GTC

ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

EPRA NAV/SHARE	TOTAL PROPERTY	GROSS MARGIN FROM RENTAL ACTIVITY	FFO I	PROFIT FOR THE PERIOD
PLN 8.62	**€1,624m**	**€86M**	**€43M**	**€160M**
+20%	**+23%**	**+10%**	**+13%**	**+266%**

2016 HIGHLIGHTS

- **Total investment of €255m (including €162m of acquisitions)**
- **Revaluation gain of €85m (€26m in 2015) driven by projects under construction includes also modest 3% revaluation gain on income generating properties on improved performance**
- **EPRA NAV increased to €897m (€779m as of 31 December 2015)**
- **EPRA NAV / share increased 20% to PLN 8.62 from PLN 7.21 as of 31 December 2015**
- **Gross margin from rental activity increased by 10% to €86m (€79m in 2015)**
- **13% FFO I improvement to €43m (€38m in 2015)**
- **FFO I / share at PLN 0.39 (PLN 0.38[1] in 2015) and FFO I yield of 5%**
- **Profit after tax at €160m (€44m in 2015)**

  Earnings per share up by 183% to €0.34 (€0.12 in 2015)

PORTFOLIO UPDATE

- **Acquisition of income generating assets of €140m and land for development of €22m (total acquisitions in 2015 of €53m)**
- **Investment in assets under construction of €93m (€34m in 2015)**
- **23% growth in total property value up to €1,624m (€1,324m as of 31 December 2015)**
- **20% growth in income generating portfolio to €1,261m (€1,052m as of 31 December 2015)**
- **139,000 sq. m NLA under construction in five projects with over 83,000 sq. m to be completed in 2017**
- **181,000 sq. m NLA in planning stage**
- **144,000 sq. m of new lettings and lease renewals for office and retail space in 2016**
- **Occupancy rate at 94%**

OPERATING PERFORMANCE

2016	Reported	Variance %
Gross margin from rental activity	€86m	+10%
Rental margin	76%	+100bps
EBITDA	€72m	+7%
Profit for the period	€160m	+266%
FFO I	€43m	+13%
Total property	€1,624m	+23%
Net debt	€703m	+35%
Net LTV	43%	+400bps
EPRA NAV/share	PLN 8.62	+20%

[1] Based on GTC's 59% share in FFO I of City Gate to present GTC's fair economical interest in generated funds from operations

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 through its subsidiary. 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 and (iv) residential projects and landbank.

Since its establishment and as at 31 December 2016 the Group: (i) has developed almost one million sq. m of gross commercial space and approximately 300 thousand sq. m of residential space; (ii) has sold almost 500 thousand sq. m of gross 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 31 December 2016, the Group`s property portfolio comprised the following properties:

- 31 completed commercial properties, including 27 office properties and four retail properties with a combined commercial space of approximately 596 thousand sq. m, of which the Group's proportional interest amounts to approximately 579 thousand sq. m of GLA;
- five commercial projects under construction, including three office projects and two retail project with total GLA of approximately 139 thousand sq. m, of which the Group's proportional interest amounts to 139 thousand sq. m of NLA;
- commercial landbank designated for future development, with approximately 842 thousand sq. m NLA;
- one residential project under construction with four thousand sq. m area designated for residential use; and
- residential projects and landbank designated for residential use.

The Group also holds a land plot designated for Ana Tower located in Bucharest through its associates and joint ventures and a land plot in Ukraine through its subsidiary.

As of 31 December 2016, the book value of the Group's portfolio amounts to **€**1,623,791 with: (i) the Group's completed commercial properties accounting for 78% thereof; (ii) commercial properties under construction – 15%; (iii) a commercial landbank intended for future development– 6%; (iv) residential projects and landbank accounting for 1%. Based on the Group's assessment approximately 97% of the portfolio is core and remaining 3% is non-core assets, including non-core landplots and residential projects.

As of 31 December 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: three office buildings in Warsaw and one office building in Katowice.

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

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

STRATEGY AND DIVIDEND POLICY

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. This leads to accretive funds from operations and provides for growing dividend potential.

Following the growth and results achieved in 2016, GTC is well positioned to recommend to distribute PLN 0.27 / share from 2016 profits in the form of dividend. The dividend recommendation is guided by, among others things, the availability of cash, the funds from operations growth plans, the Company's capital expenditure requirements and planned acquisitions as well as the share of external financing in the Company's overall equity. GTC believes that the further realization of its growth strategy will provide for a double-digit dividend growth in the future, starting from 2017 onward.

COMMENTARY

The management board presents the audited condensed consolidated annual results for the 12 months ended 31 December 2016.

KEY OPERATING ACHIEVEMENTS IN 2016

Growth of the income generating portfolio through accelerated acquisitions and completions

- In 2016 GTC increased its income generating portfolio by expanding it's asset base by **20% to €1,261m** through the **investment of €140 million** in value accretive office properties and completion of assets
- GTC's latest acquisitions and efficient refinance 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)
- GTC's last office completions further strengthen its position in Belgrade and secondary cities in Poland
  - **FortyOne II** in Belgrade (Serbia)
  - **University Business Park B** in Łódź (Poland)

Growth of the property portfolio through accelerated development; Currently 139,000 sq. m under construction with over 83,000 sq. m to be completed in 2017, 181,000 sq. m under development

- Construction of **FortyOne III**, a modern class A office building in Belgrade is progressing as planned with the opening scheduled for Q1 2017 (pre-leased at 70%)
- Construction of **Galeria Północna**, a modern shopping mall in Warsaw is progressing as planned with the opening scheduled for summer 2017 (tenants commitments for 82%)
- 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, was launched in early 2017 after the completion of the pre-construction works and securing a significant pre-lease
- **Ada Mall**, a modern shopping center in Belgrade has commenced and is scheduled for completion in the second half of 2018

- **Budapest City Tower**, a modern A-class office building in Budapest, concept design is currently ongoing
- **Green Heart**, a modern A-class office building in Belgrade, concept design is completed and we commenced permitting process
- **Galeria Wilanów** is in the building permit application procedure continues
- **GTC X**, a modern A-class office building in Belgrade, concept design is being prepared
- **Avenue Park**, a modern A-class office building in Zagreb is undergoing a design refreshment, building permit is expected soon
- **Advanced Business Center**, a modern A-class office building in Sofia is concept design is currently ongoing

Ongoing letting activity

- Further improvement of overall occupancy currently exceeding **94%**
- During 2016 newly **leased or renewed 144,000 sq. m** of office and retail space, including prolongation of 13,000 sq. m of Romtelecom lease in City Gate, 12,200 sq. m of IBM lease in Korona Office Complex and 8,400 sq. m of Ericsson new lease in University Business Park B

Dividend of PLN 0.27 / share, 3.3% dividend yield

- As part of our strategy, we are developing an income-generating portfolio through acquisition and development of income-generating assets. This leads to accretive FFO I and NAV growth that provides for growing dividend potential
- Dividend will be based on the availability of cash, the FFO I growth plans, capital expenditure requirements and planned acquisitions as well as the share of external financing in the Company's overall equity
- Results of achieved in 2016 allow us to recommend to distribute **PLN 0.27** per share, which translates into **3.3% dividend yield**
- We believe that implemented growth strategy will enable us to recommend a **double-digit dividend growth** in the years from 2017 onward

KEY FINANCIAL HIGHLIGHTS

Rental and service revenues

- Increased **to €114m** in from €105m in 2015

Reflects mainly acquisition of Duna Tower, Pixel, Premium Plaza, Premium Point, Sterlinga Business Center and Neptun Office Center and completion of University Business Park B and FortyOne II

Net profit from revaluation and impairment

- **€85m in 2016** as compared to €26m in 2015

Reflects mainly **progress in the construction** of Galeria Północna, University Business Park B and FortyOne II&III as well as modest 3% **profit from the revaluation** of income generating portfolio mainly Galeria Jurajska, Duna Tower, Premium Point and Premium Plaza and Galleria Burgas following an improvement in their operating results.

Financial expenses

- **Decrease to €30m** in 2016 from €33m in 2015

Resulting mainly from refinancing activity, and the repayment of more expensive loans. 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 2016 from 3.4% in 2015.

Taxation

- **Tax benefit amounted to €35m in 2016**

Reflects reversal of temporary deferred tax differences related to intra-group loans and reduction of tax rate in Hungary and Croatia

Net profit

- **€160m 2016** compared to €44m in 2015

Funds From Operations (FFO I)

- **Increased to €43m in 2016** from €38m in 2015 as a consequence of improvement in the gross margin from rental activity and a decrease in interest and hedging expenses

Total property value

- **At €1,624m as of 31 December 2016** (€1,324m as of 31 December 2015) due to acquisitions, investment into assets under construction and revaluation gain

EPRA NAV / share

- **Up by 20% to** PLN 8.62 in 2016 from PLN 7.21 in 2015
  Corresponding to **EPRA NAV of €897m** compared to €779m

Financial liabilities

- **At €881m as of 31 December 2016** compared to €718m as of 31 December 2015
- **Weighted average debt maturity of 4.1 years** and **average cost of debt of 3.2% p.a.**
- **LTV at 43% on 31 December 2016** (39% on 31 December 2015) due to an increase in loans related to acquired properties, construction and refinancing
- **Interest coverage at 3.5x on 31 December 2016** (3.0x on 31 December 2015)
- **€62m of Euro** denominated bonds and corporate loans raised in Q4 2016 and Q1 2017

Cash and cash equivalents

- **Decreased to €150m as of 31 December 2016** from €169m as of 31 December 2015 due to investment activities

Basis of preparation

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by Polish accounting regulations. The companies outside Poland maintain their books of account in accordance with local GAAP. The consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRS.

These 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 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 is aware of the fact that IFRS 15 and IFRS 9, which are effective for financial years beginning on or after 1 January 2018, have been already endorsed by the European Union. The Group is currently in the process of analysis of quantitative and qualitative impact of those two standards, as well as of IFRS 16, which is not yet endorsed, on the Group's consolidated financial statements.

Annex 1 Consolidated Statement of Financial Position as at 31 December 2016

	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Investment property	1,501,770	1,163,552
Investment property landbank	102,905	124,977
Residential landbank	13,761	26,773
Investment in associates and joint ventures	3,803	23,067
Property, plant and equipment	6,002	1,070
Deferred tax asset	1,075	647
Other non-current assets	353	639
	1,629,669	**1,340,472**
Assets held for sale	**-**	**5,950**
Current assets		
Residential inventory	5,355	3,161
Accounts receivables	5,363	5,505
Accrued income	767	1,655
VAT receivable	17,389	4,985
Income tax receivable	652	316
Prepayments and deferred expenses	2,558	1,323
Short-term deposits	27,925	26,711
Cash and cash equivalents	149,812	169,472
	209,821	**213,128**
TOTAL ASSETS	**1,839,490**	**1,559,550**

Annex 1 Consolidated Statement of Financial Position as at 31 December 2016 (cont.)

	31 December 2016	31 December 2015
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,410	10,410
Share premium	499,288	499,288
Capital reserve	(35,702)	(20,646)
Hedge reserve	(3,631)	(4,563)
Foreign currency translation	1,872	1,405
Accumulated profit	315,195	156,647
	787,432	**642,541**
Non-controlling interest	2,891	(21,339)
Total Equity	**790,323**	**621,202**
Non-current liabilities		
Long-term portion of long-term borrowing	739,031	658,744
Deposits from tenants	8,043	6,242
Long term payable	2,730	4,621
Provision for share based payment	2,046	1,152
Derivatives	2,778	2,755
Provision for deferred tax liability	98,237	133,455
	852,865	**806,969**
Current liabilities		
Investment and trade payables and provisions	36,739	28,774
Payables related to purchase of non-controlling interest	-	18,108
Current portion of long-term borrowing	153,902	80,368
VAT and other taxes payable	1,122	1,572
Income tax payable	530	363
Derivatives	2,553	2,194
Advances received from residential buyers	1,456	-
	196,302	**131,379**
TOTAL EQUITY AND LIABILITIES	**1,839,490**	**1,559,550**

Annex 2 Consolidated Income Statement for 12-month period ended 31 December 2016

	2016	2015
Revenue from rental activity	114,341	104,999
Residential revenue	5,960	12,364
Cost of rental activity	(27,890)	(26,462)
Residential costs	(5,065)	(10,871)
Gross margin from operations	**87,346**	**80,030**
Selling expenses	(3,236)	(2,721)
Administration expenses	(12,234)	(11,045)
Profit from revaluation/ impairment of assets	84,604	27,611
Impairment of residential projects	(53)	(1,389)
Other income	1,354	1,645
Other expenses	(2,996)	(2,430)
Profit/(Loss) from continuing operations before tax and finance income / expense	**154,785**	**91,701**
Foreign exchange differences gain/(loss), net	2,435	1,394
Finance income	1,324	3,849
Finance cost	(29,500)	(33,205)
Share of loss of associates and joint ventures	(4,474)	(8,163)
Profit/(loss) before tax	**124,570**	**55,576**
Taxation	35,005	(11,937)
Profit/(Loss) for the year	**159,575**	**43,639**
Attributable to:		
Equity holders of the Company	158,548	45,192
Non-controlling interest	1,027	(1,553)
Basic earnings per share (in Euro)	0.34	0.12

Annex 3 Consolidated Statement of Cash Flow for the 12-month period ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	124,570	55,576
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	(84,551)	(26,222)
Share of loss of associates and joint ventures	4,474	8,163
Loss (Profit) on disposal of asset	65	(1,014)
Foreign exchange differences loss/(gain), net	(2,434)	(1,394)
Finance income	(1,324)	(3,849)
Finance cost	29,500	33,205
Provision for share based payment loss/(profit)	894	863
Depreciation and amortization	468	509
Operating cash before working capital changes	**71,662**	**65,837**
Increase in accounts receivables and prepayments and other current assets	374	(1,340)
Decrease in residential inventory	2,303	10,263
Decrease/(increase) in advances received from residential	1,456	(545)
Increase in deposits from tenants	1,801	663
Increase/(decrease) in trade payables	(202)	966
Cash generated from operations	**77,394**	**75,844**
Tax paid in the period	(4,113)	(2,735)
Net cash from operating activities	**73,281**	**73,109**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(93,259)	(33,519)
Purchase of completed assets and land	(139,646)	(53,080)
Sale of investment property	12,640	42,665
Sale of residential landbank and inventory	-	8,504
VAT/tax on purchase/sale of investment property	(8,900)	(4,571)
Sale of subsidiary	10,179	13,032
Purchase of subsidiary	(9,844)	(191)
Purchase of minority	(18,558)	(800)
Sale of associates and Joint ventures	3,947	-
Interest received	425	1,279
Liquidation of Joint Ventures	-	3,890
Loans granted to associates	(123)	(288)
Loans repayments from associates	11,349	244
Net cash used in investing activities	**(231,790)**	**(22,835)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	-	140,102
Share issuance expenses	-	(2,481)
Proceeds from long-term borrowings	273,517	62,947
Repayment of long-term borrowings	(103,193)	(137,970)
Repayment of hedge	-	(1,928)
Interest paid	(25,075)	(26,708)
Loans origination payment	(2,229)	(1,148)
Decrease/(Increase) in short term deposits	(2,214)	4,558
Net cash from /(used) in financing activities	**140,806**	**37,372**
Net foreign exchange difference	**(1,957)**	**763**
Net increase/ (Decrease) in cash and cash equivalents	**(19,660)**	**88,409**
Cash and cash equivalents at the beginning of the period	**169,472**	**81,063**
Cash and cash equivalents at the end of the period	**149,812**	**169,472**

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

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