

GTC EXPANDS COMPANY'S OPERATIONS AND DEVELOPMENT AND CONTINUE TO SECURE LONG TERM FINANCING THROUGH NEW BONDS, FINANCING AND REFINANCING ACTIVITY

EPRA NAV/SHARE

FFO I/SHARE

EARNINGS/ SHARE

€2.03

€0.05

€0.13

+4%

+0%

+69%

H1 2017 HIGHLIGHTS

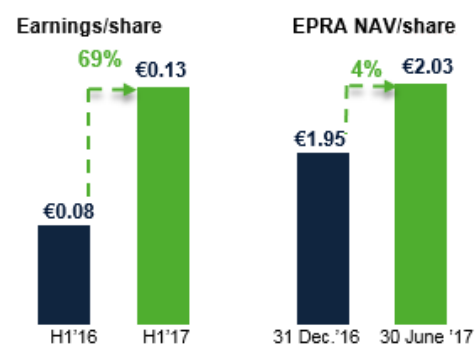
- Development profit of **€51m** driven by projects under construction and revaluation of income generating portfolio
- Profit before tax at **€68m** in H1 2017 (€46m in H1 2016)
- Earnings per share up to **€0.13** in H1 2017 (€0.08 in H1 2016)
- EPRA NAV increased **6.6% to €956m** (€897m as of 31 December 2016)
- EPRA NAV / share increased **4.2% to €2.03** as of 30 June 2017 from €1.95 as of 31 December 2016
- Gross margin from rental activity increased to **€43m** in H1 2017 (€42m in H1 2016)
- FFO I stable at **€21.5m** (€21.9m in H1 2016) despite disposal of the malls in Bulgaria
- FFO I / share at **€0.05** (€0.05 in H1 2016)
- €68.5m** newly issued Euro denominated bonds to refinance existing expensive PLN bonds
- Financing and refinancing activity on project level of approx. **€326m** in H1

OPERATING PERFORMANCE

H1 2017	Reported	V%
GMRA	€43m	+1%
EBITDA	€36m	+2%
Profit for the period	€60m	+69%
FFO I	€21.5m	-2%
Total property	€1,710m	+5%
Net debt	€736m	+5%
Net LTV	43%	+0bps
EPRA NAV/share	€2.03	+4%

PORTFOLIO UPDATE

- 5 projects** under construction with over **174,000 sq. m** GLA with **72,300 sq. m** to be completed in **Q3 2017** (Galeria Pólnocna and Artico office building, Warsaw)
- 239,000 sq. m** of retail and office space is in the planning stage in **8 projects** (Warsaw, Budapest, Bucharest, Sofia and Zagreb)
- Strong leasing performance with **61,500 sq. m** of office and retail space newly leased and renewed **extending current WALT**
- Occupancy at 94%** (93% as at 31 March 2017) thanks to improvement in Galeria Jurajska and tenants expansion mainly in FortyOne complex



“The first half of 2017 was dedicated to advance planning and permitting on our development pipeline projects as well as acquisition of excellent new office locations in the fastest growing office markets of Budapest, Bucharest and Sofia. The opening of Galeria Północna in Q3 2017 will more than double the value of GTC's income producing retail portfolio. More completions in Budapest and Belgrade planned for 2018 will further strengthen our yielding retail and office portfolios and contribute significant to rent income and NAV growth. As a result we have today 5 projects under construction and 8 projects in the planning stage, they will boost our income generating portfolio by 0,4 m sq. m GLA from 2017 to 2020” **said Thomas Kurzmann, GTC's CEO.**

“Thanks to the expansion of the company's operations and development we secured long term financing through new bonds and refinancing activity. We continue to take advantage of the current low interest levels to significantly improve the costs of our debt, while optimizing the leverage ratio” **commented Erez Boniel, GTC's CFO.** “Additionally, growing activity and improving results allowed us to pay dividend in Q2, which is another milestone in our growth momentum” **he added.**

KEY OPERATING ACHIEVEMENTS IN H1 2017

Further boost to NAV will come from 5 projects under construction with total of 174,000 sq. m GLA and 8 projects in the planning stage with a total GLA of 239,000 sq. m

- **72,300 sq. m** to be completed in **Q3 2017** (**Galeria Północna** and **Artico** office building, Warsaw)
- **21,500 sq. m** to be completed in **Q1 2018** (**GTC White House**, Budapest)
- **34,400 sq. m** to be completed in **Q4 2018** (**Ada Mall**, Belgrade)
- Refurbishment of the existing buildings in **Green Heart**, Belgrade is expected to be completed in **Q1 2018** and new buildings in **2018/2019** (**46,000 sq. m**)
- Another **239,000 sq. m** GLA of retail and office space is in the planning stage in 8 projects (**Warsaw, Budapest, Bucharest, Sofia and Zagreb**)

Strong leasing performance

- **61,500 sq. m** of office and retail space newly leased and renewed **extending current WALT**
- **Occupancy at 94%** (93% as at 31 March 2017) thanks to improvement in Galeria Jurajska and tenants expansion mainly in FortyOne complex

KEY FINANCIAL HIGHLIGHTS IN H1 2017

Rental and service revenues

- **Increased to €58m** in from €55m in H1 2016
Reflects mainly completion of **University Business Park B** and **FortyOne II** in 2016 as well as **FortyOne III** in 2017 as well as acquisition of **Premium Point** and **Premium Plaza** in Bucharest, **Sterlinga Business Center** in Łódź and **Neptun Office Center** in Gdańsk

Net profit from development revaluation and impairment

- **€51m** as compared to €24m in H1 2016
Reflects mainly **progress in the construction** of Galeria Północna and completion of FortyOne III as well as **revaluation gain** on Galleria Stara Zagora combined with **value appreciation of income generating assets** following an improvement in their operating results (mostly Galeria Jurajska, FortyOne III and University Business Park B)

Financial expenses

- **Decreased to €13m** despite an increase in average level of debt
Cost of finance at 3.1% due to decrease in average interest rate and change in hedging strategy

Taxation

- **Tax amounted to €8m** as compared to €11m in H1 2016

Net profit	<ul style="list-style-type: none"> €60m 2016 compared to €35m in H1 2016 mostly on revaluation gain
Funds From Operations (FFO I)	<ul style="list-style-type: none"> At €21.5m compared to €21.9m in H1 2016 despite disposal of Galleria Stara Zagora and Galleria Burgas
Total property value	<ul style="list-style-type: none"> At €1,710m as of 30 June 2017 (€1,624m as of 31 December 2016) due to an investment in assets under construction, acquisition of land plots and revaluation gain
EPRA NAV / share	<ul style="list-style-type: none"> Up by 4% to €2.03 from €1.95 on 31 December 2016 Corresponding to EPRA NAV of €956m compared to €897m as of 31 December 2016
Financial liabilities	<ul style="list-style-type: none"> At €894m as of 30 June 2017 compared to €881m as of 31 December 2016 Weighted average debt maturity of 4 years and average cost of debt of 3.1% p.a. LTV at 43% on 30 June 2017 (43% on 31 December 2016) Interest coverage at 3.5x on 30 June 2017 (3.5x on 31 December 2016) Refinancing of existing income generating assets and construction loans of €394m including €68.5m euro denominated bonds issued in H1 2017 to refinance existing PLN bonds at much lower interest cost
Cash and cash equivalents	<ul style="list-style-type: none"> Increased to €162m as of 30 June 2017 from €150m as of 31 December 2016 due to finance activity

Annex 1 Consolidated Statement of Financial Position as at 30 June 2017
(in thousands of euro)

	30 June 2017 (unaudited)	31 December 2016 (audited)
ASSETS		
Non-current assets		
Investment property	1,563,131	1,501,770
Investment property landbank	126,752	102,905
Residential landbank	13,230	13,761
Investment in associates and joint ventures	2,091	3,803
Property, plant and equipment	6,975	6,002
Deferred tax asset	59	1,075
Other non-current assets	201	353
	1,712,439	1,629,669
Current assets		
Residential inventory	7,156	5,355
Accounts receivables	3,928	5,363
Accrued income	494	767
VAT receivable	21,588	17,389
Income tax receivable	500	652
Prepayments and deferred expenses	3,210	2,558
Derivatives	477	-
Escrow account	7,444	-
Short-term deposits	27,131	27,925
Cash and cash equivalents	162,306	149,812
	234,234	209,821
TOTAL ASSETS	1,946,673	1,839,490

	30 June 2017 (unaudited)	31 December 2016 (audited)
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	(2,822)	(3,631)
Foreign currency translation	2,394	1,872
Accumulated profit	345,311	315,195
	839,984	787,432
Non-controlling interest	3,893	2,891
Total Equity	843,877	790,323
Non-current liabilities		
Long-term portion of long-term borrowing	775,632	739,031
Deposits from tenants	8,874	8,043
Long term payable	2,687	2,730
Provision for share based payment	4,613	2,046
Derivatives	1,344	2,778
Provision for deferred tax liability	104,920	98,237
	898,070	852,865
Current liabilities		
Investment, trade payables and provisions	42,462	36,739
Current portion of long-term borrowing	154,213	153,902
VAT and other taxes payable	1,161	1,122
Income tax payable	187	530
Derivatives	2,300	2,553
Advances received	4,403	1,456
	204,726	196,302
TOTAL EQUITY AND LIABILITIES	1,946,673	1,839,490

	Six-month period ended 30 June 2017 (unaudited)	Three- month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)	Three-month period ended 30 June 2016 (unaudited)
Revenues from rental activity	57,981	28,193	55,050	27,940
Residential revenue	442	-	3,776	76
Cost of rental activity	(15,052)	(7,106)	(13,273)	(6,742)
Residential costs	(379)	-	(2,953)	(75)
Gross margin from operations	42,992	21,087	42,600	21,199
Selling expenses	(964)	(511)	(1,397)	(770)
Administration expenses	(7,654)	(5,012)	(4,997)	(2,303)
Profit (Loss) from revaluation	51,094	26,670	24,067	16,631
Other income	864	518	769	353
Other expenses	(1,351)	(899)	(1,588)	(767)
Profit (loss) from continuing operations before tax and finance income / (expense)	84,981	41,853	59,454	34,343
Foreign exchange differences gain/ (loss), net	(4,158)	(406)	3,136	2,843
Finance income	92	40	1,161	591
Finance cost	(13,013)	(6,471)	(13,887)	(7,036)
Share of profit (loss) of associates and joint ventures	184	-	(3,803)	(3,320)
Profit before tax	68,086	35,016	46,061	27,421
Taxation	(8,487)	(7,512)	(10,854)	(8,553)
Profit (loss) for the period	59,599	27,504	35,207	18,868
Attributable to:				
Equity holders of the Company	59,634	27,454	35,264	18,824
Non-controlling interest	(35)	50	(57)	44
Basic earnings per share (in Euro)	0.13	0.06	0.08	0.04

	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	68,086	46,061
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets	(51,094)	(24,067)
Share of loss (profit) of associates and joint ventures	(184)	3,803
Profit on disposal of assets	-	(9)
Foreign exchange differences loss/(gain), net	4,158	(3,136)
Finance income	(92)	(1,161)
Finance cost	13,013	13,887
Share based payment (income) / expenses	2,215	(118)
Depreciation and amortization	216	216
Operating cash before working capital changes	36,318	35,476
Increase in accounts receivables, prepayments and other current assets	(85)	(114)
Decrease in inventory and residential land bank	(1,801)	2,424
Increase/(decrease) in advances received	2,947	-
Increase in deposits from tenants	1,439	942
Increase/(decrease) in trade and other payables	(477)	(879)
Cash generated from operations	38,341	37,849
Tax paid in the period	(2,101)	(1,437)
Net cash flows from operating activities	36,240	36,412
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(69,199)	(49,432)
Purchase of subsidiary	(12,500)	-
Purchase of completed assets and land	(10,525)	(76,387)
Increase in Escrow accounts for purchase of assets	(7,444)	(70,107)
Sale of investment property	1,731	2,729
Sale of subsidiaries	37,545	3,930
Purchase of minority	-	(18,121)
Sale of shares in associate	1,250	2,009
VAT on purchase/sale of investment property	(3,498)	-
Interest received	71	275
Loans granted	-	(123)
Loans repayments	812	-
Net cash flows from/(used in) investing activities	(61,757)	(205,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	106,035	129,190
Repayment of long-term borrowings	(48,075)	(43,507)
Dividends paid	(8,061)	-
Interest paid	(12,440)	(12,386)
Loans origination cost	(1,474)	(317)
Decrease/(increase) in blocked deposits	794	1,611
Net cash from/(used in) financing activities	36,779	74,591
Effect of foreign currency translation	1,232	(1,356)
Net increase / (decrease) in cash and cash equivalents	12,494	(95,580)
Cash and cash equivalents at the beginning of the period	149,812	169,472
Cash classified as part of assets held for sale	-	-
Cash and cash equivalents at the end of the period	162,306	73,892

The **GTC Group** is a leading real estate investor and developer focusing on Poland and three capital cities in Eastern Europe. Since 1994 GTC has developed 65 high standard, modern office and retail properties with a total area of over 1.1 million sq. m through Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 33 commercial buildings providing nearly 530,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade and Zagreb. In addition, GTC has a development pipeline of more than 400,000 sq. m retail and office properties in capital cities of Eastern Europe, thereof 174,000 sq. m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and included in the WIG30 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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