



2018 RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

GROSS MARGIN FROM RENTAL ACITIVITY	PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENTS	FFO I	EPRA NAV
EUR 111M	EUR 65M	EUR 61M	EUR 1,170M
+22%	+47%	+29%	+9%
2018 FINANCIAL HIGHLIGHTS		2018 PORTFOLIO HIGHLIGHTS	
<ul style="list-style-type: none"> 🌐 In-place rent increased by 18% to EUR 130m 🌐 Gross margin from rental activity up by 22% to EUR 111m 🌐 FFO I increased 29% to EUR 61m, FFO per share at EUR 0.13 🌐 Operating profit: 47% increase in profit before tax and fair value adjustments, to EUR 65m 🌐 Profit after tax of EUR 92m, earnings per share of EUR 0.19 🌐 EPRA NAV up by 9% to EUR 1,170m as at 31 December 2018, EPRA NAV per share at EUR 2.42 (PLN 10.4) 🌐 Proposed dividend from 2018 profits increased by 12% to PLN 0.37 🌐 Solid financial performance <ul style="list-style-type: none"> ○ 13 loans were raised or refinanced, totaling approx. EUR 400m ○ LTV at 45% ○ Weighted Average Interest Rate at historic low- 2.7% ○ Investment grade rating (A2.il) for new bonds 		<ul style="list-style-type: none"> 🌐 Completion of Green Heart office buildings, Belgrade (21,600 sq m) and GTC White House office building, Budapest (21,500 sq m) 🌐 Acquisition of Mall of Sofia (32,700 sq m) 🌐 188,700 sq m of newly leased or released space (43% more than in 2017) 🌐 Occupancy kept high at 94% (including GTC White House) 🌐 Construction of 8 office and retail properties (113,000 sq m) commenced in 2018 and will be completed in 2019-2020. Upon completion and stabilization they shall increase the in-place rent by almost EUR 25m 🌐 Another 7 properties planned to commence construction during 2019-2020 	

OPERATING PERFORMANCE

2018	Reported	Variance %
Gross margin from rental activity	EUR 111m	+22%
Profit for the period	EUR 92	-42%
Earnings per share	EUR 0.19	-44%
FFO I	EUR 61m	+29%
Total portfolio	EUR 2,202	+12%
Net debt	EUR 992m	+20%
Net LTV	45%	+6%
EPRA NAV/share	EUR 2.42	+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 real estate investor and developer focusing on Poland and five 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 31 December 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 151 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 31 December 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 682 thousand sq m of GLA, of which the Group’s proportional interest amounts to approximately 672 thousand sq m of GLA;
- eight commercial buildings under construction, including seven office buildings and one shopping mall with total GLA of approximately 113 thousand sq m, of which the Group’s proportional interest amounts to 113 thousand sq m of GLA;
- one completed asset held for sale with a total office space of approximately 21.5 thousand sq m of GLA;
- commercial landbank designated for future development; and
- residential landbank designated for sale.

As of 31 December 2018, the book value of the Group’s portfolio amounts to €2,201,962 with: (i) the Group’s completed commercial properties account for 81% thereof; (ii) commercial properties under construction – 9%; (iii) a commercial landbank intended for future development – 6%; (iv) assets held for sale – 3%, and (v) residential projects and landbank account for 1%. Based on the Group’s assessment approximately 99% of the portfolio is core and remaining 1% is non-core assets, including non-core landplots and residential projects.

Additionally, the Group manages third party asset 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 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 optimizing 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 2018, GTC plans to distribute (upon approval of Annual Shareholder Meeting) PLN 0.37 / share from 2018 profits in the form of dividend subject to Annual Shareholder Meeting decision. The dividend 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.

COMMENTARY

The management board presents annual condensed consolidated results for the 12 months ended 31 December 2018.

KEY OPERATING ACHIEVEMENTS IN 2018

Offices: Completions and strong leasing activity:

- Completion and lease of new offices
 - **Green Heart**, Belgrade (21,600 sq m) redevelopment completed in March 2018, 81% leased
 - **GTC White House**, Budapest (21,500 sq m) completed in June 2018, now 100% leased
- **157,300 sq m** of lettings and renewals
 - 62% more than in 2017
 - Strong leasing activity in each country
 - Occupancy at 93% despite new completions
- Sustainability as priority
 - Platinum LEED for **GTC White House**
 - BREEAM excellent for **Francuska Office Centre**
 - **69%** offices with green certificates
 - **19%** offices under certification
- Committed **supply of high quality space** in 2019
 - **Green Heart** (2 buildings), Belgrade
 - **Advance Business Centre I**, Sofia

Retail: Operational outperformance:

- Acquisition of **Mall of Sofia**
 - 22,400 sq m of retail and 10,300 of office space
 - In-place rent of EUR 8m
- Leasing activity of **31,400 sq m**
 - Driven by pre-lease of **Ada Mall to 91%**
- Operational outperformance
 - **Mall of Sofia**: in only 5 months since acquisition improved turnover by 12%, investment in repositioning in combination with reinforced and focused marketing activities will increase further the turnover and open room for increased rents
 - **Avenue Mall Zagreb**: active renewal negotiations with major anchor tenants prove the

- sustainability of the mall
- **Galeria Jurajska**: increased footfall despite more closed Sundays and strong increase in turnover paired with full occupancy will result in further rent increase in 2019
- **Galeria Północna**: steadily increasing loyal customer base triggers a strong average year on year turnover increase of 20% for the last 3 months to February 2019. New openings will further increase the attractiveness of the mall
- Well positioned in current markets
 - **Occupancy of 95%**
- Committed supply of high quality space in 2019
 - **Ada Mall, Belgrade**

KEY FINANCIAL HIGHLIGHTS IN 2018

Rental and service revenues

- **Increased strongly to EUR 149m** from EUR 123m in 2017
Reflects improvement in rental revenue through completion and leasing of FortyOne III, Galeria Północna, Artico, which were completed in the second half of 2017 as well as GTC White House which was completed in Q2 2018. These buildings contributed EUR 16m to the recurring rental income. Additionally, the acquired in Q3 2017, Cascade Office Building, Belgrade Business Center and Mall of Sofia, which was acquired in Q2 2018, contributed EUR 9m to the recurring rental income. 2018, contributed EUR 6.9m to the recurring rental income.

Gross margin from operations

- **Increased EUR 112m** from EUR 92m in 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 40m** as compared to EUR 149m in 2017
Main contributors to the revaluation gain were assets under construction: Ada Mall, White House, Green Heart and Advance Business Center as well as Galeria Jurajska.

Financial expenses

- **Average interest rate down to 2.7%** thanks to refinancing activity and hedging strategy.
- **Financial expenses remain stable at EUR 30m** despite an increase in loan portfolio

Provision for Tax

- **Provision for tax amounted to EUR 14m** as compared to EUR 32m of tax benefit in 2017
Taxation consist of €6m of current tax expenses and EUR 7m of deferred tax expenses.

Net profit

- **Profit before tax and fair value adjustments improved significantly by 47% to EUR 65m** reflecting strong operating performance and operational excellence. The **net profit** amounted to **EUR 92m**.
- **Earnings per share** at EUR 0.19 compare to EUR 0.34 in 2017.

Funds From Operations (FFO I)

- **At EUR 61m** compared to EUR 47m in 2017, supporting proposed dividend of PLN 0.37 per share which

is ca. 67% of the FFO

GAV*

- 🌐 **At €2,201m as of 31 December 2018** (€1,955m as of 31 December 2017) thanks to acquisition of assets, investment in assets under construction and revaluation gains

EPRA NAV / share

- 🌐 **Up by 6% to EUR 2.42** from €2.28 on 31 December 2017

Corresponding to **EPRA NAV of €1,170m** compared to EUR 1,073m as of 31 December 2017.

Total bank debt and financial liabilities**

- 🌐 **At EUR 1,112m** compared to EUR 1,031m as of 31 December 2017
- 🌐 **Weighted average debt maturity of 3.9 years** and **average cost of debt of 2.7% p.a.**
- 🌐 **LTV at 45%** (42% on 31 December 2017)
- 🌐 **Interest coverage ratio at 4.0x** (3.5x on 31 December 2017)

Cash and cash equivalents

- 🌐 **Cash balance of EUR 80m** as of 31 December 2018

*Including investment properties, landbank, completed assets held for sale and building for own use.

** Excluding loans from non-controlling interest and deferred issuance debt expenses.

The full consolidated financial statements for the year ended 31 December 2018 are posted on the Company's website www.ir.gtc.com.pl

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 the 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 no difference between International Financial Reporting Standards applying to these consolidated financial statements and International Financial Reporting Standards endorsed by the European Union.

Annex 1 Consolidated Statement of Financial Position as at 31 December 2018
(in thousands of euro)

	31 December 2018	31 December 2017
ASSETS		
Non-current assets		
Investment property	1,981,961	1,797,583
Investment property landbank	131,107	139,258
Residential landbank	12,698	12,698
Investment in associates and joint ventures	-	1,303
Property, plant and equipment	6,712	6,847
Deferred tax asset	52	-
Other non-current assets	129	86
	2,132,659	1,957,775
Loan granted to non-controlling interest partner	10,282	-
Total non-current assets	2,142,941	1,957,775
Assets held for sale	76,196	4,336
Current assets		
Residential inventory	-	3,755
Accounts receivables	4,449	4,367
Receivables related to expropriation of land	4,917	-
Accrued income	1,066	1,093
VAT receivable	5,156	6,618
Income tax receivable	1,233	619
Prepayments and deferred expenses	1,401	1,767
Escrow account	-	777
Short-term deposits	39,109	52,756
Cash and cash equivalents	80,456	148,746
	137,787	220,498
TOTAL ASSETS	2,356,924	2,182,609

Annex 1 Consolidated Statement of Financial Position as at 31 December 2018 (cont.)
(in thousands of euro)

	31 December 2018	31 December 2017
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	(4,542)	(2,365)
Foreign currency translation	1,680	2,323
Accumulated profit	496,996	441,977
	1,015,751	937,036
Non-controlling interest	5,044	4,226
Total Equity	1,020,795	941,262
Non-current liabilities		
Long-term portion of long-term borrowing	993,453	907,704
Deposits from tenants	10,375	8,960
Long term payable	3,045	2,621
Provision for share based payment	4,533	5,744
Derivatives	3,736	1,360
Provision for deferred tax liability	139,120	125,827
	1,154,262	1,052,216
Current liabilities		
Investment and trade payables and provisions	50,499	50,505
Current portion of long-term borrowing	121,894	126,381
VAT and other taxes payable	1,636	1,516
Income tax payable	1,114	1,843
Derivatives	1,887	2,035
Advances received	4,837	6,851
	181,867	189,131
TOTAL EQUITY AND LIABILITIES	2,356,924	2,182,609

Annex 2 Consolidated Income Statement for the year ended 31 December 2018
(in thousands of euro)

	Year ended 31 December 2018	Year ended 31 December 2017
Rental revenue	110,530	91,084
Service charge revenue	38,853	31,525
Residential revenue	4,578	6,128
Service charge costs	(38,510)	(32,081)
Residential costs	(3,868)	(4,515)
Gross margin from operations	111,583	92,141
Selling expenses	(2,148)	(2,111)
Administration expenses	(10,236)	(15,242)
Profit from revaluation/ impairment of assets	40,125	148,562
Other income	1,567	1,484
Other expenses	(4,885)	(2,806)
Profit/(Loss) from continuing operations before tax and finance income / expense	136,006	222,028
Foreign exchange differences gain/(loss), net	(240)	(4,906)
Finance income	376	234
Finance cost	(30,184)	(28,848)
Share of profit/(loss) of associates and joint ventures	-	184
Profit/(loss) before tax	105,958	188,692
Taxation	(13,938)	(32,094)
Profit/(Loss) for the year	92,020	156,598
Attributable to:		
Equity holders of the Company	91,202	156,300
Non-controlling interest	818	298
Basic earnings per share (in Euro)	0.19	0.34

Annex 3 Consolidated Statement of Cash Flow for the year ended 31 December 2018
(in thousands of euro)

	Year ended 31 December 2018	Year ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	105,958	188,692
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	(40,125)	(148,562)
Share of loss / (profit) of associates and joint ventures		(184)
Loss / (profit) on disposal of asset		-
Foreign exchange differences loss/(gain), net	240	4,906
Finance income	(376)	(234)
Finance cost	30,184	28,848
Provision for share based payment loss/(profit)	(1,211)	3,698
Depreciation	558	529
Operating cash before working capital changes	95,228	77,693
Decrease in accounts receivables and prepayments and other current assets	674	594
Decrease in residential inventory	3,755	1,737
Increase in advances received	(2,788)	2,578
Increase in deposits from tenants	725	1,486
Increase (decrease) in trade payables	(1,399)	505
Cash generated from operations	96,195	84,593
Tax paid in the period	(7,897)	(3,915)
Net cash from operating activities	88,298	80,678
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(112,462)	(155,204)
Purchase of completed assets and land	(16,450)	(62,108)
Decrease in short term deposits	17,944	-
Increase (decrease) in escrow accounts for purchase of assets	777	(777)
Sale (including advances) of investment property	13,613	4,499
VAT/tax on purchase/sale of investment property	1,303	10,953
Sale of subsidiary	-	37,545
Purchase of subsidiary	(37,846)	(15,896)
Purchase of non-controlling interest	-	(352)
Sale of shares in associates	1	1,250
Interest received	130	161
Loans repayments from associates	1,300	1,625
Net cash used in investing activities	(131,690)	(178,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of dividend	(9,752)	(8,061)
Proceeds from long-term borrowings	191,224	258,268
Repayment of long-term borrowings	(162,104)	(100,343)
Interest paid	(28,093)	(26,241)
Loans origination payment	(2,132)	(3,573)
Loans granted to non-controlling interest	(10,036)	-
Decrease/(Increase) in short term deposits	(2,276)	(24,831)
Net cash from /(used) in financing activities	(23,169)	95,219
Net foreign exchange difference	(1,729)	1,341
Net increase/ (Decrease) in cash and cash equivalents	(68,290)	(1,066)
Cash and cash equivalents at the beginning of the period	148,746	149,812
Cash and cash equivalents at the end of the period	80,456	148,746

<p>Management Board Thomas Kurzmann (Chief Executive Officer) Erez Boniel (Chief Financial Officer)</p>	<p>Supervisory Board Alexander Hesse (Chairman) Olivier Brahin Jan-Christoph DÜdden Mariusz Grendowicz Patrick Haerle Ryszard Koper Marcin Murawski Katharina Schade Ryszard Wawryniewicz</p>
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Registered office of the Company

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Poland

Warsaw, Poland

Date: 21 March 2019

Sponsor: Investec Bank Limited