

### GTC AUGMENTS ACCOMPLISHMENTS THROUGH ACQUISITIONS, DEVELOPMENTS AND ACTIVE ASSET MANAGEMENT

| NOI MARGIN     | FFO         | EPRA NAV     | NET DEBT     | NET LTV        |
|----------------|-------------|--------------|--------------|----------------|
| <b>76%</b>     | <b>€11M</b> | <b>€797M</b> | <b>€600M</b> | <b>43%</b>     |
| <b>+200bps</b> | <b>+27%</b> | <b>+2%</b>   | <b>+15%</b>  | <b>+380bps</b> |

#### Q1 2016 HIGHLIGHTS

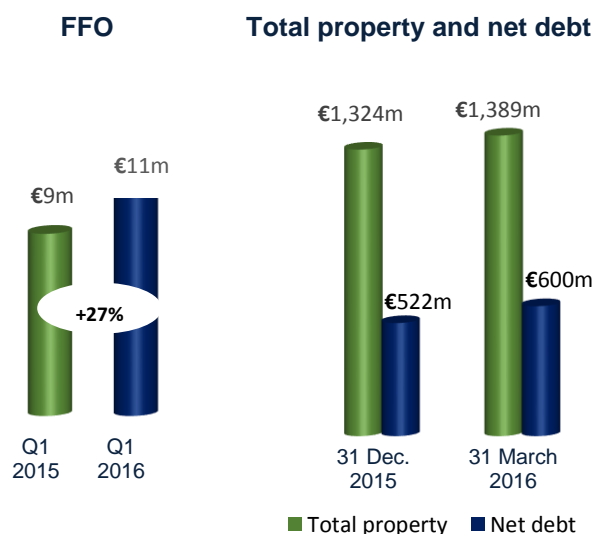
- NOI at €21m (€20m in Q1 2015); NOI margin at 76% (74% in Q1 2015)
- Revaluation gain of €7m driven by progress in projects under construction
- Profit before tax at €19m (€4m in Q1 2015)
- FFO improved to €11m (€9m in Q1 2015)
- Net LTV at 43% (39% as of 31 Dec. 2015) driven by raising investment loans and cash deployment
- Interest cover at 3.6x (3.0x as of 31 Dec. 2015)
- Completion of refinancing of three office buildings: University Business Park, Pixel and Globis Poznań

#### OPERATING PERFORMANCE

| Q1 2016           | Reported | V% (y-o-y)            |
|-------------------|----------|-----------------------|
| NOI               | €21m     | 5%                    |
| NOI margin        | 76%      | 200bps                |
| EBITDA            | €18m     | 1%                    |
| Profit before tax | €19m     | 391%                  |
| FFO               | €11m     | 27%                   |
|                   |          | <b>V% to Dec 2015</b> |
| Total property    | €1,389m  | 5%                    |
| Net LTV           | 43%      | 380bps                |
| EPRA NAV          | €797m    | 2%                    |

#### PORTFOLIO UPDATE

- Acquisition of Pixel office building
- Acquisition of land plot for office development in Budapest CBD
- 90,000 sq. m NLA under construction in three projects
- 126,000 sq. m NLA in advanced pre-construction phase
- 25,500 sq. m of office and retail space newly leased and renewed, including 13,000 of Romtelecom lease prolongation in City Gate
- Occupancy level kept at 92%
- Total property at €1,389m
- EPRA NAV at €797m (€779m as of 31 Dec. 2015) corresponding to an EPRA NAV per share at €1.73 (+0.04 / share)



"GTC continues to grow through the acquisition of the Pixel office building in Poznań and more acquisitions that will come in the second quarter of 2016. We are reinforcing our income-producing asset base and strengthening our financial results." – said **Thomas Kurzmann, GTC's CEO**. "Over 90,000 sq. m of commercial space under construction scheduled for completion in 2016 and 2017 and four more development projects of approximately 126,000sq. m of commercial space currently in the planning phase, will significantly contribute to the net asset value of the company." – **Mr Kurzmann added**.

## **FINANCIAL HIGHLIGHTS**

**Total revenues** improved to **€31m in Q1 2016** compared to €30m in Q1 2015 mostly due to increase in rental and service revenue following the acquisition of assets as well as sale of residential land.

**NOI** improved to **€21m in Q1 2016** compared to €20m in Q1 2015 mostly as a result of the acquisition of Duna Tower and Pixel office buildings, partially offset by the sale of Kazimierz Office Center, Galleria Buzau, Jarosova and Avenue Mall Osijek in 2015. **NOI margin** was up to **76%** compared to 74% in Q1 2015.

**Administrative expenses, excluding provision for a stock based program** remained unchanged at **€2.6m in Q1 2016**.

**Net profit from the revaluation of the investment properties and impairment of residential projects** amounted to **€7m in Q1 2016** and was mainly driven by projects under construction: Galeria Północna, University Business Park and Fortyone.

**Net financial expenses** decreased sharply for the fifth consecutive quarter to **€6m in Q1 2016** from €8m in Q1 2015 mainly due to deleveraging activity, restructuring of loans and repayment of loans related to sold assets. The decrease was also supported by a change of hedging strategy announced by the company, following the low Euribor environment and resulted in a decrease in **average borrowing cost** to **3.4% in Q1 2016** from 4.2% in Q1 2015.

**Profit before tax** was at **€19m in Q1 2016** compared to €4m in Q1 2015 mostly due to the improvement in operating results, recognition of profit from the revaluation of investment property under construction, combined with significant decrease in net financial cost for the fifth consecutive quarter.

**Tax provision** was **€2.3m in Q1 2016** and consisted of €0.8m of current tax expenses and €1.4m of deferred tax expenses.

**Net profit** was **€16m in Q1 2016**, as compared to €8m in Q1 2015.

**FFO up to €11m in Q1 2016** from €9m in Q1 2015 mostly due to a significant decrease in interest and hedging expenses as well as an improved rental margin.

**The value of the properties** was up to **€1,389m as of 31 March 2016** compared to €1,324m as of 31 December 2015 due to the acquisition of Pixel, investment and recognition of valuation gain on projects under construction. **78%** of the total portfolio consists of income generating assets, whilst 10% of it represents investment property under construction.

**Total bank debt and financial liabilities** was at **€743m as of 31 March 2016** compared to €717m as of 31 December 2015 driven by loans related to assets under construction. The weighted average debt maturity was **3.4 years** and the average cost of debt is down to **3.4% p.a.**

**Cash and cash equivalents were at €118m as of 31 March 2016** compared to €169m as of 31 December 2015, mainly due to the acquisition of Pixel and a land plot in Budapest in the amount of €44m (including acquisition cost) and investment of €19m mainly in Galeria Północna, University Business Park and Fortyone.

**Loan to value ratio** was at the level of **43.2% as at 31 March 2016** compared to 39.4% as at 31 December 2015.

**EPRA NAV** was up to **€797m as of 31 March 2016** from €779m as of 31 December 2015 corresponding to an EPRA NAV per share at €1.73 (+0.04 / share)

**Interest coverage** was at **3.6x as at 31 March 2016** compared to 3.0x as at 31 December 2015.

## **KEY ACHIEVEMENTS**

**Further acquisitions to strengthen GTC's position in the region**

**Very strong leasing activities with over 25,500 sq. m of office and retail space newly leased and renewed**

**Accelerated development**

**Signing loan agreements to finance University Business Park, Pixel and Globis Poznan and further financial cost reduction**

### **Further acquisitions to strengthen GTC's position in the region**

With the latest acquisitions and a buyout, GTC has successfully strengthened its position in the region. The Group acquired a modern A-class office building, Pixel, in Poznań and two modern A-class office buildings in Bucharest - Premium Plaza and Premium Point - that together increase GTC's portfolio by 29,000 sq. m of net leasable area. Earlier this year, GTC successfully consolidated the ownership structure of City Gate, one of its landmark office buildings in Bucharest by buying out its minority partner, Bluehouse Capital (GTC now owns 100% of the equity). GTC also invested into its future growth by buying a land plot for office development in the central business district of Budapest.

### **Very strong leasing activities with over 25,500 sq. m of office and retail space newly leased and renewed**

In the first quarter of 2016, GTC worked intensely on leasing its portfolio in order to keep an already impressive overall occupancy of 92%. In total it leased or renewed over 25,500 sq. m of office and retail space across the region, with the most significant achievement being the prolongation of Romtelecom's lease in City Gate (13.000 sq. m.).

### **Accelerated development**

The works on the second phase of **Fortyone**, a GTC investment in Belgrade, started in November 2015 and the practical completion of the building is planned for the beginning of September 2016. So far, construction works on building B are almost finished. Meanwhile, benefiting from the strength of the office market in Belgrade, GTC started the construction of the third phase of this office project in April. The project's last building, offers 10,800 sq. m of A-class office space and is scheduled for completion in the first half of 2017.

The construction of **Galeria Północna** is moving at the planned pace. With tens of thousands of cubic meters of concrete and thousands of tons of steel, the building is already reaching its top level. The construction work started in July last year and the opening of the shopping mall is scheduled for the first half of 2017.

The second building of the **University Business Park** office complex developed by GTC in Łódź received an occupancy permit in April. This modern, A-class investment situated in the very heart of the city offers tenants the flexibility and growth opportunities within one office park as their business expands. Upon completion of the second phase, the University Business Park offers its tenants 39,200 sq. m and 600 parking spaces in two seven-story buildings. The long list of prominent tenants of the complex includes Fujitsu, Aegon, Impel Catering, Samsung Electronics Poland, Accenture, Mobica and PKP Informatyka.

### **Signing loan agreements to finance University Business Park, Pixel and Globis Poznan and further financial cost reduction**

Alongside the expansion of development activities GTC successfully raised loans to finance the acquisition of the Pixel office building and the construction of University Business Park II. Moreover, GTC successfully refinanced Globis Poznan building. Additionally, GTC's hedging strategy is optimized as is reflected in its reduced financial cost in the first quarter of 2016.

|   | 31 March 2016<br>(unaudited) | 31 December 2015<br>(audited) |
|---|------------------------------|-------------------------------|
| <b>ASSETS</b>                               |                              |                               |
| <b>Non-current assets</b>                   |                              |                               |
| Investment property                         | 1,351,130                    | 1,288,529                     |
| Residential landbank                        | 24,309                       | 26,773                        |
| Investment in associates and joint ventures | 22,409                       | 23,067                        |
| Property, plant and equipment               | 1,171                        | 1,070                         |
| Deferred tax asset                          | 709                          | 647                           |
| Other non-current assets                    | 569                          | 386                           |
|   | <b>1,400,297</b>             | <b>1,340,472</b>              |
| <b>Assets held for sale</b>                 | <b>11,016</b>                | <b>5,950</b>                  |
| <b>Current assets</b>                       |                              |                               |
| Residential inventory                       | 2,945                        | 3,161                         |
| Accounts receivables                        | 6,014                        | 5,505                         |
| Accrued income                              | 568                          | 1,655                         |
| VAT and other tax receivable                | 17,827                       | 4,985                         |
| Income tax receivable                       | 395                          | 316                           |
| Prepayments and deferred expenses           | 4,145                        | 1,323                         |
| Short-term deposits                         | 24,679                       | 26,711                        |
| Cash and cash equivalents                   | 118,007                      | 169,472                       |
|   | <b>174,580</b>               | <b>213,128</b>                |
| <b>TOTAL ASSETS</b>                         | <b>1,585,893</b>             | <b>1,559,550</b>              |

|   | 31 March 2016<br>(unaudited) | 31 December 2015<br>(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   | (21,115)                     | (20,646)                      |
| Hedge reserve   | (5,440)                      | (4,563)                       |
| Foreign currency translation reserve                        | 1,550                        | 1,405                         |
| Accumulated profit  | 173,087                      | 156,647                       |
|   | <b>657,780</b>               | <b>642,541</b>                |
| Non-controlling interest                                    | (19,150)                     | (21,339)                      |
| <b>Total Equity</b>   | <b>638,630</b>               | <b>621,202</b>                |
| <b>Non-current liabilities</b>                              |                              |                               |
| Long-term portion of long-term loans and bonds              | 688,363                      | 658,744                       |
| Deposits from tenants                                       | 6,312                        | 6,242                         |
| Long term payable   | 4,616                        | 4,621                         |
| Provision for share based payment                           | 1,206                        | 1,152                         |
| Derivatives   | 3,786                        | 2,755                         |
| Provision for deferred tax liability                        | 134,893                      | 133,455                       |
|   | <b>839,176</b>               | <b>806,969</b>                |
| <b>Current liabilities</b>                                  |                              |                               |
| Trade and other payables and provisions                     | 30,242                       | 28,774                        |
| Payables related to purchase of non-controlling interest    | -                            | 18,108                        |
| Current portion of long-term loans and bonds                | 73,276                       | 80,368                        |
| VAT and other taxes payable                                 | 1,835                        | 1,572                         |
| Income tax payable  | 317                          | 363                           |
| Derivatives   | 2,417                        | 2,194                         |
|   | <b>108,087</b>               | <b>131,379</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>1,585,893</b>             | <b>1,559,550</b>              |

|  | Three-month<br>period ended<br>31 March 2016<br>(unaudited) | Three-month<br>period ended<br>31 March 2015<br>(unaudited) |
|--|---|---|
| Revenue  | 30,810  | 29,596  |
| Cost of operations   | (9,409)   | (9,586)   |
| <b>Gross margin from operations</b>  | <b>21,401</b>   | <b>20,010</b>   |
| Selling expenses   | (627)   | (524)   |
| Administrative expenses  | (2,694)   | (2,410)   |
| Profit/(Loss) from revaluation/ impairment of assets                                   | 7,436   | (382)   |
| Impairment of residential projects   | -   | -   |
| Other income   | 416   | 1,262   |
| Other expenses   | (821)   | (840)   |
| <b>Profit from continuing operations before tax and finance<br/>income / (expense)</b> | <b>25,111</b>   | <b>17,116</b>   |
| Foreign exchange differences gain/(loss), net  | 293   | (3,453)   |
| Finance income   | 570   | 707   |
| Finance cost   | (6,851)   | (8,966)   |
| Share of loss of associates and joint ventures   | (483)   | (1,606)   |
| <b>Profit before tax</b>   | <b>18,640</b>   | <b>3,798</b>  |
| Taxation   | (2,301)   | 4,069   |
| <b>Profit for the period</b>   | <b>16,339</b>   | <b>7,867</b>  |
| <b>Attributable to:</b>  |   |   |
| Equity holders of the Company  | 16,440  | 8,253   |
| Non-controlling interest   | (101)   | (386)   |
| Basic earnings per share (Euro)  | 0.04  | 0.02  |

|   | Three-month period<br>ended<br>31 March 2016 | Three-month period<br>ended<br>31 March 2015 |
|---|--|--|
|   | (unaudited)                                  | (unaudited)                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                    |  |  |
| Profit before tax   | 18,640                                       | 3,798  |
| <b>Adjustments for:</b>   |  |  |
| Loss/(profit) from revaluation/impairment of assets             | (7,436)                                      | 382  |
| Share of loss (profit) of associates and joint ventures         | 483  | 1,606  |
| Profit on disposal of assets                                    | 2  | (1,037)                                      |
| Foreign exchange differences loss/(gain), net                   | (293)  | 3,365  |
| Finance income  | (570)  | (707)  |
| Finance cost  | 6,851  | 8,966  |
| Share based payment expenses                                    | 53   | 75   |
| Depreciation and amortization                                   | 118  | 118  |
| <b>Operating cash before working capital changes</b>            | <b>17,848</b>                                | <b>16,566</b>                                |
| Increase in debtors and prepayments and other current assets    | (1,975)                                      | (3,000)                                      |
| Decrease in inventory   | 2,682  | 2,290  |
| Increase/(decrease) in advances received                        | (1)  | 68   |
| Increase in deposits from tenants                               | 129  | -  |
| Increase/(decrease) in trade and other payables                 | (249)  | 4,377  |
| <b>Cash generated from operations</b>                           | <b>18,434</b>                                | <b>20,301</b>                                |
| Tax paid in the period  | (828)  | (819)  |
| <b>Net cash from operating activities</b>                       | <b>17,606</b>                                | <b>19,482</b>                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                    |  |  |
| Expenditure on investment property under construction           | (31,688)                                     | (4,310)                                      |
| Purchase of completed investment property                       | (32,230)                                     | -  |
| Sale of investment property                                     | 2,773  | 9,704  |
| Purchase of minority  | (18,108)                                     | -  |
| VAT/tax on purchase/sale of investment property                 | (10,560)                                     | -  |
| Interest received   | 126  | 236  |
| Loans granted   | -  | 20   |
| <b>Net cash from/(used in) investing activities</b>             | <b>(89,687)</b>                              | <b>5,650</b>                                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |  |  |
| Proceeds from long-term borrowings                              | 49,479                                       | 1,177  |
| Repayment of long-term borrowings                               | (24,442)                                     | (19,333)                                     |
| Interest paid   | (6,018)                                      | (7,278)                                      |
| Loans origination cost  | (252)  | -  |
| Decrease/(increase) in short term deposits                      | 2,057  | (1,760)                                      |
| <b>Net cash from/(used in) financing activities</b>             | <b>20,824</b>                                | <b>(27,194)</b>                              |
| <b>Effect of foreign currency translation</b>                   | <b>(208)</b>                                 | <b>1,589</b>                                 |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | <b>(51,465)</b>                              | <b>(473)</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>118,007</b>                               | <b>80,590</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 38 commercial real estate projects providing approx. 685,000 sq m of office and retail space to its highly demanding tenants and customer in Poland, Serbia, Hungary, Romania, Croatia, Bulgaria and the Czech Republic.

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

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