



INTERIM RESULTS  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

## HIGHLIGHTS

NOI	PROFIT BEFORE TAX	FFO	EPRA NAV	TOTAL PROPERTY
<b>€65M</b> +10%	<b>€71M</b> +220%	<b>€33M</b> +14%	<b>€37M</b> +8%	<b>€1,544m</b> +17%

### 9M 2016 HIGHLIGHTS

- NOI increased by 10% to €65m (€59m in 9M 2015)
- Revaluation gain of €39m (loss of €2m in 9M 2015) mainly driven by ongoing projects under construction
- Profit after tax of €107m (€17m in 9M 2015), positively impacted by successful merger of GTC SA with its Dutch entities
- 14% FFO improvement to €33m (€29m in 9M 2015)
- €175m of new project financing raised
- EPRA NAV increased by 8% to €37m (€79m as of 31 December 2015), corresponding to an EPRA NAV per share of €1.82 [PLN 7.85] (€1.69 [PLN 7.29] as of 31 December 2015)

### PORTFOLIO UPDATE

- Total property value of €1,544m as of 30 September 2016 (€1,324m as of 31 December 2015)
- 16% growth in income generating portfolio to €1,222m (€1,052m as of 31 December 2015)
- Total investment volume of €21m YTD (thereof €152m of acquisitions)
- Disposal of non-core standing assets successfully executed; ongoing land bank disposal; total sales of €29m in 9M 2016
- 106,000 sq. m NLA under construction in four projects with over 82,000 sq. m to be completed in 2017
- 160,000 sq. m in planning stage and another 39,000 sq. m in pre-planning stage
- 94,000 sq. m of new lettings and lease renewals for office and retail space
- Stable occupancy rate at 91%

### OPERATING PERFORMANCE

9M 2016	Reported	V%
NOI	€65m	+10%
Rental margin	76%	+100bps
EBITDA	€54m	+7%
Profit before tax	€71m	+220%
FFO	€33m	+14%
Total property	€1,544m	+17%
Net debt	€689m	+32%
Net LTV	45%	+600bps
EPRA NAV	€37m	+8%

## **GLOBE TRADE CENTRE SA**

(Incorporated and registered in Poland with KRS No. 61500)

(Share code on the WSE: GTC)

(Share code on the JSE: GTC ISIN: PLGTC0000037)

(“GTC” or “the Company”)

## **CORPORATE OVERVIEW**

### **NATURE OF BUSINESS**

The GTC Group is a leading developer and commercial real estate manager in CEE and SEE, operating in Poland, Romania, Hungary, Croatia, Serbia and Bulgaria. Additionally, it holds land in Ukraine and Russia through its associates and joint ventures. The Group was established in 1994 and has been present in the real estate market since then.

The Group's portfolio comprises: (i) completed commercial properties; (ii) commercial properties under construction; (iii) a commercial landbank intended for future development or for sale and (iv) residential projects and landbank.

Since its establishment and as at 30 September 2016 the Group: (i) has developed approximately 980 thousand sq. m of commercial space and approximately 300 thousand sq. m of residential space; (ii) has sold approximately 430 thousand sq. m of commercial space in completed commercial properties and approximately 299 thousand sq. m of residential space; and (iii) has acquired approximately 90 thousand sq. m of commercial space in completed commercial properties.

As of 30 September 2016, the Group's property portfolio comprised the following properties:

31 completed commercial properties, including 27 office properties and 4 retail properties with a combined commercial space of approximately 592 thousand sq. m, of which the Group's proportional interest amounts to approximately 575 thousand sq. m of NRA;

4 commercial projects under construction, including 3 office projects and 1 retail project with total NRA of approximately 106 thousand sq. m, of which the Group's proportional interest amounts to 106 thousand sq. m of NRA;

- commercial landbank designated for future development, with approximately 860 thousand sq. m NRA;
- 1 residential project under construction with 4 thousand sq. m area designated for residential use;
- residential projects and landbank designated for residential use; and
- 3 assets held for sale: land plots in Romania, Hungary and Slovakia.

The Group also holds a land plot located in Russia, and a land plot designated for Ana Tower located in Romania through its associates and joint ventures.

As of 30 September 2016, the book value of the Group's portfolio amounts to €1,544m with: (i) the Group's completed commercial properties accounting for 79% thereof; (ii) commercial properties under construction – 11%; (iii) a commercial landbank intended for future development or for sale – 8%; (iv) residential projects and landbank accounting for 1% and (v) assets held for sale accounting for 1%. Based on the Group's assessment approximately 96% of the portfolio is core and remaining 4% is non-core assets, including assets held for sale and residential projects.

As of 30 September 2016, the Group's completed properties in its three most significant markets, i.e. Poland, Hungary and Romania, constitute 44%, 17% and 15% of the total book value of all completed properties.

Additionally, the Group manages third party assets, including: one office building in Budapest, three office buildings in Warsaw and one office building in Katowice.

The Company's shares are listed on the WSE and on the Johannesburg Stock Exchange. The Company's shares are included in WIG 30, the Dow Jones STOXX Eastern Europe 300.

The Group's headquarters are located in Warsaw, at 17 Stycznia 45A.

## STRATEGY

GTC's objective is to create value from active management of a growing commercial real estate portfolio in CEE and SEE, supplemented by selected development activities; and enhancing deal flow, mitigating risks and optimising performance through its regional platform, by investing its own funds, the proceeds from share capital increases and reinvesting potential proceeds from the sale of real properties.

GTC will re-invest profit after tax in order to support the long-term growth of the business. The Group may recommend a change in its dividend policy upon completion of certain material development projects.

## COMMENTARY

The management board presents the unaudited condensed consolidated interim results for the nine months ended 30 September 2016.

## OPERATIONAL REVIEW

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

- In 9M 2016 GTC increased its income generating portfolio by expanding the company's asset base by 16% to €1,222m through the investment of €152 million in value accretive office properties
- GTC's latest acquisitions successfully strengthened its position in the CEE and SEE regions
  - Pixel, an iconic and unique office building located in Poznań (Poland),
  - Premium Plaza and Premium Point; two A-class office buildings in Bucharest (Romania)
  - Neptun Office Center, a high-rise office building in Gdańsk (Poland)
  - Sterlinga Business Center in Łódź (Poland) with 13,900 sq. m of leasable office

### Growth of the property portfolio through accelerated development; Currently 106,000 sq. m under construction with over 82,000 to be completed in 2017, 160,000 sq. m in the planning stage and another 39,000 sq. m in

- Completion of University Business Park B, a modern A-class office building in Łódź
- Completion of FortyOne II, a modern A-class office building in Belgrade
- Construction of Galeria Północna progressing as planned with the opening scheduled for summer 2017 (pre-leased at 63%)
- Construction of FortyOne III progressing as planned with the opening scheduled for Q1 2017 (pre-leased at 70%)
- Construction of Artico, a modern A-class office building in Warsaw, according to the initial plan. Opening is scheduled for Q3 2017 (pre-leased at 100%)
- White House, a modern A-class office building, is expected to be launched in early at the beginning of Q1 2017 after the completion of the pre-construction works
- Ada Mall, a modern shopping center in Belgrade, is in the permitting stage with building permit expected by the end of the year; commercialization has already started
- Budapest City Tower, a modern A-class office building in Budapest, concept design and all related works in order to obtain a building permit currently ongoing

<b>the pre-planning stage</b>	<ul style="list-style-type: none"> <li>🌐 Green Heart, a modern A-class office building in Belgrade, concept design and zoning process have commenced</li> <li>🌐 Galeria Wilanów, a modern shopping mall in Warsaw, is in the permitting stage</li> <li>🌐 GTC X, a modern A-class office building in Belgrade, concept design is being prepared</li> <li>🌐 Avenue Park, a modern A-class office building in Zagreb is undergoing a design refreshment, building permit in place</li> </ul>
<b>Ongoing letting activity</b>	<ul style="list-style-type: none"> <li>🌐 Further improvement of overall occupancy currently exceeding 91%</li> <li>🌐 During 9M 2016 newly leased or renewed 94,000 sq. m of office and retail space, including prolongation of 13,000 sq. m of Romtelecom lease in City Gate and 12,200 sq. m of IBM lease in Korona Office Complex</li> </ul>

## FINANCIAL REVIEW

<b>Revenues</b>	<ul style="list-style-type: none"> <li>🌐 Rental and service revenues increased by €6m to €85m in 9M 2016 due to the acquisitions of Duna Tower, Pixel, Premium Plaza, Premium Point, Sterlinga Business Center and Neptun Office Center</li> </ul>
<b>Net profit from revaluation and impairment</b>	<ul style="list-style-type: none"> <li>🌐 €39m in 9M 2016 as compared to a loss of €2m in 9M 2015</li> <li>🌐 Reflects progress in 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 the respective operating results</li> </ul>
<b>Net financial expenses</b>	<ul style="list-style-type: none"> <li>🌐 Decrease to €20m in 9M 2016 from €22m in 9M 2015 mainly due to refinancing activity, and the repayment of more expensive loans</li> <li>🌐 Reduction also supported by change in hedging strategy that allowed to benefit from a low EURIBOR environment and therefore resulted in a decrease in the average borrowing cost to 3.2% in 9M 2016 from 3.4% 9M 2015</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>🌐 Non-cash reversal of tax provision recognized at €36m in 9M 2016, resulting mainly from a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V. which reversed the temporary tax differences related to Euro denominated loans granted by GTC S.A. to GTC RH B.V.</li> </ul>
<b>Net profit</b>	<ul style="list-style-type: none"> <li>🌐 €107m in 9M 2016 compared to €17m in 9M 2015</li> </ul>
<b>Funds From Operations (FFO)</b>	<ul style="list-style-type: none"> <li>🌐 Increased to €33m in 9M 2016 from €29m in 9M 2015 as a consequence of the NOI improvement and a decrease in interest and hedging expenses</li> </ul>
<b>Total property value</b>	<ul style="list-style-type: none"> <li>🌐 At €1,544m as of 30 September 2016 (€1,324m as of 31 December 2015) due to acquisitions, investment into assets under construction and revaluation gain</li> </ul>

<b>EPRA NAV</b>	<ul style="list-style-type: none"> <li>Up by 8% to €837m in 9M 2016 from €779m in 2015</li> <li>Corresponding to an EPRA NAV per share of €1.82 [PLN 7.85] compared to €1.69 [PLN 7.29]</li> </ul>
<b>Financial liabilities</b>	<ul style="list-style-type: none"> <li>At €827m as of 30 September 2016 compared to €717m as of 31 December 2015</li> <li>Weighted average debt maturity of 3.9 years and average cost of debt of 3.2% p.a.</li> <li>LTV at 45% on 30 September 2016 (39% on 31 December 2015) due to increase in loans of €175m related to acquired properties, construction and refinancing</li> <li>Interest coverage at 3.6x on 30 September 2016 (3.0x on 31 December 2015)</li> </ul>
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Decreased to €107m as of 30 September 2016 from €169m as of 31 December 2015, due to investment activities partially offset by an increase in loans</li> <li>€28.9m of euro-denominated bonds issued on the Polish market in November 2016</li> </ul>

## Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three and nine months ended 30 September 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("EU IFRS"). At the date of authorisation of these Interim Condensed Consolidated Financial Statements, taking into account the EU's ongoing process of IFRS endorsement and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union. The Group applied the possibility existing for the companies applying International Financial Reporting Standards endorsed by the EU, to apply IFRIC 21 for reporting periods beginning on or after 1 January 2015 and to apply amendments to IFRS 2 and amendments to IFRS 3, being part of Improvements to IFRSs resulting from the review of IFRS 2010-2012, for reporting periods beginning on or after 1 January 2016.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the year ended 31 December 2015. The interim financial results are not necessarily indicative of the full year results.

	<b>30 September 2016</b> <b>(unaudited)</b>	<b>31 December 2015</b> <b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	1,394,059	1,163,732
Investment property landbank	119,354	124,797
Residential landbank	14,293	26,773
Investment in associates and joint ventures	4,845	23,067
Property, plant and equipment	5,794	1,070
Deferred tax asset	1,254	647
Other non-current assets	189	386
	<b>1,539,788</b>	<b>1,340,472</b>
<b>Assets held for sale</b>	<b>11,959</b>	<b>5,950</b>
<b>Current assets</b>		
Residential inventory	4,107	3,161
Accounts receivables	4,647	5,505
Receivables from sale of assets	2,743	-
Accrued income	566	1,655
VAT and other tax receivable	20,118	4,985
Income tax receivable	513	316
Prepayments and deferred expenses	2,511	1,323
Short-term deposits	31,075	26,711
Cash and cash equivalents	107,303	169,472
	<b>173,583</b>	<b>213,128</b>
<b>TOTAL ASSETS</b>	<b>1,725,330</b>	<b>1,559,550</b>

	30 September 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	(35,652)	(20,646)
Hedge reserve	(4,715)	(4,563)
Foreign currency translation reserve	1,647	1,405
Accumulated profit	263,317	156,647
	<b>734,295</b>	<b>642,541</b>
Non-controlling interest	1,809	(21,339)
<b>Total Equity</b>	<b>736,104</b>	<b>621,202</b>
<b>Non-current liabilities</b>		
Long-term portion of long-term loans and bonds	728,796	658,744
Deposits from tenants	8,124	6,242
Long term payable	2,669	4,621
Provision for share based payment	1,991	1,152
Derivatives	3,629	2,755
Provision for deferred tax liability	97,809	133,455
	<b>843,018</b>	<b>806,969</b>
<b>Current liabilities</b>		
Trade and other payables and provisions	29,391	28,774
Payables related to purchase of non-controlling interest	400	18,108
Current portion of long-term loans and bonds	104,438	80,368
VAT and other taxes payable	1,782	1,572
Income tax payable	490	363
Derivatives	2,519	2,194
Advances received from buyers	943	-
	<b>139,963</b>	<b>131,379</b>
<b>Liabilities related to asset held for sale</b>	<b>6,245</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,725,330</b>	<b>1,559,550</b>



	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016	Nine-month period ended 30 September 2015	Three-month period ended 30 September 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues from rental activity	85,159	30,109	78,757	25,941
Residential revenue	5,306	1,530	9,254	2,039
Cost of rental activity	(20,533)	(7,260)	(19,772)	(6,694)
Residential costs	(4,383)	(1,430)	(8,615)	(1,816)
<b>Gross margin from operations</b>	<b>65,549</b>	<b>22,949</b>	<b>59,624</b>	<b>19,470</b>
Selling expenses	(2,304)	(907)	(1,840)	(610)
Administration expenses	(8,682)	(3,685)	(7,536)	(2,597)
Profit (Loss) from revaluation/ impairment of assets	37,921	13,854	(833)	(387)
Reversal of Impairment (impairment) of residential projects	1,464	1,464	(1,401)	(21)
Other income	1,126	357	1,497	97
Other expenses	(2,456)	(868)	(1,639)	(511)
<b>Profit (loss) from continuing operations before tax and finance income / (expense)</b>	<b>92,618</b>	<b>33,164</b>	<b>47,872</b>	<b>15,441</b>
Foreign exchange differences gain/ (loss), net	2,589	(547)	(224)	1,410
Finance income	1,242	81	2,885	968
Finance cost	(21,690)	(7,803)	(24,812)	(6,920)
Share of profit/(loss) of associates and joint ventures	(4,178)	(375)	(3,683)	(102)
<b>Profit before tax</b>	<b>70,581</b>	<b>24,520</b>	<b>22,038</b>	<b>10,797</b>
Taxation	36,031	46,885	(5,206)	(29)
<b>Profit (loss) for the period</b>	<b>106,612</b>	<b>71,405</b>	<b>16,832</b>	<b>10,768</b>
<b>Attributable to:</b>				
Equity holders of the Company	106,670	71,406	16,834	10,449
Non-controlling interest	(58)	(1)	(2)	319
Basic earnings per share (in Euro)	0.23	0.16	0.05	0.03

	Nine-month period ended 30 September 2016	Nine-month period ended 30 September 2015
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	70,581	22,038
<b>Adjustments for:</b>		
Loss/(profit) from revaluation/impairment of assets	(39,385)	2,234
Share of loss (profit) of associates and joint ventures	4,178	3,683
Profit on disposal of assets	(5)	(1,039)
Foreign exchange differences loss/(gain), net	(2,589)	224
Finance income	(1,242)	(2,885)
Finance cost	21,690	24,812
Share based payment (income) / expenses	839	325
Depreciation and amortization	325	345
<b>Operating cash before working capital changes</b>	<b>54,392</b>	<b>49,737</b>
Increase in accounts receivables, prepayments and other current assets	723	(4,272)
Decrease in inventory and residential land bank	2,768	7,869
Increase/(decrease) in advances received	942	(317)
Increase in deposits from tenants	1,951	553
Decrease in trade and other payables	(1,492)	(230)
<b>Cash generated from operations</b>	<b>59,284</b>	<b>53,340</b>
Tax paid in the period	(3,183)	(2,118)
<b>Net cash flows from operating activities</b>	<b>56,101</b>	<b>51,222</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditure on investment property	(63,823)	(16,517)
Purchase of completed assets and land	(133,551)	-
Purchase of subsidiary	(5,601)	-
Sale of investment property	9,614	51,280
Selling of subsidiaries	4,800	6,386
Liquidation of joint venture	-	3,890
Purchase of minority	(18,108)	(800)
Sale of shares in associate	3,334	-
VAT/tax on purchase/sale of investment property	(10,145)	(4,034)
Interest received	319	888
Loans granted to associates	(123)	(38)
Loans repayments from associates	11,347	137
<b>Net cash flows from/(used in) investing activities</b>	<b>(201,937)</b>	<b>41,192</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	174,116	22,023
Repayment of long-term borrowings	(67,572)	(104,474)
Repayment of hedge	-	(1,489)
Interest paid	(18,377)	(20,559)
Loans origination cost	(959)	-
Decrease/(increase) in blocked deposits	(4,408)	2,280
<b>Net cash from/(used in) financing activities</b>	<b>82,800</b>	<b>(102,219)</b>
<b>Effect of foreign currency translation</b>	<b>867</b>	<b>936</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(62,169)</b>	<b>(8,869)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>169,472</b>	<b>81,063</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>107,303</b>	<b>72,194</b>

**Management Board**

Thomas Kurzmann (Chief Executive Officer)  
Erez Boniel (Chief Financial Officer)

**Supervisory Board**

Alexander Hesse (Chairman)  
Philippe Couturier  
Jan Düdden  
Mariusz Grendowicz  
Ryszard Koper  
Marcin Murawski  
Katharina Schade  
Tomasz Styczyński

**Registered office of the Company**

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Poland

Warsaw, Poland

Date: 28 November 2016

Sponsor: Investec Bank Limited