rental and service revenue	98	97	34	33	129
Residential sales revenue	16	20	6	4	25
Operating revenue	<b>114</b>	<b>117</b>	<b>40</b>	<b>37</b>	<b>154</b>
Cost of rental operations	(27)	(26)	(10)	(8)	(37)
Cost of residential sale	(15)	(19)	(6)	(5)	(24)
<b>Gross margin from operations</b>	<b>71</b>	<b>72</b>	<b>24</b>	<b>25</b>	<b>95</b>
Selling expenses	(4)	(5)	(1)	(1)	(7)
G&A expenses	(13)	(15)	(4)	(5)	(21)
Other income/(expenses)	(3)	(3)	-	(2)	(2)
<i>Rental Margin</i>	<i>73%</i>	<i>73%</i>	<i>71%</i>	<i>74%</i>	<i>72%</i>
<i>Profit (loss) from revaluation of Invest.property and impairment</i>	(39)	(178)	(29)	(12)	(296)
<b>Operating profit</b>	<b>12</b>	<b>(129)</b>	<b>(10)</b>	<b>4</b>	<b>(231)</b>
Financial expenses, net	(45)	(64)	(13)	(16)	(84)
Share of profit (loss) of associates	(5)	(2)	(1)	(4)	(5)
<b>Operating profit before revaluation and impairment and tax</b>	<b>7</b>	<b>(15)</b>	<b>6</b>	<b>-</b>	<b>(19)</b>
<b>Profit before tax</b>	<b>(38)</b>	<b>(195)</b>	<b>(24)</b>	<b>(16)</b>	<b>(320)</b>
Tax	(5)	(6)	-	(6)	(18)
<b>Profit for the period</b>	<b>(43)</b>	<b>(201)</b>	<b>(24)</b>	<b>(21)</b>	<b>(338)</b>
<b>Attributable to:</b>					
Equity holders	(24)	(158)	(16)	(14)	(270)
Minority interest	(19)	(43)	(8)	(7)	(68)



# Comments to Income Statement

## Q3 Highlights

- Rental revenues improved 3% q-on-q to €34m (€33m in Q2'2012)
- Gross profit from operations stable at €24m
- Profit before tax and devaluations of €6m vs. loss of €10m in Q3'2011
- Devaluation of investment properties of €29m; mainly related to sale of NCC and devaluation of certain assets due to changes in market conditions

## 9M Highlights

- Gross profit from operations at €71m; stable compared to the corresponding period of 2011 despite sale of Galeria Mokotów
- Gross margin on rental activities at 73% (73% in Sept 2011); gross margin on residential activities at 3% (5% in 2011)
- Average occupancy rate up to 90% (87% in Sept 2011)
- Profit before tax and devaluations of €7m vs. loss of €15m in 9M of 2011
- Devaluation of investment properties of €39m; mainly due to weak economic environment in Romania
- Completion of Platinum V and Corius as well as the sale of Platinum I-IV contributed to €17m revaluation gain



# Cash Flow Statement Highlights

	9M'12	9M'11	FY 2011
Cash flow from operating activities	56	41	68
Investment in real estate and related	(52)	(154)	(183)
Cash flow from asset disposals (investment)		97	97
Financial expenses	(41)	(45)	(62)
Issue of shares	101	-	-
Proceeds from (used in) financing activities, net	(8)	41	30
<b>Net change</b>	<b>56</b>	<b>(20)</b>	<b>(50)</b>
Cash at the beginning of the period	142	192	192
<b>Cash at the end of the period</b>	<b>197</b>	<b>172</b>	<b>142</b>

- Cash from operations after financial expenses of €15m resulting from a decrease in administrative expenses and trade payables
- Investment activity is selective and adjusted to global macro conditions, financed by available cash
- Share issue supplemented the available cash. Once used for deleveraging, it will decrease interest expenses and contribute to a healthier operating result
- Average interest rate of ca. 5.0% p.a.

# Additional Materials



Francuska Office Center, Katowice, Poland



# Completed commercial properties

Center Point, Budapest, Hungary

## Segmental analysis

As of 30 September 2012

As of 30 September 2012		Poland	Hungary	Serbia	Croatia	Romania	Bulgaria	Slovakia	Subtotal	Czech*	Total	Assets held for sale
Office	Pro rata to GTC holding, NRA, sq m	147,848	91,647	52,519	-	28,172	-	9,407	329,593	10,773	340,366	55,858
	Total NRA sq m	147,848	91,647	52,519	-	47,749	-	13,438	353,201	34,072	387,273	55,858
	Number of assets	11	5	3	-	1		1	21	2	23	5
	Average Rent, €/sq m	15	12	17	-	20	-	9	15	11	16	
	Average occupancy	87%	95%	88%	-	95%	-	47%	89%	36%	88%	
	Book Value, € m	300	174	117	-	169	-	15	775	20	795	171
Retail	Pro rata to GTC holding, NRA, sq m	70,000	-	-	45,945	32,378	48,474	-	196,796	16,038	212,834	25,900
	Total NRA sq m	89,102	-	-	61,784	32,378	62,143	-	245,407	50,914	296,321	37,000
	Number of assets	2	-	-	2	1	2	-	7	1	8	3
	Average Rent, €/sq m	24	-	-	17	4	8	-	15	18	15	
	Average occupancy	94%	-	-	94%	99%	89%	-	93%	92%	89%	
	Book Value, € m	243	-	-	188	46	104	-	581	44	625	8**
Total	Pro rata to GTC holding, NRA, sq m	217,848	91,647	52,519	45,945	60,550	48,474	9,407	526,389	26,771	553,160	81,758
	Total NRA sq m	236,950	91,647	52,519	61,784	80,127	62,143	13,438	598,608	84,986	683,594	92,858
	Number of assets	13	5	3	2	2	2	1	28	3	31	8
	Average Rent, €/sq m	18	12	17	17	13	8	9	15	15	16	
	Average occupancy	89%	95%	88%	90%	96%	89%	47%	91%	70%	89%	
	Book Value, € m	544	174	117	188	215	104	15	1,356	64	1,420	179

\* Pro-rata to GTC holding

\*\* including IP and items reclassified to Liabilities held for sale

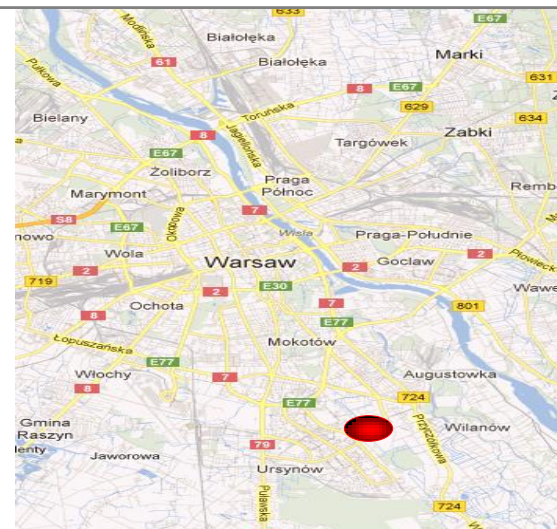


# New Developments - Focus on Warsaw Retail Market

## Wilanów Shopping Malls

### Galeria Wilanów (Warsaw)

- GTC owns 100% in the project after acquisition of remaining stake in October 2012
- Over 80,000 sqm lettable area in two phases. First phase comprising ca. 60,000 sqm of lettable area.
- One of the most affluent districts of Warsaw (SouthWest)
- Architectural plan in advanced stage
- Strong interest from anchor tenants
- Construction to start as soon as building permit is obtained
- Expected capex of €150-160m
- Expected revenue of €20m from the first phase
- Expected cash-on-cash return (unleveraged) exceeds 12%
- Planned bank finance at the level of 60%-70% of total costs
- Assuming a valuation yield of 6% upon completion, the profit will exceed €170m



Galeria Wilanów, Warsaw, Poland

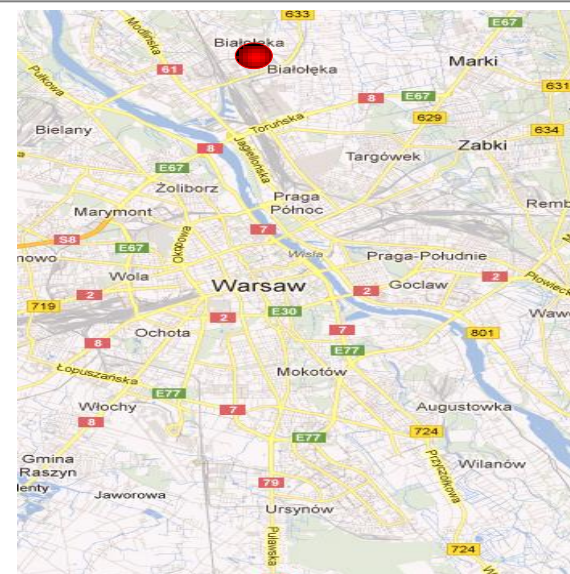


# New Developments - Focus on Most Promising Warsaw Retail Market

## Białołęka Shopping Malls

### Galeria Białołęka (Warsaw)

- Up to 60,000 sq m lettable area in one or two phases
- One of the fastest growing districts of Warsaw, catchment area of ca. 500,000 middle class inhabitants
- The only land designated for shopping mall development in northern Warsaw in the zoning plan
- Strong interest from anchor tenants
- Architectural project in advanced stage
- 10% of the land to be bought from the City of Warsaw – the acquisition is in progress
- Construction to start as soon as building permit obtained
- Expected capex of €150-160m
- Expected revenue of €16-17m
- Expected cash-on-cash return (unleveraged) exceeding 11%
- Planned bank finance at the level of 60%-70% of total costs
- Assuming a valuation yield of 6% upon completion, the profit will exceed €110m



Galeria Białołęka, Warsaw, Poland



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