



H1 2018 RESULTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

HIGHLIGHTS

GROSS MARGIN FROM RENTAL ACTIVITY	FFO I	EPRA NAV/SHARE	NET LTV
EUR 54M	EUR 29M	EUR 2.32	45%
+26%	+35%	+2%	+3%
<u>FINANCIAL HIGHLIGHTS</u> <ul style="list-style-type: none"> Gross margin from rental activity up by 26% to EUR 54m (EUR 43m in H1 2017) Profit after tax at EUR 46m (EUR 60m in H1 2017) Profit after tax without revaluation increased 49% to EUR 25m (EUR 17m in H1 2017) Earnings per share at EUR 0.10 FFO I increased 35% to EUR 29m (EUR 21m in H1 2017), FFO I / share up to EUR 0.06 In-place rent up 14% to EUR 125m EPRA NAV increased 4% to EUR 1,120m (EUR 1,073m as of 31 December 2017); EPRA NAV / share up to EUR 2.32 Average interest rate down to 2.6% p.a. from 2.8% p.a. as of 31 December 2017 Interest cover at 4.0x Net LTV at 45% 		<u>PORTFOLIO HIGHLIGHTS</u> <ul style="list-style-type: none"> Refurbishment of the two buildings in Green Heart project (formerly GTC Square) Completion of White House Acquisition of Mall of Sofia and Sofia Tower 4 projects under construction with 85,000 sq. m GLA to be completed in 2019 3 projects with 90,000 sq. m to be commenced still in 2018 Strong asset management <ul style="list-style-type: none"> Occupancy at 93% (94% as at 31 December 2017) 85,000 sq. m of office and retail space newly leased and renewed in H1 2018 	

OPERATING PERFORMANCE

H1 2018	Reported	Variance %
Gross margin from rental activity	EUR 54m	+26%
Profit before tax	EUR 57m	-17%
Earnings per share	EUR 0.10	-23%
FFO I	EUR 29m	+35%
Net debt	EUR 953m	+15%
Net LTV	45%	+3%
EPRA NAV/share	EUR 2.32	+2%

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 real estate investor and developer focusing on Poland and four capital cities in Eastern and Southern Europe - Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group was established in 1994.

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 project and landbank.

Since its establishment and as at 30 June 2018 the Group has: (i) developed 1.1 million sq. m of gross commercial space and over 300 thousand sq. m of residential space; (ii) sold over 500 thousand sq. m of gross commercial space in completed commercial properties and approximately 300 thousand sq. m of residential space; and (iii) acquired approximately 145 thousand sq. m of commercial space in completed commercial properties. Additionally GTC Group developed and sold over 100 thousand sq. m of commercial space and approximately 76 thousand sq. m of residential space through its associates in Czech Republic.

As of 30 June 2018, the Group's property portfolio comprised the following properties:

- 🌐 42 completed commercial buildings, including 38 office buildings and four retail properties with a total combined commercial space of approximately 697 thousand sq. m of GLA, of which the Group's proportional interest amounts to approximately 676 thousand sq. m of GLA;
- 🌐 four commercial projects under construction, including three office projects and one retail project with total GLA of approximately 85 thousand sq. m, of which the Group's proportional interest amounts to 85 thousand sq. m of GLA;
- 🌐 commercial landbank designated for future development; and
- 🌐 residential landbank.

As of 30 June 2018, the book value of the Group's portfolio amounts to EUR 2,114.3m with: (i) the Group's completed commercial properties account for 88% thereof; (ii) commercial properties under construction – 5%; (iii) a commercial landbank intended for future development – 6%; (iv) residential projects and landbank account for 1%. Based on the Group's assessment approximately 98% of the portfolio is core and remaining 2% is non-core assets, including non-core landplots and residential projects.

Additionally, the Group manages third party assets in Warsaw and 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 mWIG 40.

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

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.

On 17 May 2018, the Annual General Meeting of GTC S.A. passed Resolution no 5 on the division of profits for the 2017 financial year and dividend payment. The Annual General Meeting resolved, after due consideration of the Management Board's proposal concerning allocation of GTC S.A.'s net profit for 2017, to distribute the amount of PLN 155,200,156.32 as dividends to the Company's shareholders. The General Meeting resolved to pay dividends of PLN 0.33 per share. The dividends was distributed from the Company's net profit for 2017. Under the Resolution, the dividend record date was set for 25 May 2018, and the dividend payment date was 14 June 2018. Shareholders were given a choice to elect dividend in cash or in shares. Some of the shareholders decided to choose shares and as a result in June 2018, the Company issued 13,233,492 series M Shares to some of the Company's shareholders. The dividend was paid in cash (EUR 9.7m) or in shares (EUR 26.5m) on all 470,303,504 GTC S.A. shares.

COMMENTARY

The management board presents unaudited interim condensed consolidated results for the 6 months ended 30 June 2018.

KEY OPERATING ACHIEVEMENTS IN 2017

Completions, acquisitions and asset management boost in place rent and profit:

- **Completion of the two buildings in Green Heart project (formerly GTC Square)**
 - Refurbishment of 21,600 sq. m of office space
 - 85% leased as of 30 June 2018
 - EUR 3.2m of additional in-place rent p.a.
- **Completion of White House**
 - 21,500 sq. m of newly developed office space
 - 59% leased as of 30 June 2018 (the remaining space under negotiation)
 - EUR 2.4m of additional in-place rent p.a.
- **Acquisition of Mall of Sofia**
 - 22,900 sq. m retail and 10,300 sq. m of office space
 - 96% leased
 - 65% acquisition price financed by the bank's loan
 - EUR 7.55m of in-place rent p.a.
 - Yield on equity invested 19.5%
- **In-place rent of EUR 125m annually (+14% vs. Dec. 2017)**

Expected NAV and FFO growth from development activity:

- **4 projects under construction with 85,000 sq. m GLA to be completed in 2019:**
 - Ada Mall (Belgrade)
 - part of Green Heart (Belgrade)
 - Advance Business Center I (Sofia)
 - Matrix A (Zagreb)

- 
3 projects with 90,000 sq. m to be commenced still in 2018:
 - Advance Business Center II (Sofia)
 - City Rose Park 1&2 (Bucharest)
 - The Twist (Budapest)
- 
2 projects with over 39,000 sq. m of office space to start in next 12 months
 - Matrix B (Zagreb)
 - The Pillar (Budapest)
- 
Another 6 projects in the planning stage with over 175,000 sq. m GLA

KEY FINANCIAL HIGHLIGHTS IN H1 2018

Rental and service revenues

- 
Increased to EUR 73m from EUR 58m in H1 2017

Reflects improvement in the rental revenue through completion and leasing of FortyOne III, Galeria Północna, Artico, which were opened to the public during the year 2017 and contributed EUR 12m to the recurring rental income. Additionally, the acquired Cascade Office Building, Belgrade Business Centre and Mall of Sofia contributed EUR 4m to the recurring rental income. These increases were partially offset by lost revenues of EUR 3m following disposal of Galleria Stara Zagora and Galleria Burgas.

Gross margin from operations

- 
Increased EUR 55m from EUR 43m in H1 2017

Reflects mostly newly completed and acquired properties partially offset by sale of non-core assets.

Net profit from development revaluation and impairment

- 
Amounted to EUR 23m as compared to EUR 51m in H1 2017

Reflects mainly **valuation gain on assets under construction: Ada Mall, White House and Green Heart.**

Financial expenses

- 
Almost unchanged at EUR 14m as compared to EUR 13m in H1 2017

Cost of finance down to 2.6% (from 3.1%) due to decrease in average interest rate and change in hedging strategy

Taxation

- 
Amounted to EUR 11m as compared to EUR 8m tax benefit in Q1 2017

Taxation consist of EUR 4m of current tax expenses and EUR 7m of deferred tax expenses.

Net profit

- 
Amounted to EUR 46m compared to EUR 60m in H1 2017. The profit without revaluation increased 49% to EUR 25m.

Reflects strong operating performance and operational excellence.

- 
Earnings per share at EUR 0.10 compare to EUR 0.13 in H1 2017.

Funds From Operations (FFO I)

- At EUR 29m compared to EUR 21m in H1 2017

Total property value

- At EUR 2,117m as of 30 June 2018 (EUR 1,955m as of 31 December 2017) due to an investment in assets under construction and revaluation gain those assets

EPRA NAV / share

- Up by 2% to EUR 2.32 from EUR 2.28 on 31 December 2017
Corresponding to EPRA NAV of EUR 1,120m compared to EUR 1,073m as of 31 December 2017

Total bank debt and financial liabilities

- At EUR 1,135m compared to EUR 1,031m as of 31 December 2017
- Weighted average debt maturity of 4.25 years and average cost of debt of 2.6% p.a.
- LTV at 45% (42% on 31 December 2017)
- Interest coverage at 4.0x (3.5x on 31 December 2017)
- EUR 20m of bonds issued
- EUR 39m bonds repaid

Cash and cash equivalents

- Cash position of EUR 140m as of 30 June 2018 from EUR 149m as of 31 December 2017

Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

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 16 which is effective for financial years beginning on or after 1 January 2019, has been already endorsed by the European Union. The Group is currently in the process of analysis of quantitative and qualitative impact of these standard on the Group's consolidated financial statements.

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 2017, which were authorized for issue on 21 March 2018. The interim financial results are not necessarily indicative of the full year results.

The Group's Interim Condensed Consolidated Financial Statements are presented in Euro, which is also GTC's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

The financial statements of those entities prepared in their functional currencies are included in the Interim Condensed Consolidated Financial Statements by translation into Euro using appropriate exchange rates outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as "Foreign currency translation" without affecting earnings for the period.

These Interim Condensed Consolidated Financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances were identified which would indicate any threat to the Group' continuing as a going concern.

Annex 1 Consolidated Statement of Financial Position as at 30 June 2018
(in thousands of euro)

	30 June 2018 (unaudited)	31 December 2017 (audited)
ASSETS		
Non-current assets		
Investment property	1,964,653	1,797,583
Investment property landbank	133,383	139,258
Residential landbank	12,698	12,698
Investment in joint ventures	407	1,303
Property, plant and equipment	6,657	6,847
Other non-current assets	101	86
	2,117,899	1,957,775
Loan granted to non-controlling interest partner	9,511	-
Total non-current assets	2,127,410	1,957,775
Assets held for sale	3,566	4,336
Current assets		
Residential inventory	-	3,755
Accounts receivables	6,743	4,367
Accrued income	1,466	1,093
VAT receivable	5,253	6,618
Income tax receivable	782	619
Prepayments and deferred expenses	2,718	1,767
Escrow account	316	777
Short-term deposits	41,148	52,756
Cash and cash equivalents	140,280	148,746
	198,706	220,498
TOTAL ASSETS	2,329,682	2,182,609

	30 June 2018 (unaudited)	31 December 2017 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,960	10,651
Share premium	546,711	520,504
Capital reserve	(36,054)	(36,054)
Hedge reserve	(3,492)	(2,365)
Foreign currency translation	738	2,323
Accumulated profit	451,385	441,977
	970,248	937,036
Non-controlling interest	4,707	4,226
Total Equity	974,955	941,262
Non-current liabilities		
Long-term portion of long-term borrowing	1,021,623	907,704
Deposits from tenants	9,558	8,960
Long term payable	2,654	2,621
Provision for share based payment	4,371	5,744
Derivatives	2,071	1,360
Provision for deferred tax liability	138,788	125,827
	1,179,065	1,052,216
Current liabilities		
Trade and other payables	48,031	50,505
Current portion of long-term borrowing	116,164	126,381
VAT and other taxes payable	1,626	1,516
Income tax payable	816	1,843
Derivatives	2,279	2,035
Advances received	6,746	6,851
	175,662	189,131
TOTAL EQUITY AND LIABILITIES	2,329,682	2,182,609

Annex 2 Consolidated Income Statement for the six month period ended 30 June 2018
(in thousands of euro)

	Six-month period ended 30 June 2018 (unaudited)	Six-month period ended 30 June 2017 (unaudited)	Three-month period ended 30 June 2018 (unaudited)	Three-month period ended 30 June 2017 (unaudited)
Rental revenue	53,360	43,465	27,380	21,393
Service revenue	19,202	14,516	9,327	6,800
Residential revenue	4,578	442	963	-
Service costs	(18,521)	(15,052)	(9,514)	(7,106)
Residential costs	(3,868)	(379)	(889)	-
Gross margin from operations	54,751	42,992	27,267	21,087
Selling expenses	(1,195)	(964)	(720)	(511)
Administration expenses	(4,099)	(7,654)	(2,701)	(5,012)
Profit from revaluation/impairment of assets	23,368	51,094	10,834	26,670
Other income	407	864	244	518
Other expenses	(2,757)	(1,351)	(1,377)	(899)
Profit (loss) from continuing operations before tax and finance income / (expense)	70,475	84,981	33,547	41,853
Foreign exchange differences gain/ (loss), net	294	(4,158)	188	(406)
Finance income	158	92	85	40
Finance cost	(14,311)	(13,013)	(7,150)	(6,471)
Share of gain (loss) of associates and joint ventures	-	184	-	-
Profit before tax	56,616	68,086	26,670	35,016
Taxation	(10,544)	(8,487)	(4,907)	(7,512)
Profit (loss) for the period	46,072	59,599	21,763	27,504
Attributable to:				
Equity holders of the Company	45,591	59,634	21,533	27,454
Non-controlling interest	481	(35)	230	50
Basic earnings per share (in Euro)	0.10	0.13	0.05	0.06

Annex 3 Consolidated Statement of Cash Flow for the six month period ended 30 June 2018
(in thousands of euro)

	Six-month period ended 30 June 2018 (unaudited)	Six-month period ended 30 June 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	56,616	68,086
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets	(23,368)	(51,094)
Share of loss (profit) of associates and joint ventures	-	(184)
Profit on disposal of assets	-	-
Foreign exchange differences loss/(gain), net	(294)	4,158
Finance income	(158)	(92)
Finance cost	14,311	13,013
Share based payment (income) / expenses	(1,373)	2,215
Depreciation and amortization	266	216
Operating cash before working capital changes	46,000	36,318
Increase in trade receivables, prepayments and other current assets	(1,158)	(85)
Decrease/ (increase) in inventory and residential land bank	3,755	(1,801)
Increase/(decrease) in advances received	(1,567)	2,947
Increase in deposits from tenants	(92)	1,439
Increase/(decrease) in trade and other payables	(693)	(477)
Cash generated from operations	46,245	38,341
Tax paid in the period	(4,623)	(2,101)
Net cash flows from operating activities	41,622	36,240
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(59,337)	(69,199)
Decrease in short term deposits	15,515	-
Purchase of subsidiary	(37,846)	(12,500)
Purchase of completed assets and land	-	(10,525)
Decrease/(Increase) in Escrow accounts for purchase of assets	461	(7,444)
Sale of investment property	13,613	1,731
Sale of subsidiaries	-	37,545
Sale of shares in associate	-	1,250
VAT on purchase/sale of investment property	1,067	(3,498)
Interest received	40	71
Loans repayments	813	812
Net cash flows from/(used in) investing activities	(65,674)	(61,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	135,967	106,035
Repayment of long-term borrowings	(82,752)	(48,075)
Dividends paid	(9,752)	(8,061)
Interest paid	(13,525)	(12,440)
Loans origination cost	(1,180)	(1,474)
Loan granted to non-controlling interest	(9,393)	-
Decrease/(increase) in blocked deposits	(1,967)	794
Net cash from/(used in) financing activities	17,398	36,779
Effect of foreign currency translation	(1,812)	1,232
Net increase / (decrease) in cash and cash equivalents	(8,466)	12,494
Cash and cash equivalents at the beginning of the period	148,746	149,812
Cash and cash equivalents at the end of the period	140,280	162,306

Management Board Thomas Kurzmann (Chief Executive Officer) Erez Boniel (Chief Financial Officer)	Supervisory Board Alexander Hesse (Chairman) Olivier Brahini Jan-Christoph DÜDDEN Mariusz Grendowicz Ryszard Koper Marcin Murawski Katharina Schade
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Registered office of the Company

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Poland

Warsaw, Poland

Date: 23 August 2018

Sponsor: Investec Bank Limited