



# Q2&H1 2014 RESULTS INVESTORS PRESENTATION

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21 August 2014



# AGENDA

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### **Reinforcement of capital structure by:**

- Capital increase of €53m in January
- Bonds issue of €48m in March
- Repayment of €104m bonds and related hedge instruments in April

### **Improvement in operating results:**

- Underlying profit before tax at €11m (H1 2013: €8m)
- Rental margin at 74% (H1 2014: 71%)
- Cash generated from operation at €20m (H1 2013: €11m)

### **Revaluation loss of €67m (H1 2013: €70m) due to:**

- Devaluation of retail properties in Croatia and Romania following a decrease in expected rental values
- Devaluation of long-term pipeline land plots to reflect market illiquidity

**Pascal office building completed and fully leased (5,500 sq m in Kraków)**

**Galeria Wilanów and Galeria Północna projects progressing according to schedule:**

- Leases for Galeria Północna and Galeria Wilanów with various anchor tenants prove the attraction of both projects

**59,000 sq m of new leases, lease extensions and renewals in the region, including:**

- 29,000 sq m of renewals in Budapest (office sector)
- 9,000 sq m of leases for Galeria Północna and Galeria Wilanów (retail sector)
- 8,000 sq m of new leases in Poland (office sector)
- 5,000 sq m of renewals in Poland (office sector)
- 4,000 sq m of new leases in Serbia (office sector)

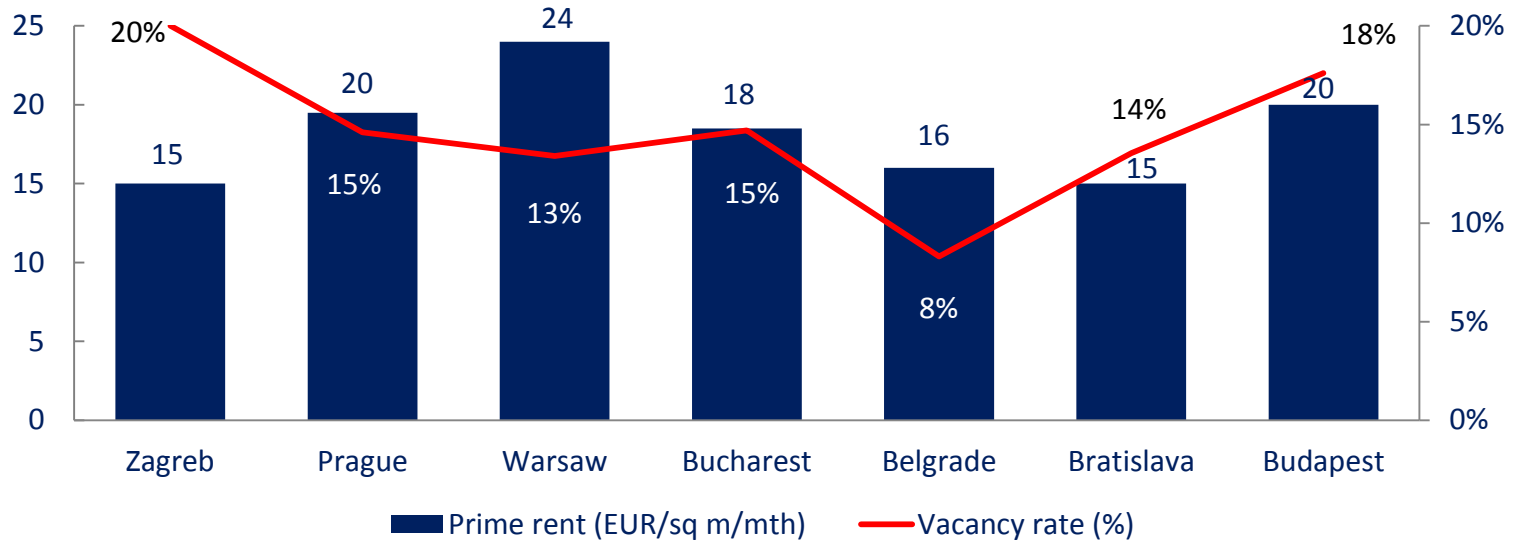
# AGENDA

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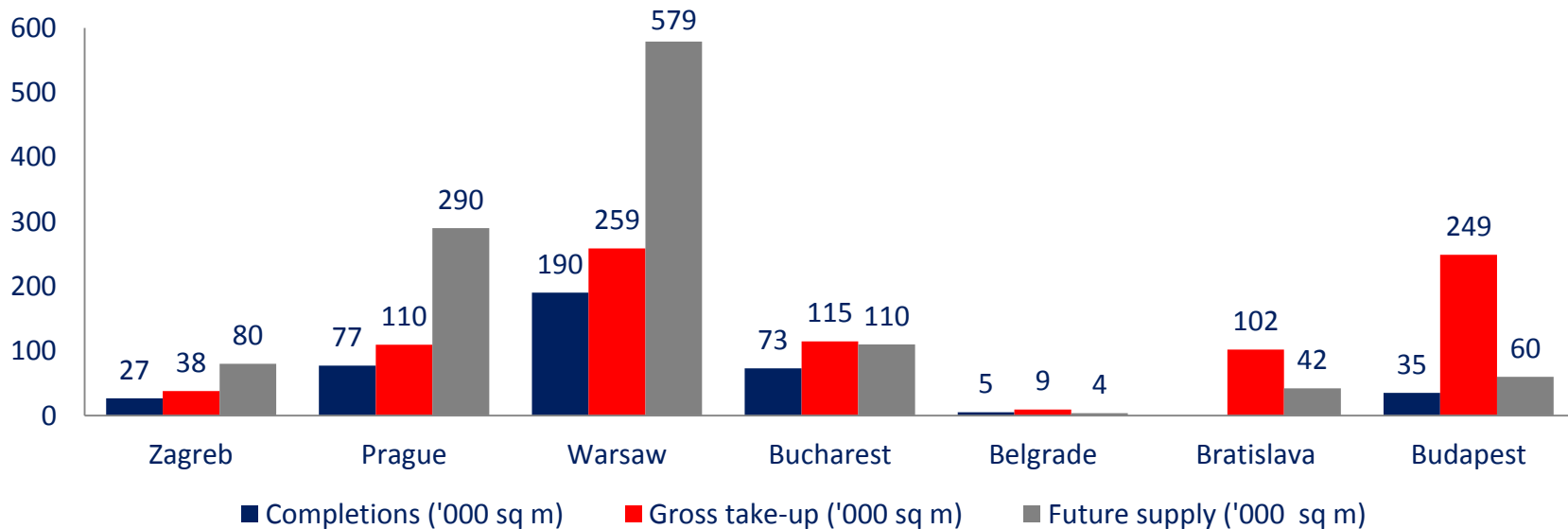
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# MARKET OVERVIEW | OFFICE MARKET

Prime rent (€/sq m/mth) and vacancy rate (%)\* H1 2014

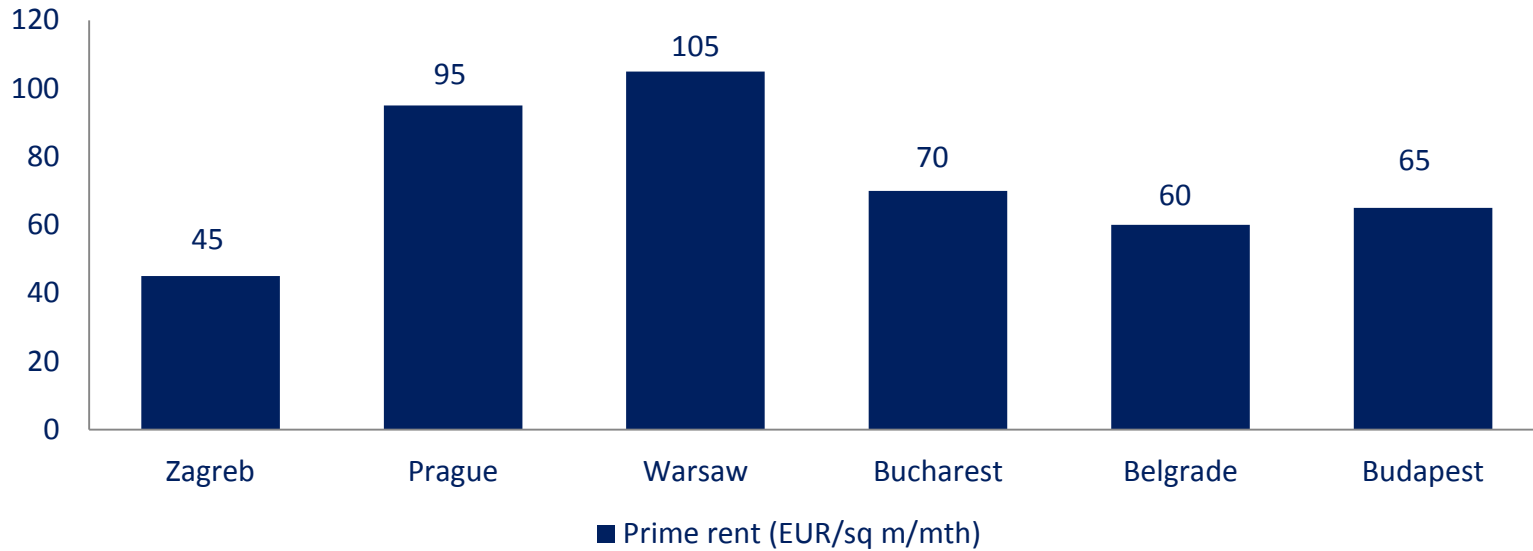


Completions, gross take-up and future supply ('000 sq m)\* H1 2014



\*Based on Jones Lang LaSalle market reports

## Prime rent (€/sq m/mth)\* H1 2014

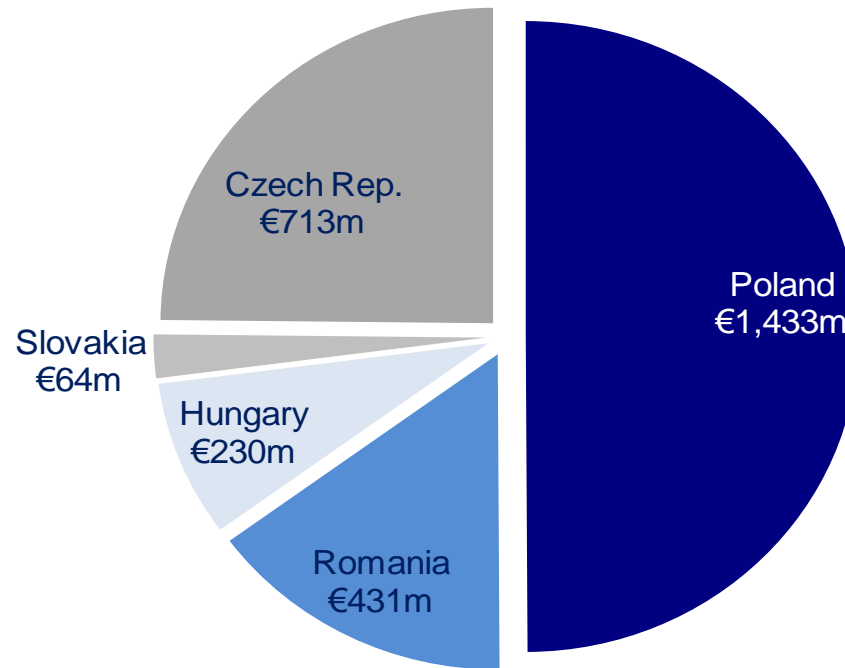


\*Based on Jones Lang LaSalle market reports

## Investment transactions\* H1 2014

Total: €2,871m

As of 30 June 2014





# AGENDA

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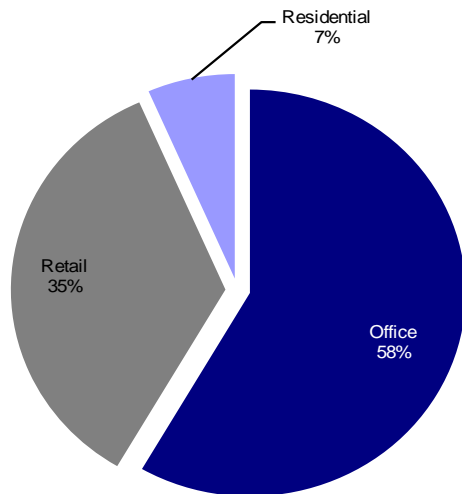
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# PORTFOLIO OVERVIEW

## Total portfolio by sector

**Total: €1,420m\***

*As of 30 June 2014*

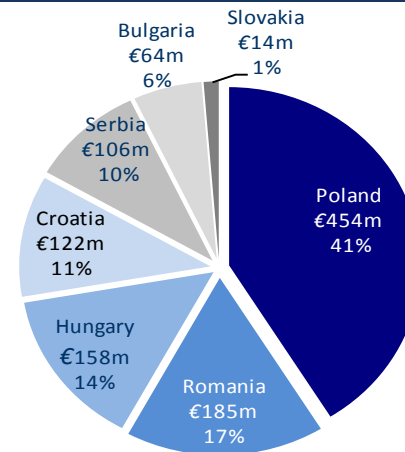


- Income generating assets amounted to €1.1b (78% of total portfolio)
- Poland remains key country with 41% of income generating assets

## Income generating assets\*\* - value by country

**Total: €1,102m**

*As of 30 June 2014*

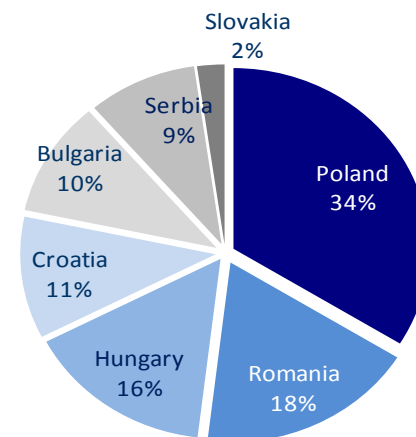


\* Excludes attributable value for assets in Czech Republic where GTC holds minority stakes

## Income generating assets\*\* – NLA by country

**Total: 589k sq m**

*As of 30 June 2014*



\* Excludes € 110m of investment in associates and 50% joint ventures (Russia, Ukraine, Czech Rep., Ana Tower) \*\* Excludes attributable value for completed assets in associates (Czech Rep.)

## PORTFOLIO OVERVIEW | PORTFOLIO VALUATION AND LEASE LENGTH BY SECTOR

As at 30 June 2014	Book value € m	Income generating portfolio %	Change in book value to 31 Dec 2013 %	Lease length yrs
<b>OFFICE</b>				
Poland	150	28%	4%	3.5
Romania	156	14%	-1%	3.7
Hungary	158	14%	-2%	4.4
Serbia	106	10%	0%	3.2
Slovakia	14	1%	-13%	1.9
<b>OFFICE SECTOR</b>	<b>737</b>	<b>67%</b>	<b>0%</b>	<b>3.7</b>
<b>RETAIL</b>				
Poland	150	14%	0%	3.8
Romania	29	3%	-17%	4.7
Croatia	122	11%	-15%	5.5
Bulgaria	64	6%	-2%	6.9
<b>RETAIL SECTOR</b>	<b>365</b>	<b>33%</b>	<b>-7%</b>	<b>5.0</b>
<b>TOTAL</b>	<b>1 102</b>	<b>100%</b>	<b>-2%</b>	<b>4.3</b>

## PORTFOLIO OVERVIEW | OCCUPANCY AND YIELD BY SECTOR

As at 30 June 2014	Occupancy	Change in occupancy to 31 Dec 2013	Yield	Change in yield to 31 Dec 2013
	%	%	%	%
<b>OFFICE</b>				
Poland	95%	3%	7.9%	-
Romania	93%	0%	8.0%	-
Hungary	93%	-3%	8.1%	-
Serbia	96%	1%	8.9%	-
Slovakia	63%	3%	8.8%	-
<b>OFFICE SECTOR</b>	<b>93%</b>	<b>2%</b>	<b>8.2%</b>	<b>-</b>
<b>RETAIL</b>				
Poland	89%	0%	7.6%	-
Romania	87%	-3%	10.9%	10%
Croatia	86%	-4%	9.2%	-
Bulgaria	93%	4%	9.1%	-
<b>RETAIL SECTOR</b>	<b>89%</b>	<b>-2%</b>	<b>9.2%</b>	<b>2%</b>
<b>TOTAL</b>	<b>91%</b>	<b>0%</b>	<b>8.6%</b>	<b>1%</b>

## PORTFOLIO OVERVIEW | TOP PROPERTIES

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As at 30 June 2014		Book value `000	Sq m `000	Rent €/sq m/mts	Occupancy %
City Gate	Romania	156	48	19.6	93%
Galeria Jurajska	Poland	150	49	20.3	89%
Avenue Mall Zagreb	Croatia	110	36	22.0	97%
Center Point I & II	Hungary	79	43	12.7	91%
Spiral	Hungary	52	32	11.5	92%
Kazimierz Office	Poland	43	15	17.4	100%
GTC Square	Serbia	40	22	15.6	97%

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## KEY FINANCIAL RESULTS | FINANCIAL HIGHLIGHTS

	H1 2014 (€ m)	H1 2013 (€ m)	FY 2013 (€ m)
Underlying PBT*	11	8	19
Cash flow from operating activities	20	11	26
Total property	1,426	1,600	1,497
Net debt	(774)	(892)	(881)
NAV (IFRS)	606	699	622
NAV per share (IFRS)	1.7	2.2	1.9
Underlying PBT/share	0.03	0.03	0.06
EPRA NNAV/share	1.7	2.2	1.9
EPRA NAV/share	2.1	2.7	2.4

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

## KEY FINANCIAL RESULTS | BALANCE SHEET

### Investment property decreased due to:

- Decline in expected rental values in retail properties in Romania and Croatia
- Write off of pipeline lands to reflect market illiquidity

**Average occupancy:** 91% (91% on 31 Dec 2013)

**Asset held for sale** includes residential land in Kraków which was already disposed

**Cash balance** of €90m and deposits of €34m

**Residential inventory** is gradually being sold:

- €9m in H1 2014 (€3m Osiedle Konatancja; €2m Felicity, €5m Rose Garden)

(€ m)	30 June 2014	December 2013
Investment property and L.T. assets (inc. IPUC)	1,326	1,376
Investment in shares and associates	110	120
Asset held for sale	6	1
Cash	90	56
Deposits	34	32
Inventory	93	121
Other current assets	20	17
<b>TOTAL ASSETS</b>	<b>1,679</b>	<b>1,723</b>
Equity	560	576
Financial debt	960	981
Other provisions & payables	159	163
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,679</b>	<b>1,723</b>

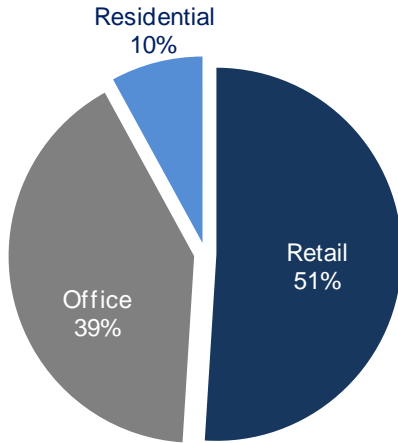


# KEY FINANCIAL RESULTS | REVALUATIONS BREAKDOWN

## Breakdown of H1 2014 net revaluation result

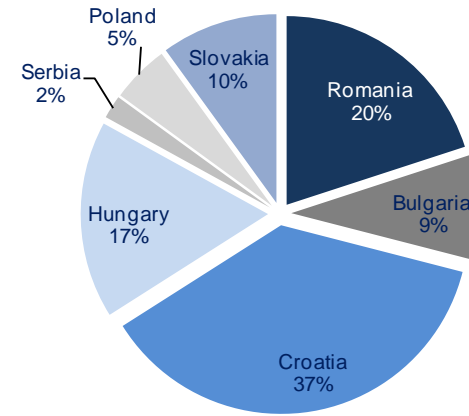
### By sector

Total: €67m



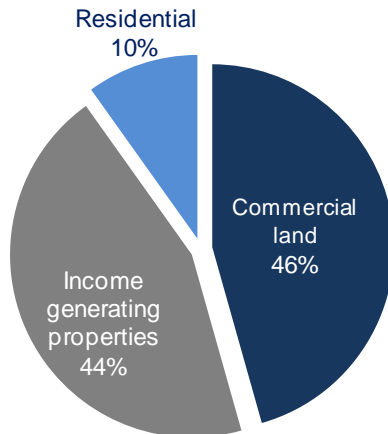
### By country

Total: €67m



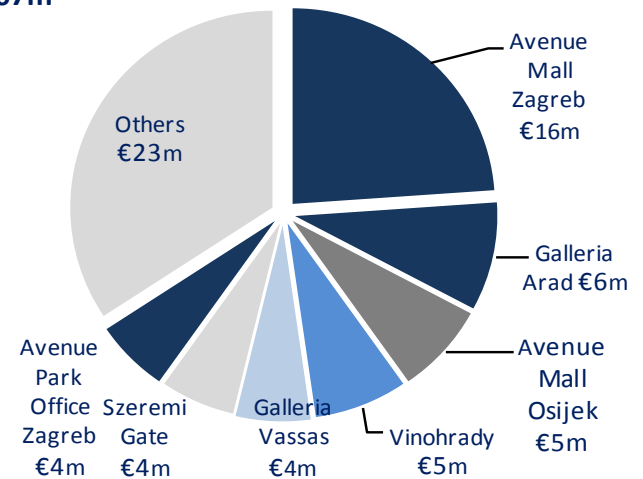
### By asset class

Total: €67m



### By asset

Total: €67m



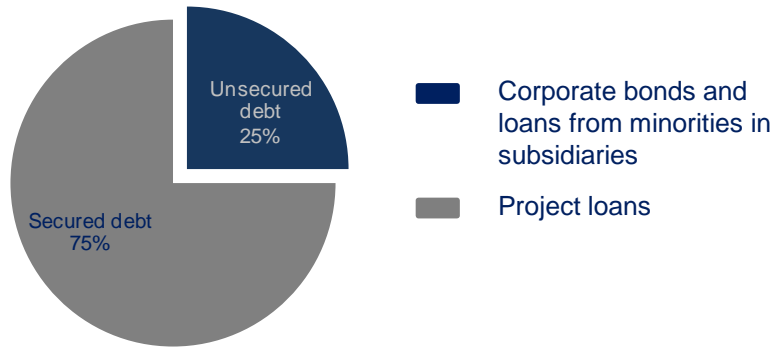
## KEY FINANCIAL RESULTS | DEBT AND LTV

As at	30 June 2014 (€ m)	31 December 2013 (€ m)
Long-term bank debt and financial liabilities	852	784
Short-term bank debt and financial liabilities	108	197
<b>Total bank debt and financial liabilities</b>	<b>960</b>	<b>981</b>
Cash & cash equivalents and deposits	125	88
Loans from Galeria Kazimierz	61	12
<b>Net debt and financial liabilities</b>	<b>774</b>	<b>881</b>
<b>Total property</b>	<b>1,426</b>	<b>1,497</b>
<b>Loan to value ratio</b>	<b>54%</b>	<b>59%</b>
<b>Average interest rate</b>	<b>4.3%</b>	<b>4.3%</b>
<b>Interest cover</b>	<b>2.14</b>	<b>1.68</b>

# KEY FINANCIAL RESULTS | DEBT AND MATURITY SCHEDULE

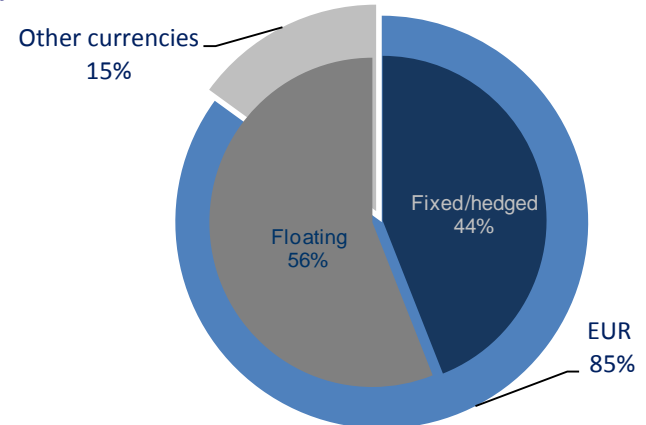
## Debt split

As of 30 June 2014



## Interest rate split

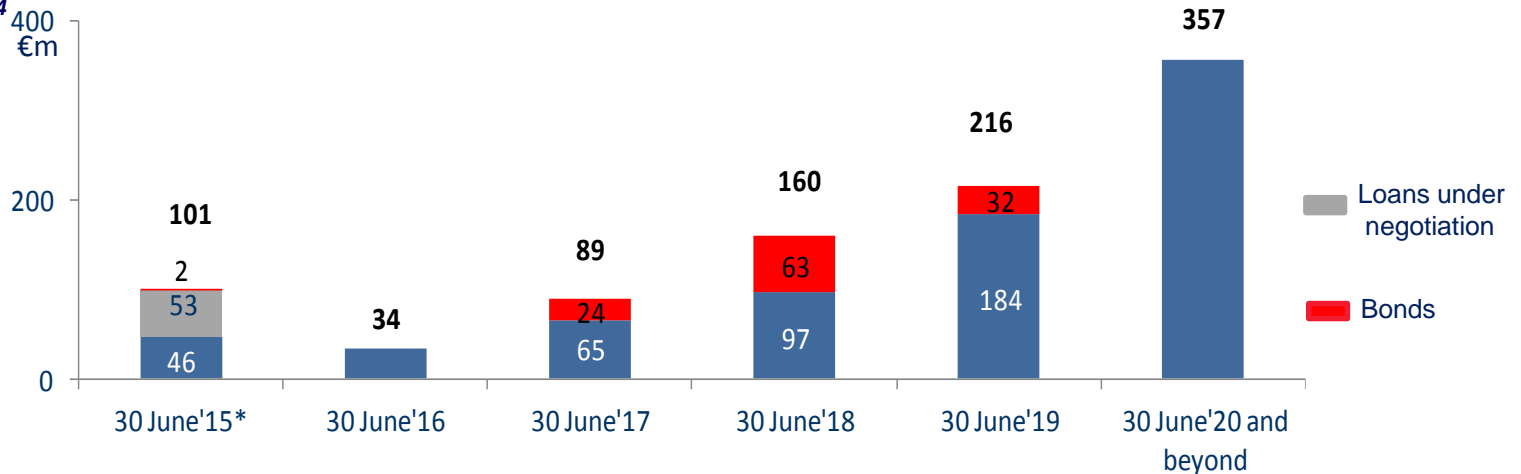
As of 30 June 2014



\* Other currencies include PLN and HUF

## Debt maturity

As of 30 June 2014



\*Including hedges

## KEY FINANCIAL RESULTS | INCOME STATEMENT

	Q2 2014 (€ m)	Q2 2013 (€ m)	H1 2014 (€ m)	H1 2013 (€ m)	FY 2013 (€ m)
Rental and service revenue	27	27	55	56	110
Cost of rental operations	(7)	(8)	(14)	(16)	(31)
<i>Rental margin</i>	75%	72%	74%	71%	71%
Residential sale result	1	-	1	(1)	1
<b>Gross margin from operations</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>39</b>	<b>78</b>
Selling expenses	(1)	(1)	(1)	(2)	(3)
G&A expenses w/o share based provision	(3)	(3)	(6)	(6)	(11)
<i>Loss from revaluation of Invest.property and impairment</i>	(65)	(44)	(67)	(70)	(185)
Financial expenses, net	(11)	(10)	(22)	(22)	(43)
Share of profit (loss) of associates	(11)	(2)	(11)	(2)	4
<b>Profit/(loss) for the period</b>	<b>(70)</b>	<b>(48)</b>	<b>(72)</b>	<b>(74)</b>	<b>(177)</b>

## KEY FINANCIAL RESULTS | CASH FLOW HIGHLIGHTS

	H1 2014 (€ m)	H1 2013 (€ m)	FY 2013 (€ m)
<b>Operating cash before w. capital changes</b>	33	30	61
Add/deduct:			
Decrease in residential inventory	7	6	12
Interest paid, net	(19)	(24)	(45)
Interest rec	1	1	-
Effect of currency translation	(1)	(2)	-
Tax	(1)	(1)	(2)
<b>Cash flow from operating activities</b>	<b>20</b>	<b>11</b>	<b>26</b>
Investment in real estate and related	(15)	(13)	(30)
Changes in working capital	(3)	(4)	(1)
Sale of assets	2	33	33
VAT	-	(36)	(35)
<b>Investment in real estate and related</b>	<b>(16)</b>	<b>(20)</b>	<b>(33)</b>
<b>Finance activity</b>			
Proceeds from issuance of shares, net	53	-	-
Proceeds from long term borrowings net of cost	52	-	43
Repayment of long term borrowings/bonds	(123)	(132)	(205)
<b>Finance activity</b>	<b>(18)</b>	<b>(132)</b>	<b>(162)</b>
Net change	(15)	(142)	(169)
Loan from JV (GK)	49	-	-
<b>Cash at the beginning of the period</b>	<b>56</b>	<b>225</b>	<b>225</b>
<b>Cash at the end of the period</b>	<b>90</b>	<b>83</b>	<b>56</b>

Cash from operating activities at €20m

Net cash as of 30 June 2014 at €90m and deposits of €34m

**ADDITIONAL MATERIALS**

## ADDITIONAL MATERIALS | NET DEBT

As at	30 June 2014 (€ m)	30 June 2013 (€ m)	31 December 2013 (€ m)
Gross debt	949	968	949
Market value of derivatives	11	48	33
	960	1,015	981
Cash and deposits	(125)	(111)	(88)
Loan from Galeria Kazimierz	61	12	12
EPRA adjustments	-	-	-
<b>Net debt (EPRA basis)</b>	<b>(774)</b>	<b>(892)</b>	<b>881</b>
Average interest rate	4.3%	4.6%	4.3%
Interest cover during the period	2.14	1.40	1.68

## ADDITIONAL MATERIALS | RECONCILIATION OF UNDERLYING PBT

As at	30 June 2014 (€ m)	30 June 2013 (€ m)	31 December 2013 (€ m)
<b>IFRS Profit/ (Loss) before tax</b>	(68)	(65)	(162)
Valuation movement (includes disposals)	67	70	185
Foreign exchange differences, net	2	3	1
Amortisation of intangible asset	1	1	2
Loss from associates	11	2	(4)
Other non-recurring items	(2)	(2)	(3)
<b>Underlying profit before tax</b>	<b>11</b>	<b>8</b>	<b>19</b>



## ADDITIONAL MATERIALS | EPRA BALANCE SHEET

	30 June 2014 (€ m)	30 June 2013 (restated) (€ m)	31 Dec 2013 (restated) (€ m)
NAV IFRS	606	699	622
Dilution adjustments	-	-	-
Diluted NAV	606	699	622
<i>Exclude</i>			
Fair value adjustment of financial instruments	11	48	33
Deferred tax	119	109	116
Goodwill as a result of def. tax	-	-	-
<b>EPRA NAV</b>	<b>737</b>	<b>855</b>	<b>770</b>
EPRA NAV per share (Euro)	2.1	2.7	2.4
<i>Include</i>			
FV of financial instruments	(11)	(48)	(33)
Def tax (effective)	(119)	(109)	(116)
Fail value adjustment of debt	-	-	-
EPRA NNNAV	606	699	622
EPRA NNNAV per share (Euro)	1.7	2.2	1.9

## ADDITIONAL MATERIALS | PORTFOLIO OF INCOME GENERATING PROPERTIES

As of 30 June 2014

	Poland	Hungary	Serbia	Croatia	Romania	Bulgaria	Slovakia	Subtotal	Czech*	Total
<b>Office properties</b>										
Number of assets	12	3	3	-	1	-	1	20	2	22
GTC consolidated share of NLA, ths. sq m	150	91	53	-	48	-	13	356	11	367
Total, NLA, ths. sq m	150	91	53	-	48	-	13	356	35	391
Book Value, € m	304	158	106	-	156	-	14	737	20	757
Average Rent, €/sq m	14.8	12.0	16.3	-	19.6	-	9.8	14.8	13.3	14.8
Average occupancy	95%	93%	96%	-	93%	-	63%	93%	75%	91%
<b>Retail properties</b>										
Number of assets	1	-	-	2	3	2	-	8	1	9
GTC consolidated share of NLA, ths. sq m	49	-	-	65	59	61	-	233	13	247
Total, NLA, ths. sq m	49	-	-	65	59	61	-	233	41	275
Book Value, € m	150	-	-	122	29	65	-	365	37	402
Average Rent, €/sq m	20.8	-	-	14.0	3.8	7.8	-	11.2	15.5	11.2
Average occupancy	89%	-	-	86%	87%	93%	-	89%	95%	90%
<b>Total</b>										
Number of assets	13	3	3	2	4	2	1	28	3	31
GTC consolidated share of NLA, ths. sq m	199	91	53	65	107	61	13	589	24	613
Total, NLA, ths. sq m	199	91	53	65	107	61	13	589	76	665
Book Value, € m	454	158	106	122	185	65	14	1 102	57	1 195
Average Rent, €/sq m	16.2	12.0	16.3	14.0	10.9	7.8	9.8	13.3	14.5	13.3
Average occupancy	93%	93%	96%	86%	90%	93%	63%	91%	85%	91%

\* pro-rata to GTC Holding

### Investors` calendar

2014-11-13

Consolidated quarterly reports for Q3 2014

### Contact details

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### Useful links



H1 2014 presentation



H1 2014 report

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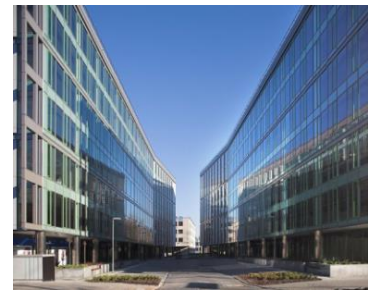
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