INTERIM RESULTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

# HIGHLIGHTS

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

## 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)

## 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)

## OPERATING PERFORMANCE

| H1 2015 | Reported | Variance % |
|---|---|---|
| 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% |

**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 and operates in the Czech Republic 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 June 2016 the Group: (i) has developed approximately 970 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 61 thousand sq. m of commercial space in completed commercial properties.

As of 30 June 2016, the Group`s property portfolio comprised the following properties:

- 28 completed commercial properties, including 24 office properties and 4 retail properties with a combined commercial space of approximately 556 thousand sq. m, of which the Group's proportional interest amounts to approximately 533 thousand sq. m of NRA;

- 3 commercial projects under construction, including 2 office projects and 1 retail project with total NRA of approximately 105 thousand sq. m, of which the Group's proportional interest amounts to 105 thousand sq. m of NRA;

- commercial landbank designated for future development, with approximately 893 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 approximately 335 thousand sq. m area designated for residential use; and

- 3 assets held for sale, 2 retail projects (Galleria Arad and Galleria Piatra Neamt in Romania) and land plot in Poland.

As of 30 June 2016, the book value of the Group’s portfolio amounts to €1.454.413 with: (i) the Group’s completed commercial properties accounting for 79% thereof; (ii) commercial properties under construction – 10%; (iii) a commercial landbank intended for future development or for sale - 8%; (iv) residential projects and landbank accounting for 2% and (v) assets held for sale accounting for 1%. Based on the Group’s assessment approximately 95% of the portfolio is core and remaining 5% is non-core assets, including assets held for sale and residential projects.

As of 30 June 2016, the Group’s completed properties in its three most significant markets, i.e. Poland, Hungary and Romania, constitute 41%, 18% and 16% of the total book value of all completed properties.

Additionally, the Group conducts operations in the Czech Republic, through its associates. The Group's proportional interest in assets in Czech Republic amounts to approximately 4,000 sq. m of NRA in one office building. The Group also holds a land plot located in Russia, and a land plot designated for Ana Tower located in Romania.

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

The Company's shares are listed on the WSE and included in the WIG30 index and on the JSE. The Company's shares are also included in the Dow Jones STOXX Eastern Europe 300.

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

### 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 six months ended 30 June 2016.

### OPERATIONAL REVIEW

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 the summer of 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 Belgarde 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.

## FINANCIAL REVIEW

**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.

**The 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.

## Basis of preparation

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 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.

Annex 1 Consolidated Statement of Financial Position as at 30 June 2016

| | 30 June 2016 (unaudited) | 31 December 2015 (audited) |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| 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 |
| | **1,462,547** | **1,340,472** |
| **Assets held for sale** | **11,709** | **5,950** |
| **Current assets** | | |
| 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 |
| | **188,782** | **213,128** |
| **TOTAL ASSETS** | **1,663,038** | **1,559,550** |

Annex 1 Consolidated Statement of Financial Position as at 30 June 2016 (cont.)

| | 30 June 2016 (unaudited) | 31 December 2015 (audited) |
|---|---|---|
| **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 | (20,624) | (20,646) |
| Hedge reserve | (5,312) | (4,563) |
| Foreign currency translation reserve | 1,138 | 1,405 |
| Accumulated profit | 191,911 | 156,647 |
| | **676,811** | **642,541** |
| Non-controlling interest | (15,204) | (21,339) |
| **Total Equity** | **661,607** | **621,202** |
| **Non-current liabilities** | | |
| 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 |
| | **856,169** | **806,969** |
| **Current liabilities** | | |
| 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 | - |
| | **145,262** | **131,379** |
| **TOTAL EQUITY AND LIABILITIES** | **1,663,038** | **1,559,550** |

Annex 2 Consolidated Income Statement for 3 and 6-month periods ended 30 June 2016

| | Six-month period ended 30 June 2016 (unaudited) | Six-month period ended 30 June 2015 (unaudited) | Three-month period ended 30 June 2016 (unaudited) | Three-month period ended 30 June 2015 (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) |
| **Gross margin from operations** | **42,600** | **40,154** | **21,199** | **20,144** |
| 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) |
| **Profit (loss) from continuing operations before tax and finance income / (expense)** | **59,454** | **32,431** | **34,343** | **15,315** |
| 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) |
| **Profit before tax** | **46,061** | **11,241** | **27,421** | **7,443** |
| Taxation | (10,854) | (5,177) | (8,553) | (9,246) |
| **Profit (loss) for the period** | **35,207** | **6,064** | **18,868** | **(1,803)** |
| **Attributable to:** | | | | |
| Equity holders of the Company | 35,264 | 6,385 | 18,824 | (1,868) |
| Non-controlling interest | (57) | (321) | 44 | 65 |
| Basic/headline earnings per share (in Euro) | 0.08 | 0.02 | 0.04 | (0.01) |

## Annex 3 Consolidated Statement of Cash Flow for the 6-month periods ended 30 June 2016

| | Six-month period ended 30 June 2016 (unaudited) | Six-month period ended 30 June 2015 (unaudited) |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Profit before tax | 46,061 | 11,241 |
| **Adjustments for:** | | |
| 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 |
| **Operating cash before working capital changes** | **35,476** | **33,575** |
| 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) |
| **Cash generated from operations** | **37,849** | **36,603** |
| Tax paid in the period | (1,437) | (1,442) |
| **Net cash flows from operating activities** | **36,412** | **35,161** |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| 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 |
| **Net cash flows from/(used in) investing activities** | **(205,227)** | **48,129** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| 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 |
| **Net cash from/(used in) financing activities** | **74,591** | **(83,829)** |
| **Effect of foreign currency translation** | **(1,356)** | **665** |
| **Net increase / (decrease) in cash and cash equivalents** | **(95,580)** | **126** |
| **Cash and cash equivalents at the beginning of the period** | **169,472** | **81,063** |
| **Cash classified as part of assets held for sale** | **-** | **(377)** |
| **Cash and cash equivalents at the end of the period** | **73,892** | **80,812** |

**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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Warsaw, Poland

Date: 24 August 2016

Sponsor: Investec Bank Limited