

GTC EXECUTES ITS GROWTH STRATEGY

NOI MARGIN	FFO	EPRA NAV	NET DEBT	NET LTV
75%	€38M	€779M	€522M	39%
+100bps	+38%	+27%	-25%	-146bps

EXECUTION OF THE GROWTH STRATEGY

- 🌐 Restructuring and repositioning completed and execution of the growth strategy started
- 🌐 Capital increase, net, of €138m successfully completed; €88m already invested
- 🌐 Progress in development portfolio: 90,000 sq. m NLA in advanced construction stage in three projects with substantial pre-leasing
 - Galeria Północna in Warsaw to be completed in Q2 2017
 - University Business Park in Łódź to be completed in Q2 2016
 - Second phase of Fortyone in Belgrade to be completed in Q3 2016
- 🌐 5 projects in the planning/permitting stage: Galeria Wilanów, White House, Ada Mall, Fortyone phase 3 and Osiedle Konstancja
- 🌐 Acquisition of income producing properties with a GAV of €102m
 - Duna Tower in Budapest
 - Pixel in Poznań
 - Buyout of minority partner in City Gate in Bucharest

2015 HIGHLIGHTS

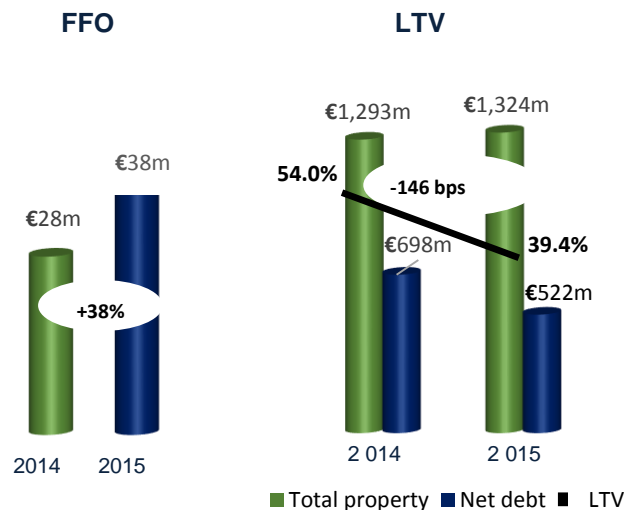
- 🌐 NOI at €80m in 2015 (€81m in 2014); NOI margin at 75% in 2015 (74% in 2014)
- 🌐 Revaluation gain of €26m (loss of €194m in 2014) driven by projects under construction
- 🌐 Profit before tax at €56m in 2015 (loss of €195m in 2014)
- 🌐 FFO up to €38m in 2015 (€28m in 2014)
- 🌐 Net LTV down to 39% (54% as of 31 Dec. 2014)
- 🌐 Interest cover at 3x (2.1x as of 31 Dec. 2014)

OPERATING PERFORMANCE

2015	Reported	V% (y-o-y)
NOI	€80m	-1%
NOI margin	75%	100bps
EBITDA	€67m	-2%
Profit before tax	€56m	n/a
FFO	€38m	+38%
Total property	€1,324m	+2%
Net LTV	39.4%	-146bps
EPRA NAV	€779m	+27%

PORTFOLIO UPDATE

- Completion of Fortyone office building in Belgrade
Acquisition of Duna Tower
- Acquisition of Pixel office building (January 2016)
- 90,000 sq. m NLA under construction in three projects
- 107,000 sq. m of office and retail space newly leased and renewed
- Occupancy kept at 92% level
- Total property at €1,324m as of 31 Dec. 2015
- EPRA NAV up to €779m which translates into EPRA NAV per share at €1.69



"2015 has been a challenging but also very rewarding year for GTC. It marks a key milestone in GTC's history. After a harsh, but overall highly successful restructuring program, GTC has now completed its strategic repositioning and it has once more revived as a major, profitable and acquisitive market player in its CEE & SEE target markets." – **Thomas Kurzmann, GTC's CEO** said. "In 2015, we worked intensively on our portfolio in order to keep its overall occupancy at the level of 92%, we accelerated the development and pre-letting of our major projects: Galeria Pólnocna Warsaw, the second phase of University Business Park Office in Lodz and the second phase of Fortyone office Park in Belgrade with a total investment volume of €200 million. With proceeds from a very successful capital increase we have been able to re-entered the acquisition trail as outlined in our strategy completing 3 acquisitions with a total volume of €102m. The positive developments in our operating business have also translated into solid financial results in 2015. In 2016, GTC will focus again on improving the performance of our portfolio of income producing assets as well as completing our development projects under construction. In line with our growth strategy, we also plan to further expand our core portfolio through selected opportunistic acquisitions of value-add income producing properties and new development projects in our core markets." – **Mr. Kurzmann** added.

FINANCIAL HIGHLIGHTS

Total revenues were at the level of **€117m in 2015** compared to €124m in 2014 mostly due to disposal of assets, as well as slow down of residential sales due to significant decrease in the available inventory.

NOI was at the level of **€80m in 2015** compared to €81m in 2014 mostly due to sale of Kazimierz Office Center Galleria Buzau, Jarosova and Avenue Mall Osijek. **NOI margin** was up to **75% in 2015** compared to 74% in 2014. New completions and recent acquisitions will contribute to the NOI in 2016.

Administrative expenses, excluding provision for stock based program decreased to **€10m in 2015** mostly due to optimization of certain cost items. Mark-to-market of phantom shares program resulted in recognition of cost of €1m in 2015 compared to recognized income of €3m in 2014.

Net profit from the revaluation of the investment properties and impairment of residential projects amounted to **€26m** in 2015 as compared to a net loss of €194m in 2014 and was mainly driven by projects under construction: Galeria Pólnocna, University Business Park and Fortyone.

Net financial expenses decreased sharply to **€29m** in 2015 from **€42m** in 2014 mainly due to deleveraging activity, restructuring of loans and repayment of loan related to Kazimierz Office Centre following its sale and repayment of loan related to Felicity project following the restructuring arrangement with the lender. The decrease was also supported by low Euribor environment and resulted in a decrease in **average borrowing cost** to **3.4% in 2015** from 4.2% 2014.

Profit before tax was at **€56m in 2015** compared to a loss of €195m in 2014 mostly due to recognition of profit from the revaluation of the investment properties and impairment of residential projects of €26m combined with significant decrease in net financial expenses.

Tax provision was **€12m in 2015** and consisted of €7m of current tax expenses and €5m of deferent tax expenses.

Net profit was **€44m in 2015**, as compared to a net loss of €207m in 2014.

FFO up to €38m in 2015 from €28m in 2014 mostly due to a significant decrease in interest and hedging expenses.

Value of the properties was up to **€1,324m as of 31 December 2015** compared to €1,293m as of 31 December 2014 due to acquisition of Duna Tower and recognition of cost and valuation gain on projects under construction partially offset by the disposal of Kazimierz Office Centre and other non-core assets. **79%** of total portfolio is income generating, while other 8% is under construction.

Total bank debt and financial liabilities down to **€717m as of 31 December 2015** from €811m as of 31 December 2014. The weighted average debt maturity was **3.6 years** and the average cost of debt is down to **3.4% p.a.**

Cash and cash equivalents increased to **€169m as of 31 December 2015** from €81m as of 31 December 2014, mainly due recognition of proceeds from the issue of shares in the net amount of €138m, which were partially offset by acquisition of Duna Tower in the amount of €53m (including acquisition cost) and investment of €34m mainly in Galeria Północna, University Business Park, Fortyone and Ada Mall projects.

Loan to value ratio was at the level of **39.4% as at 31 December 2015** compared to 54% as at 31 December 2014.

EPRA NAV was up to **€779m in 2015** from €614m in 2014, corresponding to an **EPRA NAV** per share at **€1.69**

Interest coverage was at **3.0x as at 31 December 2015** compared to 2.1x as at 31 December 2014.

KEY ACHIEVEMENTS

Execution of the growth strategy

Successful completion of loan restructuring, and capital increase designated to fund acquisition and development program

Accelerated development and acquisitions

107.000 sq. m of office and retail space newly leased and renewed

Execution of the growth strategy

2015 was a year when GTC proved its clear commitment to the revised growth strategy and ability to execute company's mission to invest in assets with upscale potential in order to create profit from active management of a growing commercial real estate portfolio in the CEE and SEE regions. It was widely appreciated by the investors and translated into positive GTC share price performance for the period. With the debt restructuring completed, management structure optimized and efficient, and finally the capital increase completed, GTC started the execution of the growth strategy, focused on development of selected projects and acquisition of value add properties in its core markets.

In 2016, GTC will continue to focus on improving the core asset portfolio as well as further developing commercial projects. In line with the growth strategy, GTC also plans to further expand the core portfolio through selected opportunistic acquisitions of value-added properties in its core markets.

Successful completion of capital increase to fund acquisition and development program

Following the shareholders' consent, GTC issued 108,906,190 series K shares with pre-emptive rights at PLN 5.47 per share. The share offering was more than 34% oversubscribed. The proceeds from the share issue will fund the development of GTC's promising projects, including Galeria Wilanów in Warsaw, University Business Park in Łódź and

the second phase of the Fortyone project in Belgrade. Acquisitions and development projects will enable GTC to further increase its real estate portfolio value and financial results. Additionally, GTC has carefully selected a number of potential acquisition targets that meet its investment criteria. The company plans to invest in properties with value-added potential that can be realized through its regional platform and asset management skills. The acquisition targets are located in Poland and capital cities in the CEE and SEE region. GTC plans to acquire assets in the office and retail sectors.

Accelerated development

In the past 12 months GTC not only focused on managing the core office and retail properties, but also accelerated the development. In October GTC officially opened the first building in its new office complex in Belgrade – Fortyone. The building of over 10,700 sq. m has already reached 88% of occupancy.

Currently GTC is working on development and pre-letting of three major projects:

- Galeria Północna – a shopping centre in Warsaw with a total investment volume of €170 million
- a second phase of the University Business Park Office in Łódź, with a total investment volume of €15 million
- a second phase of Fortyone, an office building in Belgrade with a total investment cost of €11 million.

With 90,000 sq. m of NLA under construction in three projects, GTC moves full steam ahead with its' strategy to meet the needs of its tenants, current and prospective. The unique competitive advantage of GTC projects is confirmed by high pre-letting of all the projects, reaching over 60% commercialization, in case of Galeria Północna, taking into account signed rental agreements and letters of intent.

Acquisition of income producing properties with a gross assets value of €102m

In November 2015, GTC acquired the Duna Tower, a landmark office building that dominates the skyline of Budapest's Váci Corridor (Hungary). The portfolio expansion strategy was confirmed in December the same year when GTC signed a preliminary agreement to acquire Pixel, an iconic and unique office building located in Poznań (Poland). Both assets are located in attractive business locations and benefit from an improving office market environment. In addition, GTC increased its stake in the City Gate – a landmark office project in Bucharest – to 100% by buying out our minority partner.

These purchases, together with the developments, reinforces the company's profile as a leading investor and developer in the region.

107.000 sq. m of office and retail space newly leased and renewed

In 2015, GTC worked intensively on developing its portfolio in order to keep an already impressive overall occupancy at the level of 92%. In the office portfolio, GTC successfully let a total of 68.400 sq. m, thus improving the office occupancy rate by 100 bps to 93%. In the retail portfolio, the letting result was 39.100 sq. m, including 18.800 sq. m of pre-letting in the newly developed Galeria Północna and planned Galeria Wilanów, which put GTC's occupancy at the level of 89%.

	31 December 2015	31 December 2014
ASSETS		
Non-current assets		
Investment property	1,288,529	1,221,319
Residential landbank	26,773	41,444
Investment in associates and joint ventures	23,067	96,046
Property, plant and equipment	1,070	1,480
Deferred tax asset	647	2,245
Other non-current assets	386	639
	<u>1,340,472</u>	<u>1,363,173</u>
Assets held for sale	5,950	6,654
Current assets		
Residential inventory	3,161	23,539
Accounts receivables	5,505	5,035
Accrued income	1,655	1,358
VAT and other tax receivable	4,985	1,840
Income tax receivable	316	429
Prepayments and deferred expenses	1,323	2,268
Short-term deposits	26,711	31,705
Cash and cash equivalents	169,472	81,063
	<u>213,128</u>	<u>147,237</u>
TOTAL ASSETS	<u><u>1,559,550</u></u>	<u><u>1,517,064</u></u>

	31 December 2015	31 December 2014
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,410	7,849
Share premium	499,288	364,228
Capital reserve	(20,646)	8,392
Hedge reserve	(4,563)	(3,839)
Foreign currency translation	1,405	1,128
Accumulated profit	156,647	111,455
	642,541	489,213
Non-controlling interest	(21,339)	(62,032)
Total Equity	621,202	427,181
Non-current liabilities		
Long-term portion of long-term loans and bonds	658,744	802,631
Deposits from tenants	6,242	5,415
Long term payable	4,621	3,391
Provision for share based payment	1,152	289
Derivatives	2,755	2,892
Provision for deferred tax liability	133,455	130,062
	806,969	944,680
Current liabilities		
Trade and other payables and provisions	28,774	19,650
Payables related to purchase of non-controlling interest	18,108	-
Current portion of long-term loans and bonds	80,368	119,560
VAT and other taxes payable	1,572	1,736
Income tax payable	363	521
Derivatives	2,194	3,152
Advances received from residential	-	584
	131,379	145,203
TOTAL EQUITY AND LIABILITIES	1,559,550	1,517,064

	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	117,363	124,284
Cost of operations	(37,333)	(43,155)
Gross margin from operations	80,030	81,129
Selling expenses	(2,721)	(2,884)
Administration expenses	(11,045)	(8,781)
Profit/(Loss) from revaluation/ impairment of assets	27,611	(160,325)
Impairment of residential projects	(1,389)	(34,079)
Other income	1,645	3,145
Other expenses	(2,430)	(2,529)
Profit/(Loss) from continuing operations before tax and finance income / expense	91,701	(124,324)
Foreign exchange differences gain/(loss), net	1,394	(93)
Finance income	3,849	3,904
Finance cost	(33,205)	(46,441)
Share of loss of associates and joint ventures	(8,163)	(27,568)
Profit/(loss) before tax	55,576	(194,522)
Taxation	(11,937)	(12,868)
Profit/(Loss) for the period	43,639	(207,390)
Attributable to:		
Equity holders of the Company	45,192	(183,822)
Non-controlling interest	(1,553)	(23,568)
Basic earnings per share (in Euro)	0.12	(0.53)

	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(loss) before tax	55,576	(194,522)
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	(26,222)	194,404
Share of loss of associates and joint ventures	8,163	27,568
Profit on disposal of asset	(1,014)	(4)
Foreign exchange differences loss/(gain), net	(1,394)	(445)
Finance income	(3,849)	(3,904)
Finance cost	33,205	46,441
Share based payment loss/(profit)	863	(2,538)
Depreciation and amortization	509	499
Operating cash before working capital changes	65,837	67,499
Increase in accounts receivables and prepayments and other current assets	(1,340)	(1,680)
Decrease in residential inventory	10,263	12,895
Decrease in advances received from residential	(545)	(2,082)
Increase in deposits from tenants	663	17
Increase/(decrease) in trade and other payables	966	(945)
Cash generated from operations	75,844	75,704
Tax paid in the period	(2,735)	(2,452)
Net cash from operating activities	73,109	73,252
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(33,519)	(25,821)
Purchase of completed investment property	(53,080)	-
Sale of investment property	42,665	10,614
Sale residential landbank and inventory	8,504	-
Tax/VAT Paid	(4,571)	-
Sale of subsidiary	13,032	-
Purchase of subsidiary	(191)	-
Purchase of minority	(800)	(279)
Interest received	1,279	2,019
Lease origination expenses	-	(208)
Liquidation of Joint Ventures	3,890	-
Loans granted	(288)	(566)
Loans repayments	244	330
Net cash used in investing activities	(22,835)	(13,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	140,102	53,680
Share issuance expenses	(2,481)	(841)
Proceeds from long-term borrowings	62,947	124,494
Repayment of long-term borrowings	(137,970)	(149,409)
Repayment of hedge	(1,928)	(20,762)
Interest paid	(26,708)	(38,456)
Loans origination cost	(1,148)	(1,561)
Decrease/(Increase) in short term deposits	4,558	(89)
Net cash from /(used) in financing activities	37,372	(32,944)
Effect of foreign currency translation	763	(1,773)
Net increase in cash and cash equivalents	88,409	24,624
Cash and cash equivalents at the beginning of the period	81,063	56,439
Cash and cash equivalents at the end of the period	169,472	81,063

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 35 commercial real estate projects providing approx. 650,000 sq. m of office and retail space to its highly demanding tenants and customer in Poland, Serbia, Hungary, Romania, Croatia, Bulgaria, Slovakia and the Czech Republic.

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

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