

RECORD 2017 RESULTS PAVE THE WAY FOR FURTHER SUBSTANTIAL GROWTH

Target to double EPRA NAV / share in 4-5 years

EPRA NAV/SHARE	FFO I/SHARE	EARNINGS/ SHARE	NET LTV
€2.28	€0.10	€0.34	42%
+17%	+11%	+0%	-100bps

2017 HIGHLIGHTS

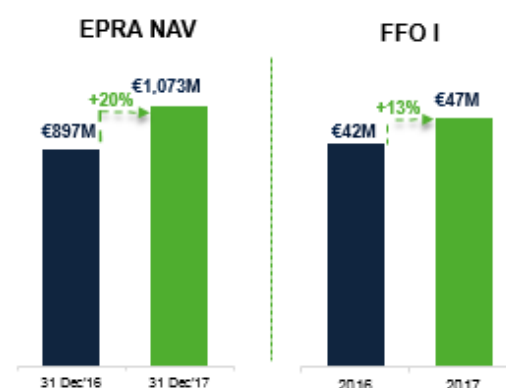
- Profit before tax up by 51% to €189m (€125m in 2016), earnings per share at €0.34, return on equity of 18%
- EPRA NAV increased 20% to €1,073m (€897m as of 31 December 2016)
- EPRA NAV / share increased 17% to €2.28 as of 31 December 2017 (€1.95 as of 31 December 2016)
- Gross margin from rental activity up by 5% to €91m (87m in 2016)
- In – place NOI up 20% to €110m
- FFO I increased 13% to €47m (€42m in 2016), FFO I / share at €0.10
- Recommended dividend of PLN 0.33/share, DPS up 22%
- Average interest rate down to 2.8% p.a. from 3.2% p.a. in 2016, interest cover at 3.5x
- Net LTV down to 42% from 43% in 2016
- €79m of bonds and corporate loan issued in 4 tranches, 3 new construction loans for the total amount of €151m, 7 refinanced loans for a total amount of €333m; PLN 196m bonds repaid in two tranches (May and October)

OPERATING PERFORMANCE

	2017	Reported	V%
GMRA	€91m		+5%
EBITDA	€78m		+16%
Profit before tax	€189m		+51%
FFO I	€47m		+13%
Total property	€1,958m		+21%
Net debt	€829m		+16%
Net LTV	42%		-100bps
EPRA NAV/share	€2.28		+17%

PORTFOLIO UPDATE

- Completions boost GAV and rent income
 - €105m development profit
- Acquisition of income generating properties boosting rent income
 - Belgrade Business Center of 17,700 sq. m in Belgrade in September 2017
 - Cascade office building of 4,200 sq. m in Bucharest in August 2017
 - Total investment of €46m
- Strong asset management



- €43m revaluation gain
- Occupancy at 94% (94% as at 31 December 2016)
- 132,000 sq. m of office and retail space newly leased and renewed in 2017

🌐 **Additional in place rent of €18m annually (+20% vs. 2016) net of asset sales**

🌐 Commencement of construction of 5 projects with over 128,000 sq. m GLA; out of which 49,000 sq. m to be completed in 2018

- GTC White House (Budapest)
- part of Green Heart (Belgrade)

🌐 and 79,000 sq. m to be completed in 2019

- Ada Mall (Belgrade)
- part of Green Heart (Belgrade)
- Advance Business Centre I (Sofia)
- Matrix A (Zagreb)

🌐 Construction for 5 projects to start in next 12 months, with 128,400 sq. m of office space

*“Our great 2017 results were driven by completion of developments and further acquisitions supported by excellent asset management of the existing portfolio. The result is significant NAV growth and strong FFO improvement” – said **Thomas Kurzmann, GTC’s CEO.** “This year we will keep the momentum and expect a high volume of development completions again and more accretive acquisitions boosting financial key parameters again to record heights. We managed to secure attractive land plots for projects in the CBD’s of Budapest, Sofia and Zagreb providing for continuation of GTC’s expansion. We expect continuous economic growth in all of our 6 countries of operation, as we saw it in the last 2 – 3 years. On this basis we intend to considerably grow our portfolio with our existing platform and target to double our EPRA NAV /share in next 4-5 years” – he added.*

*“Through expanding our portfolio, increasing its financing capacity and self-propelling growth, we provide an attractive value creation to our shareholders. Our cash flow from operation is ever growing. With the completion of two assets at the end of 2017 and expected completions in the coming 18 months, we are able to deliver stronger dividend growth than communicated to the market last year. Being confident of our growth path, we recommend a dividend of PLN 0.33 per share to be paid from 2017 profits. This reflects a 22% DPS growth. As in the past, we would recommend to allow the shareholders to reinvest their dividend money in GTC’s new shares, if they elect to do so” – added **Erez Boniel, GTC’s CFO.***

KEY OPERATING ACHIEVEMENTS IN 2017

Completions, acquisitions and asset management boost profit and NOI:

🌐 **Completions boost GAV and rent income**

- €105m development profit

🌐 **Acquisition of income generating properties boosting rent income**

- Belgrade Business Center of 17,700 sq. m in Belgrade in September 2017
- Cascade office building of 4,200 sq. m in Bucharest in August 2017
- Total investment of €46m

🌐 **Strong asset management:**

- €43m revaluation gain
 - **Galeria Jurajska** shows record high occupancy with strong growth momentum on footfall and turnover triggering revaluation

Expected NAV and FFO growth from development activity:

- gain based on NOI improvement of €24m
- **Duna Tower** and **CenterPoint** appreciate NOI increase on lease renewals to boost revaluation gain of €8m due to increase of NOI
- Occupancy at 94% (94% as at 31 December 2016)
- 132,000 sq. m of office and retail space newly leased and renewed in 2017
- 🌐 **Additional in place rent of €18m annually (+20% vs. 2016) net of asset sales**
- 🌐 Commencement of construction **5 projects** with over **128,000 sq. m GLA** out of which **49,000 sq. m** to be completed in **2018**:
 - **GTC White House (Budapest)**
 - **part of Green Heart (Belgrade)**
- 🌐 and **79,000 sq. m** to be completed in 2019:
 - **Ada Mall (Belgrade)**
 - **part of Green Heart (Belgrade)**
 - **Advance Business Centre I (Sofia)**
 - **Matrix A (Zagreb)**
- 🌐 Construction for **5 projects** to start in next 12 months, with **128,400 sq. m** of office space
- 🌐 Additional **6 projects** in the planning stage with over **114,000 sq. m** of office space and **61,000 sq. m** of retail space (Warsaw, Budapest, Bucharest and Sofia)

KEY FINANCIAL HIGHLIGHTS IN 2017

Rental and service revenues

- 🌐 **Increased to €123m** from €114m in 2016

Reflects mainly leasing of University Business Park B, FortyOne II, as well as completion of FortyOne III and Galeria Północna which were opened to the public during the year 2017. These buildings contributed €7.3m to the recurring rental income in the period. Additionally, the acquired Cascade Office Building and Belgrade Business Centre contributed €1.6m to the recurring rental income in the period.

Net profit from development revaluation and impairment

- 🌐 **Increased to €149m** as compared to €85m in 2016

Reflects mainly revaluation gain on Galeria Północna, which was valued following its completion in September 2017 combined with value appreciation of income generating assets following an improvements in their occupancy, WALT and / or NOI (mostly Galeria Jurajska, Center Point I&II, Duna Tower, FortyOne III).

Financial expenses

- 🌐 Decreased slightly to **€29m** from €30m in 2016 despite significant increase in average level of debt

Cost of finance down to 2.8% (from 3.2%) due to decrease in average interest rate and change in hedging strategy

Taxation

- 🌐 **Tax amounted to €32m** as compared to €35m tax benefit in 2016

Taxation consist of €6m of current tax expenses and €26m of deferred tax expense and reflects mainly increased provision related to revaluation gain.

Net profit	<ul style="list-style-type: none"> 🌐 Net profit amounted to €157m compared to €160m in 2016 <p>Reflects mostly revaluation gain and improvement in operating results while the comparable 2016 net profit includes one-off tax benefit of €48m , following a merger of GTC S.A. with GTC Real Estate Investments Ukraine B.V. and GTC RH B.V.</p>
Funds From Operations (FFO I)	<ul style="list-style-type: none"> 🌐 At €47m compared to €42m in 2016 despite disposal of Galleria Stara Zagora and Galleria Burgas
Total property value	<ul style="list-style-type: none"> 🌐 At €1,958m as of 31 December 2017 (€1,624m as of 31 December 2016) due to an investment in assets that were completed during the year as well as assets under construction, acquisition of land plots and revaluation gain
EPRA NAV / share	<ul style="list-style-type: none"> 🌐 Up by 17% to €2.28 from €1.95 on 31 December 2016 <p>Corresponding to EPRA NAV of €1,073m compared to €897m as of 31 December 2016</p>
Financial liabilities	<ul style="list-style-type: none"> 🌐 At €1,034m compared to €893m as of 31 December 2016 🌐 Weighted average debt maturity of 4.3 years and average cost of debt of 2.8% p.a. 🌐 LTV at 42% (43% on 31 December 2016) 🌐 Interest coverage at 3.5x (3.5x on 31 December 2016) 🌐 €79m of bonds and corporate loan issued in 4 tranches 🌐 3 new construction loans for the total amount of €151m 🌐 7 refinanced loans for a total amount of €333m 🌐 PLN 196m bonds repaid in two tranches (May and October)
Cash and cash equivalents	<ul style="list-style-type: none"> 🌐 Strong cash position of €149m as of 31 December 2017 from €150m as of 31 December 2016

Annex 1 Consolidated Statement of Financial Position as at 31 December 2017
(in thousands of euro)

	31 December 2017	31 December 2016
ASSETS		
Non-current assets		
Investment property	1,797,583	1,501,770
Investment property landbank	139,258	102,905
Residential landbank	12,698	13,761
Investment in associates and joint ventures	1,303	3,803
Property, plant and equipment	6,847	6,002
Deferred tax asset	-	1,075
Other non-current assets	86	353
	<u>1,957,775</u>	<u>1,629,669</u>
Assets held for sale	4,336	-
Current assets		
Residential inventory	3,755	5,355
Accounts receivables	4,367	5,363
Accrued income	1,093	767
VAT receivable	6,618	17,389
Income tax receivable	619	652
Prepayments and deferred expenses	1,767	2,558
Escrow account	777	-
Short-term deposits	52,756	27,925
Cash and cash equivalents	148,746	149,812
	<u>220,498</u>	<u>209,821</u>
TOTAL ASSETS	<u>2,182,609</u>	<u>1,839,490</u>

31 December 2017

31 December 2016

EQUITY AND LIABILITIES**Equity attributable to equity holders of the Company**

Share capital	10,651	10,410
Share premium	520,504	499,288
Capital reserve	(36,054)	(35,702)
Hedge reserve	(2,365)	(3,631)
Foreign currency translation	2,323	1,872
Accumulated profit	441,977	315,195
	937,036	787,432

Non-controlling interest	4,226	2,891
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Total Equity	941,262	790,323
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Non-current liabilities

Long-term portion of long-term borrowing	907,704	739,031
Deposits from tenants	8,960	8,043
Long term payable	2,621	2,730
Provision for share based payment	5,744	2,046
Derivatives	1,360	2,778
Provision for deferred tax liability	125,827	98,237
	1,052,216	852,865

Current liabilities

Investment and trade payables and provisions	50,505	36,739
Current portion of long-term borrowing	126,381	153,902
VAT and other taxes payable	1,516	1,122
Income tax payable	1,843	530
Derivatives	2,035	2,553
Advances received	6,851	1,456
	189,131	196,302

TOTAL EQUITY AND LIABILITIES

2,182,609	1,839,490
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Consolidated Income Statement for the year ended 31 December 2017
(in thousands of euro)

	2017	2016
Revenue from rental activity	122,609	114,341
Residential revenue	6,128	5,960
Cost of rental activity	(32,081)	(27,890)
Residential costs	(4,515)	(5,065)
Gross margin from operations	92,141	87,346
Selling expenses	(2,111)	(3,236)
Administration expenses	(15,242)	(12,234)
Profit from revaluation/ impairment of assets	148,562	84,551
Other income	1,484	1,354
Other expenses	(2,806)	(2,996)
Profit/(Loss) from continuing operations before tax and finance income / expense	222,028	154,785
Foreign exchange differences gain/(loss), net	(4,906)	2,435
Finance income	234	1,324
Finance cost	(28,848)	(29,500)
Share of profit/(loss) of associates and joint ventures	184	(4,474)
Profit/(loss) before tax	188,692	124,570
Taxation	(32,094)	35,005
Profit/(Loss) for the year	156,598	159,575
Attributable to:		
Equity holders of the Company	156,300	158,548
Non-controlling interest	298	1,027
Basic earnings per share (in Euro)	0.34	0.34

(in thousands of euro)

	Year ended 31 December 2017	Year ended 31 December 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	188,692	124,570
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets and residential projects	(148,562)	(84,551)
Share of loss / (profit) of associates and joint ventures	(184)	4,474
Loss / (profit) on disposal of asset	-	65
Foreign exchange differences loss/(gain), net	4,906	(2,434)
Finance income	(234)	(1,324)
Finance cost	28,848	29,500
Provision for share based payment loss/(profit)	3,698	894
Depreciation	529	468
Operating cash before working capital changes	77,693	71,662
Decrease in accounts receivables and prepayments and other current assets	594	374
Decrease in residential inventory	1,737	2,303
Increase in advances received	2,578	1,456
Increase in deposits from tenants	1,486	1,801
Increase (decrease) in trade payables	505	(202)
Cash generated from operations	84,592	77,394
Tax paid in the period	(3,915)	(4,113)
Net cash from operating activities	80,678	73,281
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(155,204)	(93,259)
Purchase of completed assets and land	(62,108)	(139,646)
Increase in escrow accounts for purchase of assets	(777)	-
Sale (including advances) of investment property	4,499	12,640
VAT/tax on purchase/sale of investment property	10,953	(8,900)
Sale of subsidiary	37,545	10,179
Purchase of subsidiary	(15,896)	(9,844)
Purchase of non-controlling interest	(352)	(18,558)
Sale of shares in associates	1,250	3,947
Interest received	161	425
Loans granted to associates	-	(123)
Loans repayments from associates	1,625	11,349
Net cash used in investing activities	(178,304)	(231,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of dividend	(8,061)	-
Proceeds from long-term borrowings	258,268	273,517
Repayment of long-term borrowings	(100,343)	(103,193)
Interest paid	(26,242)	(25,075)
Loans origination payment	(3,573)	(2,229)
Decrease/(Increase) in short term deposits	(24,831)	(2,214)
Net cash from / (used) in financing activities	95,219	140,806
Net foreign exchange difference	1,341	(1,957)
Net increase/ (Decrease) in cash and cash equivalents	(1,066)	(19,660)
Cash and cash equivalents at the beginning of the period	149,812	169,472
Cash and cash equivalents at the end of the period	148,746	149,812

The **GTC Group** is a leading real estate investor and developer focusing on Poland and three capital cities in Central and Eastern Europe. Since 1994 GTC has developed 67 high standard, modern office and retail properties with a total area of nearly 1.2 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 37 commercial buildings providing nearly 621,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade and Zagreb. In addition, GTC has a development pipeline of 431,400 sq. m retail and office properties in capital cities of Central and Eastern Europe, thereof 128,000 sq. m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and included in the WIG40 index and inward listed on the Johannesburg Stock Exchange. The company's shares are also included in the Dow Jones STOXX Eastern Europe 300 Index.

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