

### EXECUTION OF GROWTH STRATEGY TRANSLATES INTO IMPROVEMENT ACROSS ALL FINANCIAL METRICS

NOI	PROFIT BEFORE TAX	FFO	EPRA NAV	TOTAL PROPERTY
<b>€41M</b>	<b>€46M</b>	<b>€22M</b>	<b>€828M</b>	<b>1,455</b>
<b>+5%</b>	<b>+310%</b>	<b>+14%</b>	<b>+6%</b>	<b>+10%</b>

#### H1 2016 HIGHLIGHTS

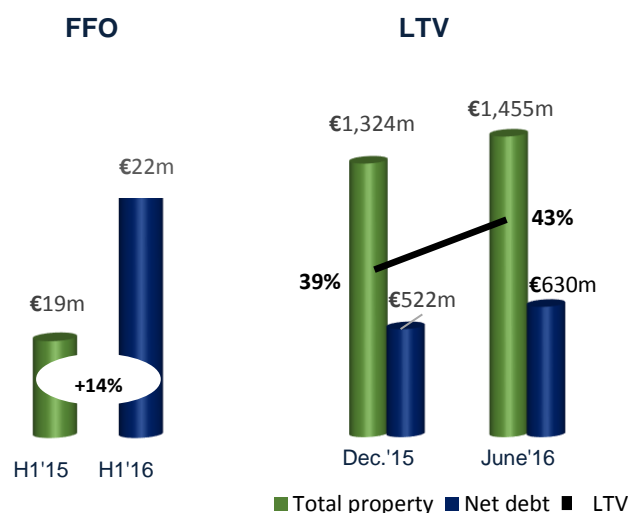
- NOI increased by 5% to €41m (€39m in H1 2015)
- Rental margin improved to 76% (75% in H1 2015)
- Revaluation gain of €24m in (loss of €2m in H1 2015) driven by projects under construction
- Profit before tax at €46m (€11m in H1 2015)
- Investments in assets under construction of €49m (€12m in H1 2015)
- Net LTV of 43% (39% as of 31 December 2015) driven by an increase in construction loans and deployment of cash
- Interest cover at 3.4x as of 30 June 2016 (3.0x as of 31 December 2015)
- 14% FFO improvement to €22m (€19m in H1 2015)

#### OPERATING PERFORMANCE

H1 2016	Reported	V%
NOI	€41m	+5%
Rental margin	76%	+100bps
EBITDA	€35m	+3%
Profit before tax	€46m	+310%
FFO	€22m	+14%
Total property	€1,455m	+10%
Net debt	€630m	+21%
Net LTV	43%	+390bps
EPRA NAV	€828m	+6%

#### PORTFOLIO UPDATE

- Income generating portfolio increased by 9% to €1,146m (€1,052m as of 31 December 2015)
- Total acquisition volume of €95m in 4 income generating properties and a land plot
- Post balance sheet acquisitions of €57m in two income generating properties
- Disposal of non-core assets includes land plots, shares in joint-ventures and standing properties
- 105,000 sq. m NLA under construction in four projects:
- 57,200 sq. m of office and retail space newly leased and renewed
- Occupancy kept at 91% level
- Total property at €1,455m as of 30 June 2016 (€1,324m as at 31 December 2015)
- EPRA NAV increased by 6% to €828m (€779m as of 31 December 2015) corresponding to an EPRA NAV per share of € 1.80 (€1.69 as of 31 December 2015)



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"GTC reported remarkable results for the first half of 2016. The realisation of our growth strategy became evident with our investment of €95 million in value accretive office properties, and a plot of land for an office development in the CBD of Budapest. We completed the development of the University Business Park B office building and the Budapest team commenced preparation for the construction of the White House office building in Budapest. The construction of Galeria Północna and two office buildings in the FortyOne project continuous according to schedule.

Post June 2016 we acquired another two office properties in Poland. We are progressing well with the new development projects in Warsaw, Belgrade and Budapest. Construction shall commence no later than early 2017. There is strong tenant demand in these areas and we identified retail and office gaps that present us with good opportunities to enhance the upside potential within our portfolio. With available funds, we continually analyse similar opportunities within our key markets." – **Thomas Kurzmann, GTC's CEO** said.

"On 18 August 2016, we became the first Polish inward listed company on the main board of the Johannesburg Stock Exchange (JSE). We believe this listing will increase the liquidity and tradability of our shares while increasing awareness of our current activities and future strategic initiatives amongst a new group of institutional investors." – **Mr. Kurzmann** added.

"We were also successful with further disposal of non-core assets as well as refinancing of investment loans. During the first half of 2016 we signed refinancing loans for over €226 million, including refinancing of recently acquired Duna Tower, Pixel as well as Sterlinga Business Centre and Neptun Office Centre. The refinance activity enhances the equity raised in October 2015 and allows us to secure attractive investment opportunities." – **commented Erez Boniel, GTC's CFO**.  
"The positive impact on our results from the accelerated acquisitions is already visible in the growth of NOI and 6% improvement in our EPRA NAV reported." – **concluded Mr. Boniel**.

## **FINANCIAL HIGHLIGHTS**

**Total revenues** were **€59m in H1 2016** compared to €60m in H1 2015. **Rental and service revenues** increased by **€2m to €55m** due to the acquisition of Duna Tower, Pixel, Premium Plaza and Premium Point, partially offset by the sale of Kazimierz Office Centre, Galleria Buzau, Jarosova and Avenue Mall Osijek in 2015. The increase in rental revenues was offset by a decrease in residential revenues as we completed the sale of ready-made apartments. **Rental margin** was **76% in H1 2016** compared to 75% in H1 2015.

**NOI** was **€41m in H1 2016** compared to €39m in H1 2015 mostly due to the newly acquired properties combined with the disposal of non-core assets with negative NOI.

**Administrative expenses**, excluding provision for the stock based program, decreased to **€5m in H1 2016**. Mark-to-market of the phantom shares program resulted in recognition of income of €0.1m in H1 2016 compared to a recognized cost of €0.1m in H1 2015.

**Net profit from revaluation of investment properties and impairment of residential projects** amounted to **€24m** in H1 2016 as compared to a loss of €2m in H1 2015. This reflects mainly progress in the construction of Galeria Północna, University Business Park B and Fortyone II as well as profit from the revaluation of Galeria Jurajska and Galleria Burgas following an improvement in their operating results.

**Net financial expenses** decreased sharply to **€13m in H1 2016** from €16m in H1 2015 mainly due to refinancing and deleveraging activity, loan restructuring and the repayment of loans related to disposed assets. The decrease was also supported by a change in hedging strategy allowing us to benefit from a low EURIBOR environment and therefore resulted in a decrease in **average borrowing cost** to **3.2% in H1 2016** from 3.4% H1 2015.

**Profit before tax** was at **€46m in H1 2016** compared to €11m in H1 2015 mostly due to the recognition of profit from the revaluation of the investment properties and impairment of residential projects of €24m combined with a significant decrease in net financial expenses.

**Tax provision** was **€11m in H1 2016** comprising €2m of current tax expenses and €9m of deferred tax expenses.

**Net profit** totalled **€35m in H1 2016** compared to €6m in H1 2015.

**FFO increased to €22m in H1 2016** from €19m in H1 2015 mostly due to a significant decrease in interest and hedging expenses.

**The value of the properties** was up to **€1,455m as of 30 June 2016** compared to €1,324m as of 31 December 2015 mainly as a result of an investment in acquisition of Pixel (an office building in Poznań), Premium Plaza and Premium Point (office buildings in Bucharest), a landplot in Budapest as well as an investment into assets under construction mainly in Galeria Północna shopping centre in Warsaw, University Business Park B in Łódź and Fortyone office building in Belgrade and the revaluation gain attributed to these projects.

**Total bank debt and financial liabilities** increased to **€799m as of 30 June 2015** from €717m as of 31 December 2015. The weighted average debt maturity was **3.4 years** and the average cost of debt is down to **3.2% p.a.**

**Cash and cash equivalents** decreased to **€74m as of 30 June 2016** from €169m as of 31 December 2015, mainly as a result of the investment activities mentioned above.

**Loan to value ratio** was at **43% on 30 June 2016** compared to 39% on 31 December 2015.

**EPRA NAV** was up to **€828m in H1 2016** from €779m in 2015, corresponding to an **EPRA NAV** per share of **€1.80**

**Interest coverage** was at **3.4x on 30 June 2015** compared to 3.0x on 31 December 2015.

## **KEY ACHIEVEMENTS**

**Growth of the income generating portfolio through accelerated acquisitions and completions**

**Growth of the property portfolio through accelerated development**

**57,200 sq. m of office and retail space newly leased and renewed to keep occupancy at 91%**

**Disposal of non-core assets**

The first half of 2016 focused on the implementation of the company's growth strategy and the execution of its mission focused on investing in value accretive assets in order to profit from active management of a growing commercial real estate portfolio in the CEE and SEE regions. Due to numerous acquisitions and sales of shares combined with successful sales of facilities, GTC has been able to continue its growth strategy and proceed with the company's further development plans.

In the second half of 2016 GTC will remain focused on the development of its key commercial projects. In line with the company's strategy, GTC also plans to further expand the core portfolio through selected opportunistic acquisitions of value-accretive properties in its core markets.

### **Growth of the income generating portfolio through accelerated acquisitions and completions**

In the first half of 2016 GTC increased its income by expanding the company's portfolio by 9% to €1,146m through the investment of €95 million in value accretive office properties. The latest acquisitions have successfully strengthened GTC's position in the CEE and SEE regions. The company acquired a modern A-class office building, **Pixel**, an iconic and unique office building located in Poznań, and two modern A-class office buildings in Bucharest – **Premium Plaza** and **Premium Point**.

In July GTC has acquired two A-class office buildings featuring modern design and a total of 30,000 sq. m of GLA office space and 364 parking places. The Gdańsk-based **Neptun Office Center**, is a high-rise office building, offering 16,100 sq. m of leasable space. A second newly-acquired building is **Sterlinga Business Center** located in the center of Łódź. It offers 13,900 sq. m of leasable office. The weighted average lease term of 3-5 years combined with approximately

5,000 sq. m of leasable space available in both buildings, secure recurring income and an upside potential in cash flow and property value.

### **Growth of the property portfolio through accelerated development**

GTC's most important milestones include the completion of University Business Park B, a modern A-class office building. In H1 2016 GTC also worked hard on developing investments, which are either under construction or in an initial phase. The construction process of Galeria Północna moves at a fast pace with an official opening scheduled for 2017. Moreover, the shopping mall has already finalized 70% of its leasing, taking into account all signed agreements and letters of intent.

Construction works are being simultaneously conducted at the second and third phase of FortyOne in Belgrade as well as the last stage of prestigious Osiedle Konstancja residential project in Warsaw. Furthermore, the company has started preparations for the construction of White House in Budapest, as well as the design process of V-RK Tower in Budapest. The design concept for Ada Mall in Belgrade has also been completed.

### **57,200 sq. m of office and retail space newly leased and renewed to keep occupancy at 91%**

In H1 2016, GTC intensively worked on developing its portfolio in order to further improve the overall occupancy currently exceeding 90%. During the first six months of 2016 the company leased 57,200 sq. m of office and retail space, which was either newly leased or renewed, including 13,000 sq. m of the prolonged Romtelecom lease in City Gate.

### **Disposal of non-core assets**

GTC sold part of the Konstancja commercial land in Poland in the H1 2016 and Gallerie Piatra Neamt, located in Romania in August 2016. In addition, the Company sold shares in Galleria Harfa, Harfa Office and Prague Marina in July 2016.

### **Listing on Johannesburg stock exchange**

On 18 August 2016, GTC became the first Polish inward listed company when it listed on the main board of the Johannesburg Stock Exchange ("JSE"). The company successfully listed in the "Real Estate Holding and Development" sector. GTC's primary listing will remain on the main market of the Warsaw Stock Exchange.

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	1,415,475	1,288,529
Residential landbank	24,284	26,773
Investment in associates and joint ventures	17,772	23,067
Property, plant and equipment	3,768	1,070
Deferred tax asset	1,072	647
Other non-current assets	176	386
	<b>1,462,547</b>	<b>1,340,472</b>
<b>Assets held for sale</b>	<b>11,709</b>	<b>5,950</b>
<b>Current assets</b>		
Residential inventory	3,235	3,161
Accounts receivables	5,577	5,505
Accrued income	278	1,655
VAT and other tax receivable	7,463	4,985
Income tax receivable	372	316
Prepayments and deferred expenses	2,860	1,323
Escrow accounts for purchase of assets	70,107	-
Short-term deposits	24,998	26,711
Cash and cash equivalents	73,892	169,472
	<b>188,782</b>	<b>213,128</b>
<b>TOTAL ASSETS</b>	<b>1,663,038</b>	<b>1,559,550</b>

	30 June 2016 (unaudited)	31 December 2015 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	10,410	10,410
Share premium	499,288	499,288
Capital reserve	(20,624)	(20,646)
Hedge reserve	(5,312)	(4,563)
Foreign currency translation reserve	1,138	1,405
Accumulated profit	191,911	156,647
	<b>676,811</b>	<b>642,541</b>
Non-controlling interest	(15,204)	(21,339)
<b>Total Equity</b>	<b>661,607</b>	<b>621,202</b>
<b>Non-current liabilities</b>		
Long-term portion of long-term loans and bonds	698,734	658,744
Deposits from tenants	6,950	6,242
Long term payable	2,631	4,621
Provision for share based payment	1,034	1,152
Derivatives	3,741	2,755
Provision for deferred tax liability	143,079	133,455
	<b>856,169</b>	<b>806,969</b>
<b>Current liabilities</b>		
Trade and other payables and provisions	22,066	28,774
Payables related to purchase of non-controlling interest	-	18,108
Current portion of long-term loans and bonds	115,333	80,368
VAT and other taxes payable	1,097	1,572
Income tax payable	300	363
Derivatives	2,536	2,194
Advances received from buyers	3,930	-
	<b>145,262</b>	<b>131,379</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,663,038</b>	<b>1,559,550</b>

	Six-month period ended 30 June 2016	Six-month period ended 30 June 2015	Three-month period ended 30 June 2016	Three-month period ended 30 June 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues from rental activity	55,050	52,816	27,940	26,209
Residential revenue	3,776	7,215	76	4,226
Cost of rental activity	(13,273)	(13,078)	(6,742)	(6,086)
Residential costs	(2,953)	(6,799)	(75)	(4,205)
<b>Gross margin from operations</b>	<b>42,600</b>	<b>40,154</b>	<b>21,199</b>	<b>20,144</b>
Selling expenses	(1,397)	(1,230)	(770)	(706)
Administration expenses	(4,997)	(4,939)	(2,303)	(2,529)
Profit (Loss) from revaluation/ impairment of assets	24,067	(446)	16,631	(64)
Impairment of residential projects	-	(1,380)	-	(1,380)
Other income	769	1,400	353	138
Other expenses	(1,588)	(1,128)	(767)	(288)
<b>Profit (loss) from continuing operations before tax and finance income / (expense)</b>	<b>59,454</b>	<b>32,431</b>	<b>34,343</b>	<b>15,315</b>
Foreign exchange differences gain/ (loss), net	3,136	(1,634)	2,843	1,819
Finance income	1,161	1,917	591	940
Finance cost	(13,887)	(17,892)	(7,036)	(8,656)
Share of profit (loss) of associates and joint ventures	(3,803)	(3,581)	(3,320)	(1,975)
<b>Profit before tax</b>	<b>46,061</b>	<b>11,241</b>	<b>27,421</b>	<b>7,443</b>
Taxation	(10,854)	(5,177)	(8,553)	(9,246)
<b>Profit (loss) for the period</b>	<b>35,207</b>	<b>6,064</b>	<b>18,868</b>	<b>(1,803)</b>
<b>Attributable to:</b>				
Equity holders of the Company	35,264	6,385	18,824	(1,868)
Non-controlling interest	(57)	(321)	44	65
Basic earnings per share (in Euro)	0.08	0.02	0.04	(0.01)

	Six-month period ended 30 June 2016	Six-month period ended 30 June 2015
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	46,061	11,241
<b>Adjustments for:</b>		
Loss/(profit) from revaluation/impairment of assets	(24,067)	1,826
Share of loss (profit) of associates and joint ventures	3,803	3,581
Profit on disposal of assets	(9)	(1,039)
Foreign exchange differences loss/(gain), net	(3,136)	1,634
Finance income	(1,161)	(1,917)
Finance cost	13,887	17,892
Share based payment (income) / expenses	(118)	105
Depreciation and amortization	216	252
<b>Operating cash before working capital changes</b>	<b>35,476</b>	<b>33,575</b>
Increase in accounts receivables, prepayments and other current assets	(114)	(2,595)
Decrease in inventory and residential land bank	2,424	6,135
Increase/(decrease) in advances received	-	(208)
Increase in deposits from tenants	942	-
Increase/(decrease) in trade and other payables	(879)	(304)
<b>Cash generated from operations</b>	<b>37,849</b>	<b>36,603</b>
Tax paid in the period	(1,437)	(1,442)
<b>Net cash flows from operating activities</b>	<b>36,412</b>	<b>35,161</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditure on investment property	(49,432)	(11,683)
Purchase of completed assets and land	(76,387)	-
Increase in Escrow accounts for purchase of assets	(70,107)	-
Sale of investment property	2,729	51,279
Advances received for sale of subsidiaries/assets	3,930	-
Liquidation of joint venture	-	3,890
Purchase of minority	(18,121)	(800)
Sale of shares in associate	2,009	-
VAT/tax on purchase/sale of investment property	-	5,001
Interest received	275	419
Loans granted	(123)	-
Loans repayments	-	23
<b>Net cash flows from/(used in) investing activities</b>	<b>(205,227)</b>	<b>48,129</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	129,190	17,658
Repayment of long-term borrowings	(43,507)	(88,599)
Repayment of hedge	-	(1,489)
Interest paid	(12,386)	(14,335)
Loans origination cost	(317)	-
Decrease/(increase) in blocked deposits	1,611	2,936
<b>Net cash from/(used in) financing activities</b>	<b>74,591</b>	<b>(83,829)</b>
<b>Effect of foreign currency translation</b>	<b>(1,356)</b>	<b>665</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(95,580)</b>	<b>126</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>169,472</b>	<b>81,063</b>
<b>Cash classified as part of assets held for sale</b>	<b>-</b>	<b>(377)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>73,892</b>	<b>80,812</b>



The **GTC Group** is one of the leading commercial real estate companies in Central, Eastern and Southern Europe. Since 1994, the Group has been developing high standard, modern office and retail properties through CEE region. Today, GTC actively manages real estate portfolio of 36 commercial real estate projects providing approx. 622,000 sq. m of office and retail space to its highly demanding tenants and customer in Poland, Serbia, Hungary, Romania, Croatia and Bulgaria.

GTC S.A. is listed on Warsaw Stock Exchange and included in WIG30 index and on Johannesburg Stock Exchange. The company's shares are also included in the international index: Dow Jones STOXX Eastern Europe 300 Index.

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