

Q3 2013 Results

Investor Presentation

13 November 2013



AGENDA



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Q3'13 HIGHLIGHTS

- Poland
 - Poznań
 - Warsaw
 - Łódź
 - Wrocław
 - Częstochowa
 - Katowice
 - Cracow
- Czech Republic
 - Prague
- Slovakia
 - Bratislava
- Hungary
 - Budapest
- Romania
 - Bistrita
 - Piatra Neamt
 - Buzau
 - Bucharest
- Bulgaria
 - Russe
 - Varna
 - Burgas
 - Stara Zagora
- Croatia
 - Zagreb
 - Istria
- Serbia
 - Subotica
 - Osijek
 - Belgrade
- Ukraine
- Russia

Q3'13 FINANCIAL HIGHLIGHTS

● Earnings, before taxes, share of loss of associates, share based provision and revaluations at €7m in Q3'13 and €14m in 9M'13 (€7m in Q3'12 and €10m in 9M'12) due to cuts in:

- Financial expenses following the bonds and loans repayment
- Administrative expenses due to changes in stock based program provision and cost cutting initiatives

● Net devaluation of investment properties and impairment of €10m in Q3'13 (€29m in Q3'12) mainly related to a decrease in rental rates in Poland and Hungary, partially offset by an upward revaluation of Galeria Kazimierz following preliminary sale agreement (€6m); Net devaluation in 9M'13 of €80m (€39m in 9M'12)

● Net loss was €2m in Q3'13 and €77m in 9M'13 (loss of €24m in Q3'12 and loss of €43m in 9M'12)

● Sale of Galeria Kazimierz will generate €50m of free cash upon completion

● Loan to value stable at 55% (57% in 9M'12)

● Cash flow from operations after interest payment at €23m in 9M'13 (€28m in 9M'12), due to a decrease in residential activities and sale of Platinum Business Park

Q3'13 KEY ACHIEVEMENTS

● Sale of Galeria Kazimierz

- Preliminary sale agreement with Invesco Group signed on 4 October 2013 values asset at €180m

● Commencement of construction of Pascal

- 5,500 sq m office building in Korona Office Complex to be completed in April 2014

● Letters of intent with the LPP S.A. and Cinema City International signed for Galeria Białołęka and Galeria Wilanów

- LPP will rent over 4,600 sq m in Galeria Wilanow and over 4,700 sq m in Galeria Białołęka
- Cinema City will open 12 cinema halls in Galeria Wilanów and 11 halls Galeria Białołęka

● 16,000 sq m of new leases and lease extensions

- IBM leased 1,650 sq m in Pascal, Korona Office Complex (Kraków)(building under construction)
- DFDS leased 1,600 sq m in Globis Poznań (Poznań) (occupancy 98%)
- 1,100 sq m leased by various tenants in offices in Poland
- 1,230 sq m leased by various tenants in offices in Serbia
- 3,000 sq m leased by various retailers in shopping malls in Bulgaria and Croatia
- Pandora extended its lease for 1,100 sq m space in the Corius (Warsaw) (5 years)
- Samsung extended its lease for 1,850 sq m space in University Business Park (Łódź) (5 years)
- 1,450 sq m extended by various tenants in offices in Poland
- 1,500 sq m extended by various tenants in offices in Serbia
- 1,500 sq m extended by various retailers in shopping malls in Croatia

MARKETS UPDATE

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

- **Warsaw:** tenants' activity remains strong with over 500,000 sq m leased in Warsaw during the first three quarters of 2013. However, high construction level pushed vacancy up and rent down despite record take-up
- **Polish regional cities:** sustained demand and strong pipeline has been observed with Katowice and Kraków being the leaders of the take up
- **Belgrade:** vacancy rate has been constantly decreasing since 2010 to 13% currently in class A and B office stock and a further drop is expected over the next two years due to very low new supply
- **Prague:** Currently, there are more than 310,000 sq m of offices under construction which are to be delivered over the next three years. The strong development in the city centre has put the prime rents under pressure and pushed the expected vacancy up
- **Bucharest:** saw a supply of 80,000 sq m; vacancy of 16% split between sub-markets registers differences; prime rate remained unchanged over last 12 months, however a generous increase of the incentive packages, in both rent free periods and fit out contributions, was noticed
- **Budapest:** vacancy rate up; market activity 33% below 2012; prime rents down by 2.5%

Retail Markets – GTC's retail portfolio continue to remain challenging in SEE

- **Romania:** Low disposable income and negative consumer sentiment continue to make the retail environment challenging
- **Poland:** During Q3, shopping centre stock increased by 53,000 sq m. Further 300,000 sq m is expected to enter the market in Q4 (the entire 2013 will end up with 485,000 sq m). Similar levels are expected for 2014. The Polish retail market remains attractive to both newcomers and those already present on the market seeking further expansion opportunities. The average vacancy rate in cities with more than 200,000 inhabitants stood at around 4.0%. Prime rents for a very well-located 100 sq m unit shop from fashion category in leading shopping centres increased in Warsaw by 5%
- **Serbia:** the total modern retail stock in Serbia was estimated at 790,226 sq m, out of which, approximately 44% or 345,300 sq m comprises all types of shopping centres. Translated into shopping centre density figures, Serbia disposes of 48 sq m per 1,000 residents, which ranks it at the very bottom of the European scale. The very low shopping centre supply, particularly in larger schemes, is the outcome of continued economic turmoil and financing constraints.
- **Czech Republic:** A total of six retail schemes with approximately 71,000 sq m of leasable area were delivered. Although the Czech Republic remains the 2nd most sought after market in CEE after Poland, the retail demand since the beginning of the year has been very volatile. Both newcomers and established brands are concentrating on Prague

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

- **Romania:** Weak mortgage lending activity influences negatively demand despite substantial price reductions (except for central Bucharest); average size of sold apartments decreases
- **Poland:** Market sees rebound; the number of transaction is similar to 2007 levels however the volume is much lower; the market is being driven by higher end apartments as the cash buyers are looking for investment alternatives

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

- Investment transactions with a volume of approximately EUR 1.74 billion have been recorded in CEE. This represents a 38% increase compared to volumes in 2012. Poland remained the leading regional market with a share of circa 56% in CEE, followed by the Czech Republic (23%), Hungary (10%), Slovakia (6%) and Romania (4%). In contrast, Bulgaria, Croatia and Serbia did not record any investment activity throughout 2013 so far.

INCOME GENERATING PORTFOLIO

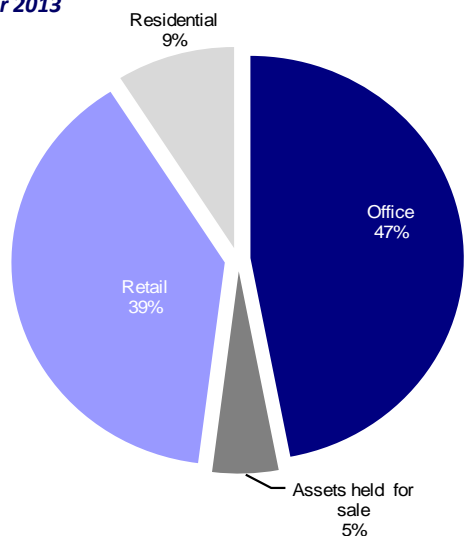


PORTFOLIO OVERVIEW

Total portfolio overview

Total: €1,709m

As of 30 September 2013

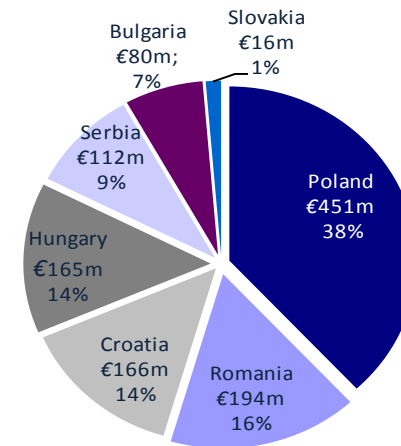


- Income generating assets amounted to €1.2 billion
- Poland remains key geographic area with 33% share in NLA (up to 44% by 2016 assuming completion of 2 retail projects in Warsaw and 1 retail project in Serbia)
- Assets held for sale consist of Galeria Kazimierz that is being sold to Invesco Group

Income generating assets* - value by country

Total: 1,183m

As of 30 September 2013

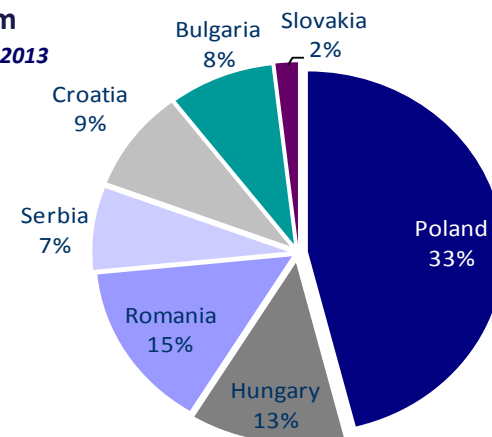


* Excludes attributable value for assets in Czech Republic and Ukraine where GTC holds minority stakes and assets held for sale; excludes Galeria Kazimierz value which is recognized in assets held for sale

Income generating assets* - NLA by country

Total: 584k sq m

As of 30 September 2013



* Excludes attributable value for assets in Czech Republic and Ukraine where GTC holds minority stakes and Galeria Kazimierz value which is recognized in assets held for sale



FINANCIAL HIGHLIGHTS

- Poland
 - Poznań
 - Warsaw
 - Łódź
 - Wrocław
 - Częstochowa
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BALANCE SHEET HIGHLIGHTS

Valuation of property portfolio conducted by the management showed €10m loss in Q3'13 (€80m in 9M'13)

- 56% of Q3'13 devaluation comes from Poland
- €6m of positive revaluation from Galeria Kazimierz following conclusion of preliminary sale agreement and €3m from increased occupancy in other projects
- Average occupancy: 91% (87% on 30 Sept 2012)

Assets held for sale:

- Galeria Kazimierz in Kraków

Cash and deposit balance of €103m

Current liabilities includes €106m bonds (including hedges) to be repaid on 28 April 2014

Inventory is gradually being sold

- €3m per quarter over 2013

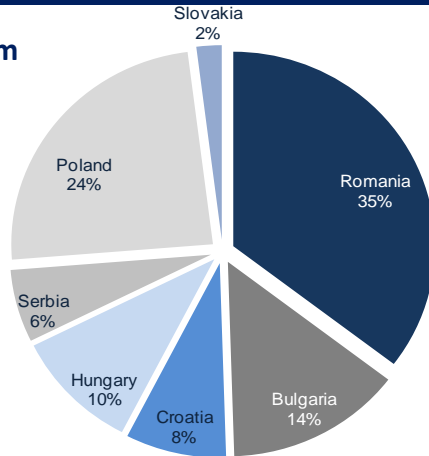
€ m	Sep '13	Sep '12	Dec '12
Investment property and L.T. assets (inc. IPUC)	1 476	1 675	1 614
Assets held for sale	89	185	42
Investment in shares and associates	38	49	42
Cash and deposits	103	221	254
Inventory	145	170	155
Other current assets	47	49	46
TOTAL ASSETS	1 898	2 350	2 153
Equity	674	792	741
Long term financial debt	800	974	917
Other long term provisions	149	179	167
Current liabilities	244	359	253
Trade payables and advances	31	46	75
TOTAL EQUITY AND LIABILITIES	1 898	2 350	2 153

DEVALUATIONS BREAKDOWN

Breakdown of 9M'13 devaluations

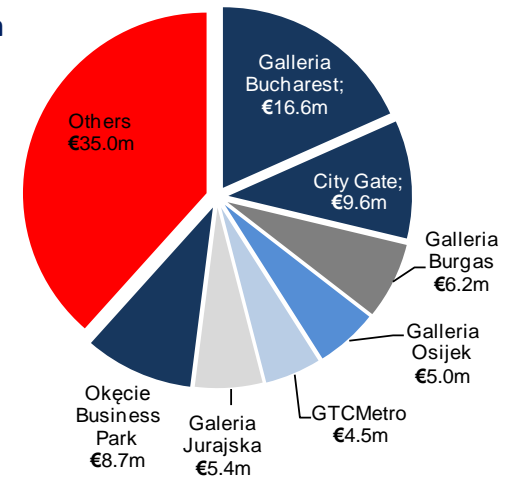
By country

Total: €91m



By assets

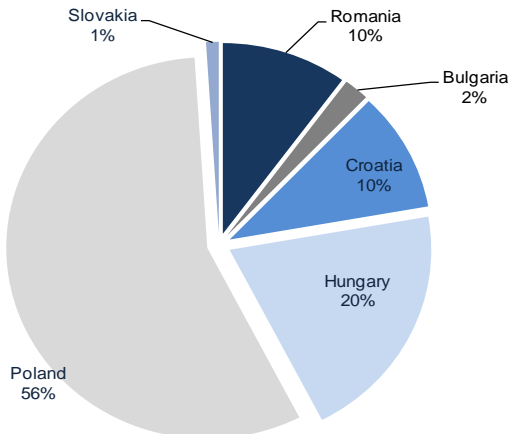
Total: €91m



Breakdown of Q3'13 devaluations

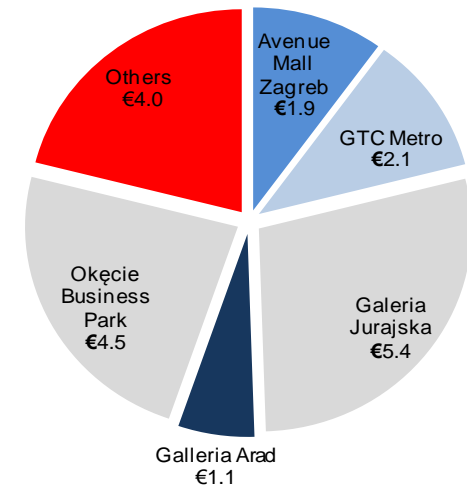
By country

Total: €19m



By assets

Total: €19m



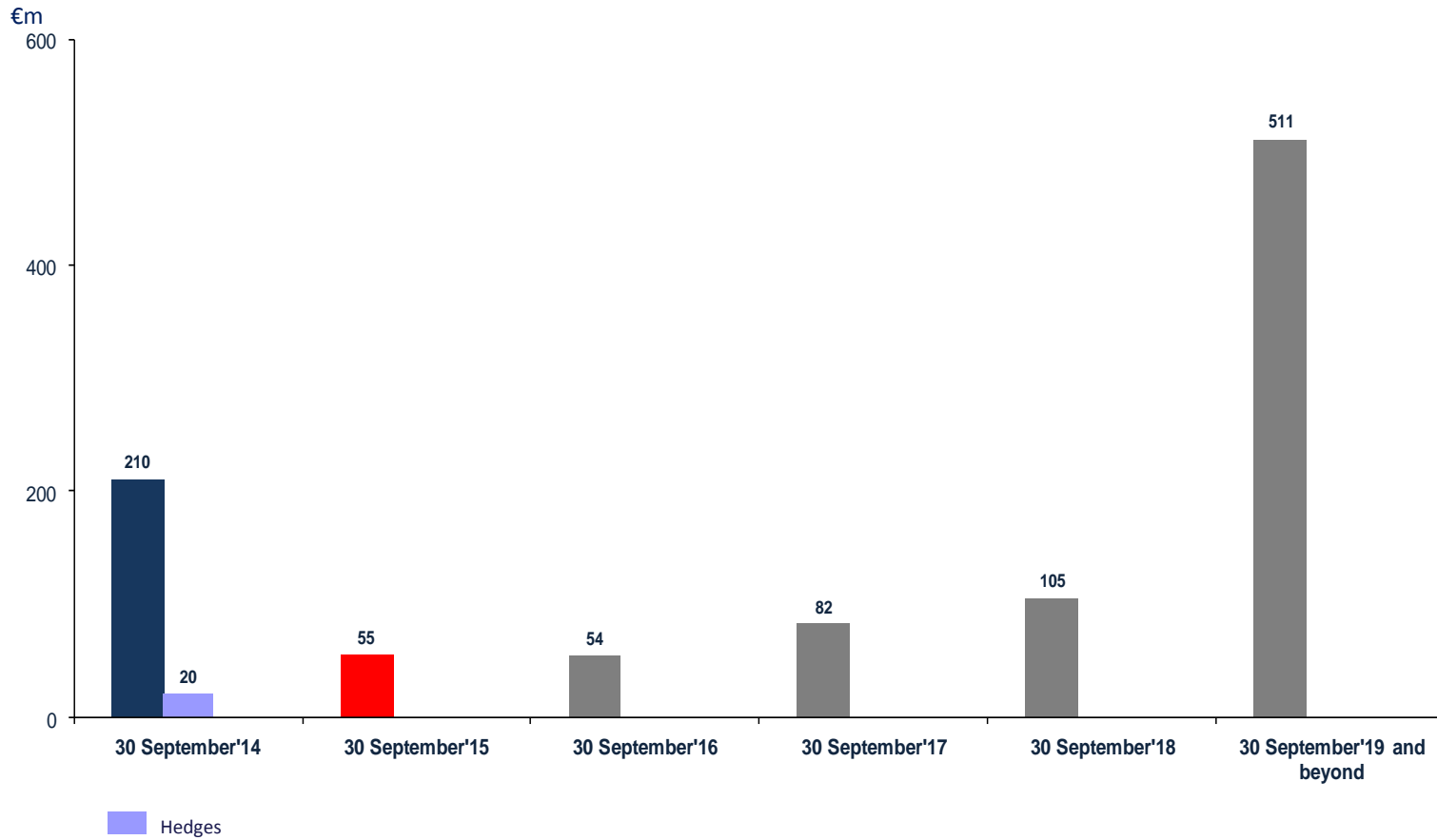
DEBT AND LTV

Loan to value breakdown as at 30 September 2013

(€ m)	30 September 2013	30 September 2012	FY 2012
Long-term bank debt and financial liabilities	806	1 016	952
Short-term bank debt and financial liabilities	244	359	253
Total bank debt and financial liabilities	1 050	1 375	1 205
Cash & cash equivalents and deposits	103	221	254
Net debt and financial liabilities	947	1 154	951
Investment property, inventory, assets held for sale	1 709	2 030	1 811
Loan to value ratio	55%	57%	53%

DEBT MATURITY SCHEDULE

As at 30 September 2013

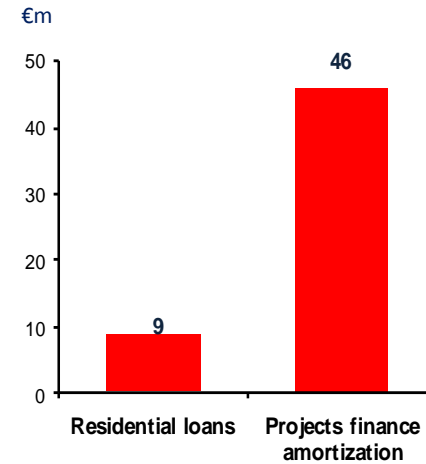
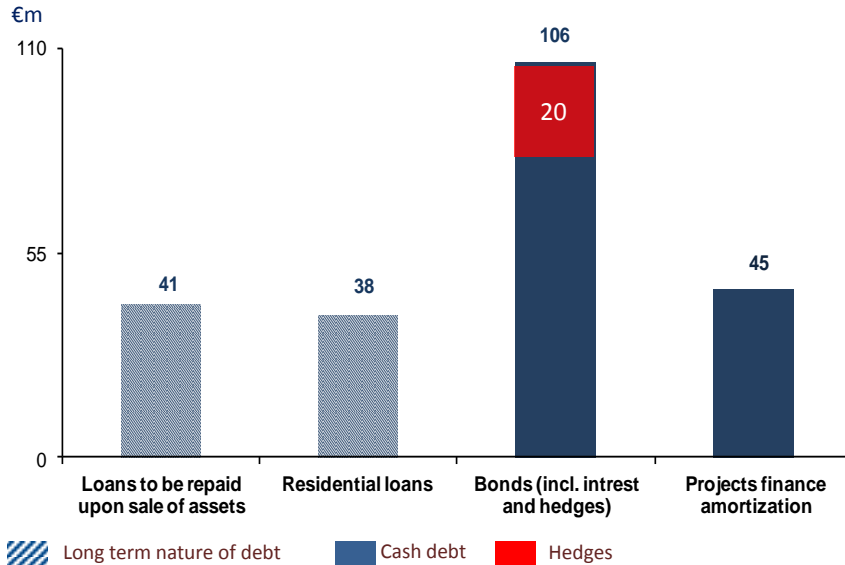


LIQUIDITY AND FINANCIAL STRENGTH

1yr

2yr

Classification of debt



Ratios as at 30 September 2013



INCOME STATEMENT HIGHLIGHTS

(€ m)	9M'13	9M'12	Q3'13	Q3'12	2012
Rental and service revenue	89	98	30	34	129
Cost of rental operations	(25)	(27)	(8)	(10)	(38)
	65	71	22	24	90
<i>Rental margin</i>	72%	73%	74%	71%	70%
Residential sales revenue	9	16	3	6	19
Cost of residential sale	(9)	(15)	(3)	(6)	(19)
Gross margin from operations	64	71	22	24	90
Selling expenses	(2)	(4)	(1)	(1)	(4)
G&A expenses w/o share based provision	(9)	(10)	(3)	(3)	(14)
Share based provision	2	(3)	1	(1)	(5)
Other income/(expenses)	(3)	(3)	(1)	(0)	(4)
<i>Profit (loss) from revaluation of Invest.property and impairment</i>	(80)	(39)	(10)	(29)	(115)
Operating profit	(27)	12	9	(10)	(51)
Financial expenses, net	(36)	(45)	(10)	(13)	(64)
Share of profit (loss) of associates	(3)	(6)	(0)	(1)	(10)
Profit before revaluations (incl. from associates) and share based provision	14	10	7	7	4
Profit/(loss) before tax	(67)	(38)	(2)	(24)	(125)
Tax	(10)	(5)	0	(1)	(7)
Profit/(loss) for the period	(77)	(43)	(2)	(24)	(132)
Attributable to:					
Equity holders	(66)	(24)	(1)	(16)	(96)
Minority interest	(11)	(19)	(1)	(8)	(36)

Rental and service revenues decreased due to sale of Platinum Business Park as well as a decrease in rental rates especially in the office segment in Poland and Hungary

Financial costs down due to a decrease in total debt

CASH FLOW HIGHLIGHTS

(€ m)	9M'13	9M'12	FY 2012
Cash flow from operating activities	54	56	77
Add / deduct:			
Residential revenue	8	13	16
Changes in "working capital"	(5)	(4)	(11)
Interest paid, net	(34)	(38)	(64)
Cash flow from operating activities	23	28	18
Investment in real estate and related	(21)	(52)	110
Add / deduct:			
Sale of assets, net	(33)	-	(142)
VAT repayment	36	-	(23)
Interest received	(1)	(4)	(4)
Residential revenue	(8)	(13)	(16)
Changes in "working capital"	5	4	11
Investment in real estate and related	(21)	(65)	(64)
Sale of assets	33	-	142
VAT related to sale of assets	(36)	-	23
Sale of assets	(2)	-	165
Finance activity			
Proceeds from issuance of shares, net	-	101	100
Proceeds from long term borrowings net of cost	-	74	143
Repayment of long term borrowings/bonds	(146)	(82)	(277)
Interest paid	(35)	(41)	(68)
	(185)	52	(102)
Add back interest paid	35	41	68
Finance activity	(150)	93	(34)
Net change	(154)	56	86
Cash at the beginning of the period	228	142	142
Cash at the end of the period	74	197	228



ADDITIONAL MATERIALS

- Poland
 - Poznań
 - Warsaw
 - Łódź
 - Wrocław
 - Częstochowa
 - Katowice
 - Cracow
- Ukraine
- Hungary
 - Bratislava
 - Budapest
- Romania
 - Bistrita
 - Piatra Neamt
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 - Burgas
 - Stara Zagora

PORTFOLIO OF INCOME GENERATING PROPERTIES

As of 30 September 2013

	Poland*	Hungary	Serbia	Croatia	Romania	Bulgaria	Slovakia	Subtotal	Czech**	Total
Office properties										
Number of assets	11	5	3	-	1	-	1	19	2	21
GTC consolidated share of NLA, ths. sq m	144	91	53	-	48	-	13	349	11	360
Total, NLA, ths. sq m	144	91	53	-	48	-	13	349	35	384
Book Value, € m	295	165	112	-	159	-	16	746	17	763
Average Rent, €/sq m	15.1	12.5	16.8	-	21.5	-	9.5	15.3	13.2	15.3
Average occupancy	92%	96%	92%	-	96%	-	57%	92%	52%	91%
Retail properties										
Number of assets	1	-	-	2	3	2	-	8	1	9
GTC consolidated share of NLA, ths. sq m	49	-	-	65	59	62	-	235	13	248
Total, NLA, ths. sq m	49	-	-	65	59	62	-	235	41	276
Book Value, € m	156	-	-	166	35	80	-	437	42	479
Average Rent, €/sq m	21.7	-	-	15.2	4.1	5.6	-	11.3	17	11.6
Average occupancy	89%	-	-	93%	88%	87%	-	89%	95%	90%
Total								0		0
Number of assets	12	5	3	2	2	2	1	27	3	30
GTC consolidated share of NLA, ths. sq m	193	91	53	65	107	62	13	584	24	608
Total, NLA, ths. sq m	193	91	53	65	107	62	13	584	76	660
Book Value, € m	540	165	112	166	194	80	16	1 272	59	1 331
Average Rent, €/sq m	16.8	12.5	16.8	15.2	11.9	5.6	9.5	13.7	15.3	13.2
Average occupancy	91%	96%	92%	93%	92%	87%	57%	91%	76%	91%

*excluding assets held for sale

** pro-rata to GTC Holding

USEFUL INFORMATIONS

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Useful links



Q3'13 presentation



Q3'13 interim report

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