



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

## *Consolidated financial results for Q1 2016*

Presentation

Warsaw, May 13, 2016

## **1) PHN GROUP IN Q1 2016**

1. KEY ACHIEVEMENTS IN Q1 2016
2. KEY EVENTS IN Q1 2016 AND AFTER THE BALANCE SHEET DATE

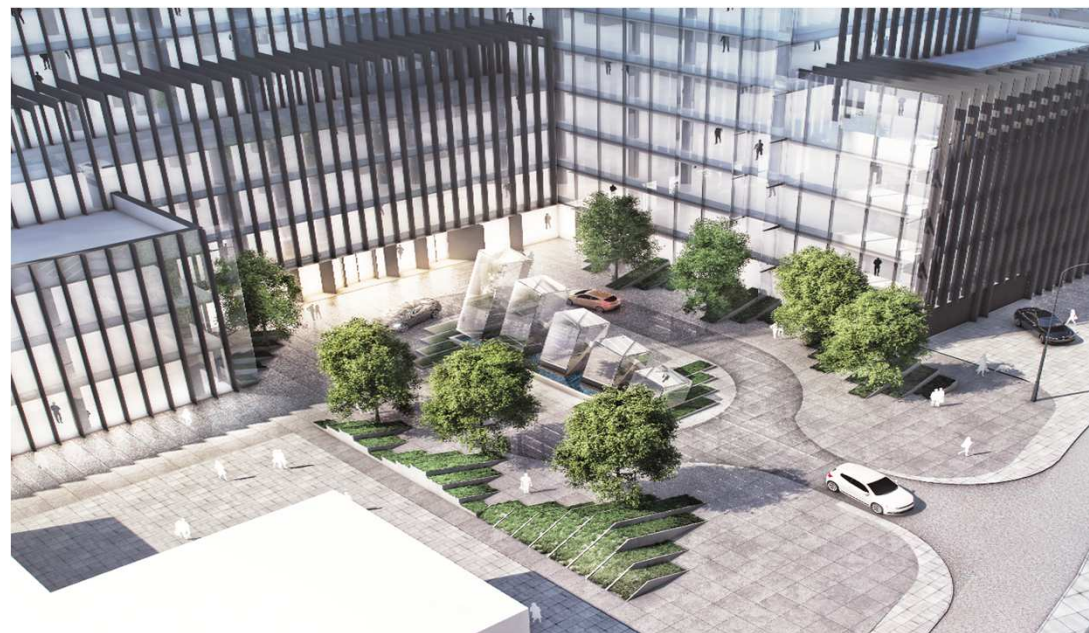
## **2) PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING**

1. PROPERTIES REMAINING IN THE PORTFOLIO, DIVESTMENTS AND ACQUISITIONS
2. PHN GROUP'S CONSTRUCTION PROJECTS

## **3) PHN GROUP'S FINANCIAL RESULTS**

## **4) ADDITIONAL INFORMATION**





Presentation of consolidated financial results for Q1 2016:

## 1) PHN GROUP IN Q1 2016



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

## KEY ACHIEVEMENTS IN Q1 2016

### ► BUILDING VALUE



▪ RENTAL REVENUE [PLN million]:	<b>33.6</b>	31.03.2015: <b>30.3</b>	▲ 11%
▪ GROUP ASSETS [PLN million]:	<b>2,682.0</b>	31.03.2015: <b>2,243.6</b>	▲ 20%
▪ NET ASSETS OF THE GROUP [PLN million]:	<b>1,990.4</b>	31.03.2015: <b>2,013.4</b>	▼ - 1%

### ► IMPROVING ECONOMIC EFFICIENCY



▪ EBITDA [PLN million]:	<b>10.7</b>	31.03. 2015: <b>14.9</b>	▼ - 28%
▪ ADJUSTED EBITDA [PLN million]:	<b>9.4</b>	31.03. 2015: <b>5.9</b>	▲ 60%
▪ ADMINISTRATIVE EXPENSES [PLN million]:	<b>7.2</b>	31.03. 2015: <b>7.5</b>	▼ - 4%

### ► CHANGES IN THE REAL ESTATE PORTFOLIO



▪ REAL ESTATE PORTFOLIO [number]:	<b>140</b>	31.03.2015: <b>142</b>	▼ - 1%
▪ GROSS LEASABLE AREA [sq.m.]:	<b>339,754</b>	31.03.2015: <b>302,748</b>	▲ 12%
▪ PROPERTIES WITH DEFECTS [number]:	<b>19</b>	31.03.2015: <b>22</b>	▼ - 14%

### ► OTHER KEY ACHIEVEMENTS



▪ A-CLASS SPACE [sq.m.]:	<b>69,890</b>	31.03.2015: <b>3,392</b>	▲ 1,960%
▪ NEWLY ACQUIRED AREA [sq.m.]:	<b>43,737</b>	31.03.2015: <b>0</b>	▲ N/A
▪ LTV RATIO [%]:	<b>22.9</b>	31.03.2015: <b>1.6</b>	▲ 1,331%



# KEY EVENTS IN Q1 2016 AND AFTER THE BALANCE SHEET DATE

## 1. February 17, 2016 and March 4, 2016

### Changes in the Supervisory Board and Management Board

On February 17, 2016, the Extraordinary General Meeting of Shareholders dismissed Mr. Krzysztof Melnarowicz and Mr. Marcin Marczuk from the Supervisory Board and appointed: **Mr. Mikołaj Handschke, Mr. Jacek Chwaleń, Mr. Jerzy Wal, and Mr. Oliwer Koszowski** as Members of the Supervisory Board.

Then, the Supervisory Board, under resolutions adopted on March 4, 2016, appointed **Mr. Maciej Jankiewicz as President of the Management Board** as of March 7, 2016, **Mr. Zbigniew Kulewicz as Vice-President – Member of the Management Board for Managing Property Assets** as of March 7, 2016 and **Mr. Piotr Staroń as Member of the Management Board for Finance** as of April 1, 2016.

## 3. March 30, 2016

### Purchasing the ALCHEMIA II office building in Gdańsk

On March 30, 2016 Polski Holding Nieruchomości S.A. **finalized the transaction of purchasing an A-class office building in the Alchemia complex** situated in the center of Gdańsk at al. Grunwaldzka 409 from Torus Sp. z o.o. Sp. k. Thus, the Company purchased the most modern and multi-functional A-class property in the Tri-City, which has been recognized as the best new office building of the year 2015 in Poland at the Eurobuild Awards. **The value of the transaction amounted to EUR 60.6 million.** Main tenants include State Street investment bank, which has rented the entire Titanium tower, and Wipro IT Services and Alexander Mann Solutions (a global leader in recruitment process outsourcing), which both occupy the Ferrum tower. **Alchemia is one of the few facilities in Poland to have achieved LEED Platinum certification** (Leadership in Energy and Environmental Design).

## 5. April 12, 2016

### Collecting the BREEAM Excellent certificate for Domaniewska Office Hub

PHN **collected the BREEAM Excellent certificate for Domaniewska Office Hub**, received in October 2015. The BREEAM plaque was officially handed over by Lenka Matejickowa – BREEAM International Assessor. BREEAM is the world's leading design method and a criterion for assessing sustainable construction projects. With a result of 74.19%, Domaniewska Office Hub **came in second among Polish office buildings which received the final BREEAM certificate with an Excellent rating, thus overtaking 34 other projects.** In the general classification of all types of buildings in Poland, Domaniewska Office Hub held the third place.

## 2. March 25, 2016

### Obtaining financing for purchasing the ALCHEMIA II office building in Gdańsk

On March 25, 2016, PHN Group and ING Bank Śląski S.A. with its registered office in Katowice **concluded a loan agreement for the purpose of purchasing an A-class office building in the Alchemia complex**, situated in the center of Gdańsk at al. Grunwaldzka 409. The subject matter of the agreement is **an investment loan of EUR 43.7 million and a loan for financing VAT on the purchase price in the PLN equivalent of EUR 12.0 million**, based on the average rate of the National Bank of Poland as at the date preceding the date on which the property will be bought. The period of availability of the investment loan in the form of a VAT tranche began upon signing the loan agreement. The loan (purchase tranche) repayment date falls on the sixth (6th) anniversary of the tranche disbursement date, whereas for the loan in the form of VAT tranche – within six (6) months of the tranche disbursement date.

## 4. April 6, 2016

### Applying for a building permit for the Yacht Park in Gdynia

PHN Group **applied for a permit for developing the Molo Rybackie pier** at ul. Hryniewickiego in Gdynia, where it intends to construct the Yacht Park project. A luxurious residential complex, a modern marina and a promenade with boutiques and restaurants will create a place which is worth visiting. Yacht Park is a unique location in Poland and Europe. **The Yacht Park project will consist of six 5-storey multi-family residential buildings which will occupy an area of 6,300 sq.m.** The complex will include a total of 135 apartments with usable area of 12,000 sq.m., of which apartments will occupy ca. 9,600 sq.m. On the ground floors, there will be commercial and service facilities such as restaurants and boutiques. The project will also include constructing a marina with three piers.

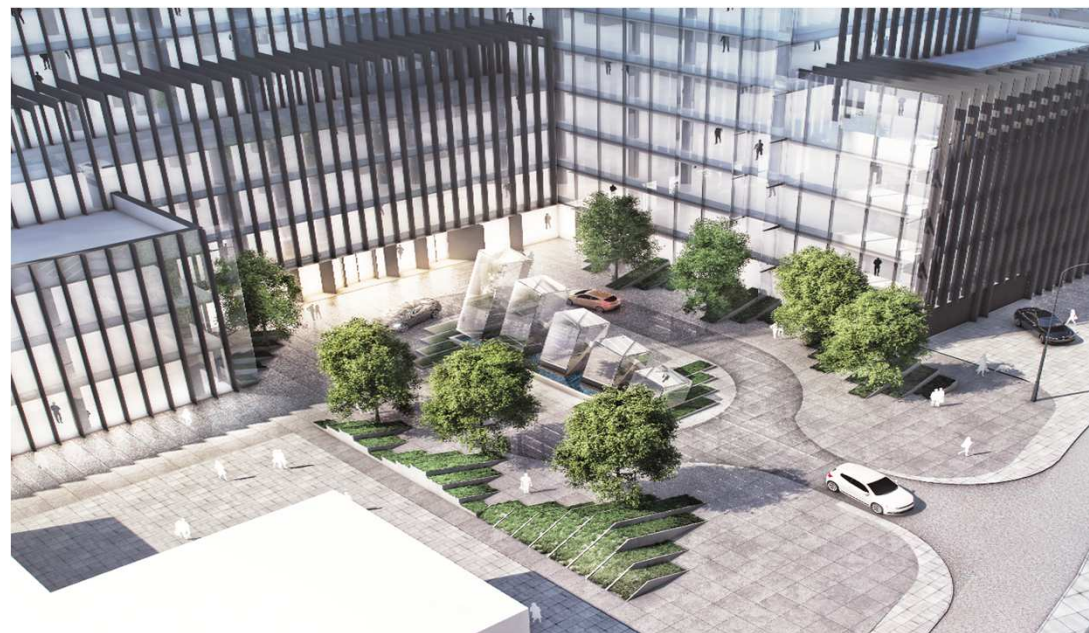
## 6. May 10, 2016

### Recommending a dividend of PLN 0.42 per share

The Company's Management Board **will recommend allocating over 40% of last year's profit for a dividend** for shareholders. The rest of the profit will be transferred to supplementary capital and used, among others, for implementing the Company's new construction projects. The Management Board will file a motion with the General Meeting of Shareholders on dividing the Company's net profit for 2015 in the amount of PLN 48,481,893.58 by allocating:

- **PLN 19,623,553.74 for a dividend for shareholders of PLN 0.42 per share,**
- **PLN 28,858,339.84 to supplementary capital.**





Presentation of consolidated financial results for Q1 2016:

## 2) PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING



# PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING<sup>1)</sup>

## REMAINING IN THE PORTFOLIO

- **TOTAL VALUE:** PLN 1,110.8 million
- **NUMBER OF PROPERTIES:** 19
- **NOI 2015:** PLN 10.8 million (**YIELD:** 5.2%)
- **GLA:** 141,250 sq.m.

OFFICE PROPERTIES (96.2%)

COMMERCIAL AND OTHER PROPERTIES (3.8%)

### ACQUISITIONS Q1 2016:

1 property with a total value of PLN 258.6 million

### REMAINING IN THE PORTFOLIO

- Total value: PLN 1,110.8 million
- Number of properties: 19

- **TOTAL VALUE:** PLN 781.5 million
- **NUMBER OF PROPERTIES:** 46 (19 projects)
- **NOI 2015:** PLN 1.5 million (**YIELD:** 0.8%)
- **GLA:** 130,760 sq.m.; **LAND:** 2,124,830 sq.m.

RESIDENTIAL PROJECTS (28.17%)

## FOR DIVESTMENT

- **TOTAL VALUE:** PLN 576.3 million
- **NUMBER OF PROPERTIES:** 75
- **NOI 2015:** PLN 3.2 million (**YIELD:** 2.2%)
- **GLA:** 67,745 sq.m.; **LAND:** 4,607,587 sq.m.

WHICH GENERATE RENTAL REVENUE (64.10%)

WHICH DO NOT GENERATE RENTAL REVENUE (35.90%)

### FOR DIVESTMENT

- Total value: PLN 580.3 million
- Number of properties: 76

### DIVESTMENTS Q1 2016:

1 property, parts of 3 properties: PLN 3.7 million

### CONSTRUCTION PROJECTS

Total value: PLN 781.5 million

- Number of properties: 46 (19 projects)

OFFICE PROJECTS (17.24%)

MIXED PROJECTS (31.48%)

COMMERCIAL PROJECTS (8.74%)

LOGISTICS PROJECTS (14.37%)

## CONSTRUCTION PROJECTS

## ACQUISITIONS

### Acquisitions in Q1 2016

On March 30, 2016 Polski Holding Nieruchomości S.A. **finalized the transaction of purchasing an A-class office building in the Alchemia complex** situated in the center of Gdańsk at al. Grunwaldzka 409 from Torus Sp. z o.o. Sp. k. Thus, the Company purchased the most modern and multi-functional A-class property in the Tri-City, which has been recognized as the best new office building of the year 2015 in Poland at the Eurobuild Awards. **The value of the transaction amounted to EUR 60.6 million.** Main tenants include State Street investment bank, which has rented the entire Titanium tower, and Wipro IT Services and Alexander Mann Solutions (a global leader in recruitment process outsourcing), which both occupy the Ferrum tower. **Alchemia is one of the few facilities in Poland to have achieved LEED Platinum certification** (Leadership in Energy and Environmental Design).

- Schedule for purchasing the Alchemia property:
- 2015-08-14 Signing a letter of intent on the purchase
- 2015-10-15 Obtaining an occupancy permit
- 2015-11-17 Concluding a preliminary agreement for the purchase of the property
- 2016-03-25 Obtaining financing for purchasing the property by PHN
- 2016-03-30 Concluding a final agreement for the purchase of the property

### Planned acquisitions

- On December 8, 2015, PHN S.A. signed a letter of intent on the purchase of an A-class office building situated in a prestigious Warsaw location. The building, with an area of 18,000 sq.m., is fully rented. The property is situated in the very center of Warsaw, which ensures excellent access to public transport.
- The Company carefully observes the market in order to select subsequent properties meeting our criteria (i.e. (i) properties generating rental revenue, (ii) A-class office buildings, (iii) fully rented and (iv) situated in prime locations), which could join our real estate portfolio.

## DIVESTMENTS

- In the period from January 1 to March 31, 2016, **the Group sold the property located in Warsaw at ul. Filtrowa and parts of 3 properties (Łężyca, Parzniew, Podchorążych).** Moreover, to date the Group has sold a part of subsequent property. In Q1 2016, due to changing the property sale policy and making a decision on leaving selected properties in the portfolio, the Group rescinded the preliminary agreements and conditions with regard to 5 properties.
- As of March 31, 2016, the Group intended 75 properties with a total value of PLN 576.3 million for divestment.



# CONSTRUCTION PROJECTS – KEY INFORMATION

ITEM	PROJECT	FUNCTION	AREA [sq.m.]	START	COMPLETION	CAPEX [PLN million]
► PROJECTS – COMPLETED AND IN PROGRESS						
1.	■ DOMANIEWSKA OFFICE HUB	A-class office building	GLA: 26,200	Q1 2014	Q3 2015	177
2.	■ WROCŁAW INDUSTRIAL PARK	Warehouse complex	GLA: 40,000	Q1 2014 (2nd stage)	Q2 2016 (2nd stage)	the partner bears the costs
3.	■ PARZNIĘW LOGISTICS CENTER	Warehouse complex in 4 stages	GLA: 90,000 (4 stages)	Q2 2016 (1st stage)	Q4 2016 (1st stage)	165
4.	■ YACHT PARK	Offices/Apartments/Retail	GLA: 71,000 / usable area: 122,000	Q2 2016 (1st stage)	Q1 2018 (1st stage)	1,250
5.	■ PRYMASA TYSIĄCLECIA 83	Residential and office complex	Usable area: 25,100 / GLA: 10,700	Q3 2016	2020	187
► PROJECTS UNDER PREPARATION						
6.	■ INTRACO CITY	A-class office building	GLA: 10,000	Q4 2016	2020	71
7.	■ CITY TOWER	A-class office building	GLA: 40,000	2017	2021	400
8.	■ WILANOWSKA OFFICE HUB	Commercial buildings complex	GLA: 13,000 / 10,000	2017	2020	200
9.	■ LEWANDÓW RETAIL HUB	Retail complex	GLA: 25,000	Q2 2017	2020	165
10.	■ LEWANDÓW (residential project)	Residential estate	GLA: 32,000	Q2 2017	Q3 2019	123
11.	■ INSTALATORÓW 7C	Residential estate	Usable area: 4,000	2017	2019	18
12.	■ WAREHOUSE PROJECT	Warehouses	GLA potential: 250 ha	-	-	-
► PLANNED PROJECTS						
13.	■ RETKINIA RETAIL HUB	Retail and residential complex	GLA: 45,000 / usable area: 280,000	2017 (1st stage)	2020 (1st stage)	1,350
14.	■ BARTYCKA RETAIL HUB	Residential and retail complex	Usable area: 40,000 / GLA: 19,000	2018	2021	290
15.	■ WILANÓW RESIDENTIAL ESTATE	Residential estate	Usable area: 52,000	2018	2024	250
16.	■ JANA PAWŁA II 34	Residential estate	Usable area: 4,100	2017	2019	20

# CONSTRUCTION PROJECTS – COMPLETED AND IN PROGRESS

1

## DOMANIEWSKA OFFICE HUB COMPLETED PROJECT



ul. RODZINY HISZPAŃSKICH 8

### KEY BENEFITS:

- Attractive location
- A-class office building

### BASIC PARAMETERS:

- GLA: 26,200 sq.m.
- Start: Q1 2014
- Completion: Q3 2015
- Capex: PLN 177 million

### STATUS OF WORKS:

- In June 2015, PHN obtained an occupancy permit for a building with GLA of approx. 27,000 sq.m., of which approx. 18,500 sq.m. was then rented out. **As at the end of Q1 2016, the occupancy rate amounted to ca. 72%.** Currently, commercialization is being finalized and negotiations with potential tenants are at an advanced stage.

2

## SEGRO INDUSTRIAL PARK PROJECT IN PROGRESS



ul. BIERUTOWSKA, WROCLAW

### KEY BENEFITS:

- Attractive location
- Warehouse complex

### BASIC PARAMETERS:

- GLA: 40,000 sq.m.
- Start: Q3 2012 / Q1 2014
- Completion: Q4 2013 / Q2 2016
- Capex: the partner bears the costs

### STATUS OF WORKS:

- On the area of 10.6 ha, buildings are being constructed with planned usable area of 40,000 sq.m. To date, the first stage has been completed (ca. 19,500 sq.m.), under which rental agreements have been signed for ca. 16,700 sq.m. **Infrastructure is being prepared for next project stages.**



## CONSTRUCTION PROJECTS – IN PROGRESS

3

### PARZNIOW LOGISTICS CENTER

PROJECT IN PROGRESS



#### PARZNIOW near WARSAW

##### KEY BENEFITS:

- Location close to A2 motorway
- Warehouse complex

##### BASIC PARAMETERS:

- **GLA:** 90,000 sq.m. (4 stages)
- **Start:** Q2 2016 (1st stage)
- **Completion:** Q4 2016 (1st stage)
- **Capex:** PLN 165 million

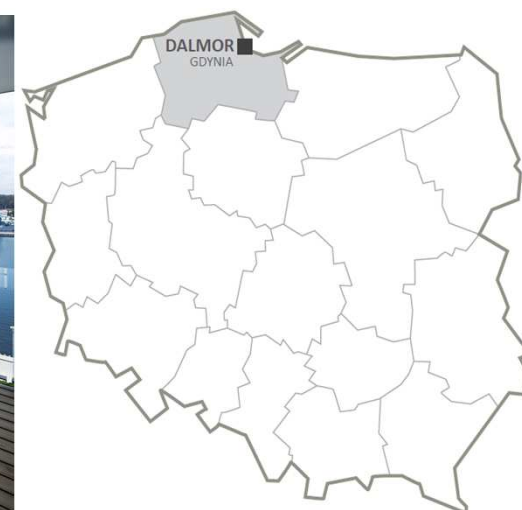
##### STATUS OF WORKS:

- The Group is implementing a warehouse construction project together with a JV Partner – the American group Hillwood. **The target GLA of the logistics park will amount to approx. 90,000 sq.m.,** constructed in several stages. The building permit covers a total of approx. 56,000 sq.m. of GLA.

4

### YACHT PARK

PROJECT IN PROGRESS



#### ul. HRYNIEWICKIEGO 10, GDYNIA

##### KEY BENEFITS:

- Excellent location
- Offices/Apartments/Retail

##### BASIC PARAMETERS:

- **GLA:** 71.000 sq.m. / **Usable area:** 122.000 sq.m.
- **Start:** Q2 2016 (1st stage)
- **Completion:** Q1 2018 (1st stage)
- **Total Capex:** PLN 1,250 million

##### STATUS OF WORKS:

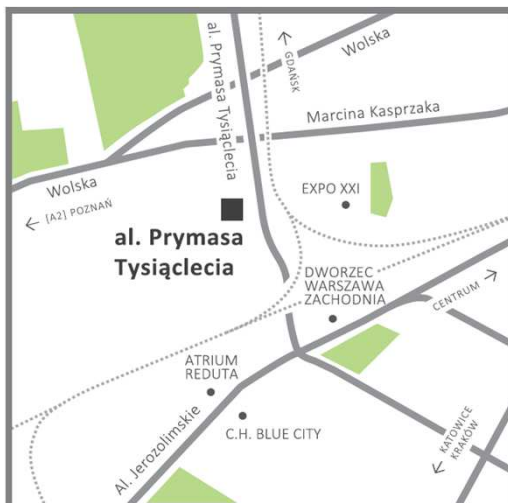
- In Q1 2016, PHN Group applied for a permit for developing the **Molo Rybackie pier**. The design works are now in progress. In addition, works started on the optimum development concept for the next residential and office stage of the property, and on the yacht marina neighboring the Yacht Park project.

# CONSTRUCTION PROJECTS – IN PROGRESS AND UNDER PREPARATION

5

## PRYMASA TYSIĄCLECIA 83

PROJECT IN PROGRESS



### al. PRYMASA TYSIĄCLECIA 83

#### KEY BENEFITS:

- Attractive location
- Residential and office complex

#### BASIC PARAMETERS:

- Usable area: 25,100 sq.m./ GLA: 10,000 sq.m.
- Start: Q3 2016
- Completion: 2020
- Capex: PLN 187 million

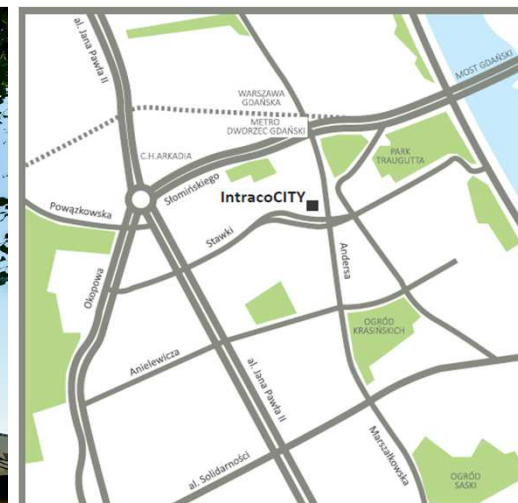
#### STATUS OF WORKS:

- In July 2015, PHN signed an agreement for design works with the "ATELIER 7" studio. A concept of a residential project was prepared which assumes the construction of 435 apartments with a total usable area of 22,500 sq.m. PHN filed an application for a building permit for the 1st stage. Works on the demolition of the existing constructions are currently in progress.

6

## INTRACO CITY

PROJECT UNDER PREPARATION



### ul. STAWKI 2

#### KEY BENEFITS:

- Excellent location
- A-class office building

#### BASIC PARAMETERS:

- GLA: 10,000 sq.m.
- Start: Q4 2016
- Completion: 2020
- Capex: PLN 71 million

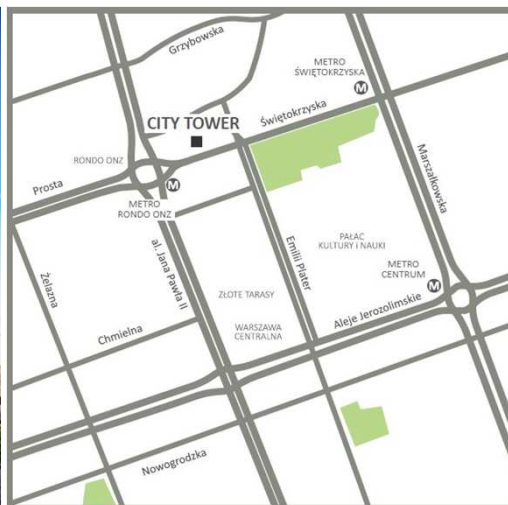
#### STATUS OF WORKS:

- In 2015, PHN adopted an architectural concept for an investment program. On the area currently occupied by a car park, PHN plans to build an A-class office building with GLA of ca. 10,000 sq.m.



# CONSTRUCTION PROJECTS – UNDER PREPARATION

## 7 CITY TOWER PROJECT UNDER PREPARATION



ul. ŚWIĘTOKRZYSKA 36

### KEY BENEFITS:

- **Attractive location**
- **A-class office building**

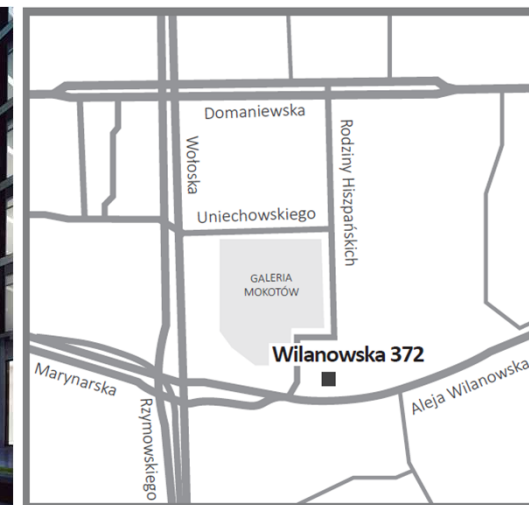
### BASIC PARAMETERS:

- **GLA:** 40,000 sq.m.
- **Start:** 2017
- **Completion:** 2021
- **Capex:** PLN 400 million

### STATUS OF WORKS:

- The project assumes the construction of office and commercial buildings, including a high-rise building. Works on designing an optimum body of the building are currently under way. PHN filed an application for a building permit and obtained a final permit for the demolition of the existing building. **Obtaining the decision about the building permit is expected in Q3 2016.**

## 8 WILANOWSKA OFFICE HUB PROJECT UNDER PREPARATION



al. WILANOWSKA 372

### KEY BENEFITS:

- **Attractive location**
- **Commercial buildings complex**

### BASIC PARAMETERS:

- **GLA:** 13,000 sq.m. / 10,000 sq.m.
- **Start:** 2017
- **Completion:** 2020
- **Capex:** ca. PLN 200 million

### STATUS OF WORKS:

- The Group signed a franchise agreement with Global Hospitality Licensing ("Marriott International"). The hotel part of the project assumes the combination of two brands – the designer concept MOXY and the apartment part RESIDENCE INN. **Design works aimed at obtaining a building permit for the project are currently in progress.**

# CONSTRUCTION PROJECTS – UNDER PREPARATION

9

## LEWANDÓW RETAIL HUB

PROJECT UNDER PREPARATION



### LEWANDÓW

#### KEY BENEFITS:

- Attractive location
- Retail complex

#### BASIC PARAMETERS:

- **GLA:** 25,000 sq.m.
- **Start:** Q2 2017
- **Completion:** 2020
- **Capex:** PLN 165 million

#### STATUS OF WORKS:

- On some parts of land with the total area of ca. 25.4 ha, PHN plans the construction of office buildings and commercial and service buildings, **with a total GLA of ca. 25,000 sq.m.** The Group is also conducting negotiations regarding the sale or lease of the remaining parts of the property to chain operators from the retail sector.

10

## LEWANDÓW RESIDENTIAL PROJECT

PROJECT UNDER PREPARATION



### LEWANDÓW

#### KEY BENEFITS:

- Attractive location
- Residential estate

#### BASIC PARAMETERS:

- **GLA:** 32,000 sq.m.
- **Start:** Q2 2017
- **Completion:** Q3 23 (1st stage Q3 2019)
- **Capex:** PLN 123 million (1st stage: 38.9)

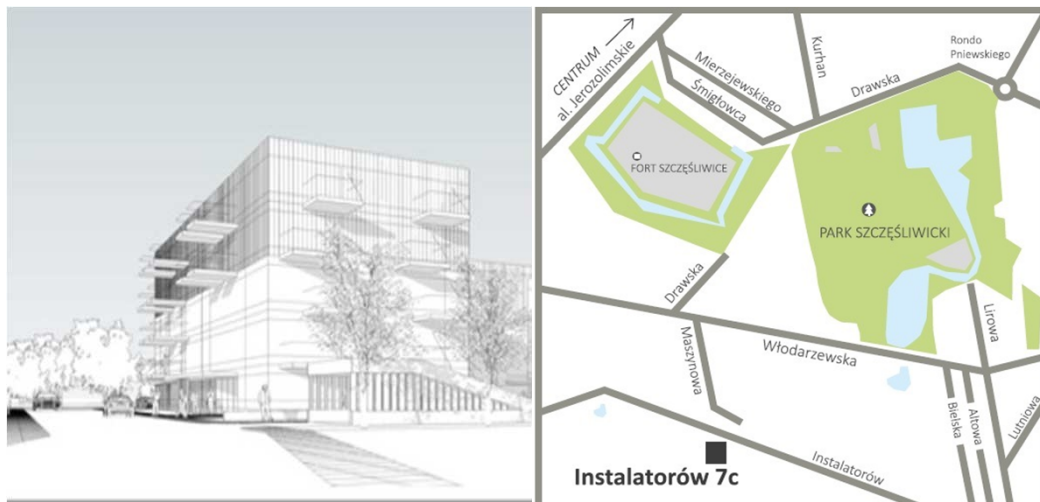
#### STATUS OF WORKS:

- The Group plans the construction of a residential estate with a total usable area of ca. 32,000 sq.m. (ca. 530 apartments) in 3 stages. A tender procedure has been conducted and an architectural studio has been selected. **Preparations for infrastructural investments necessary for project implementation are currently in progress.**



# CONSTRUCTION PROJECTS – UNDER PREPARATION

## 11 INSTALATORÓW 7C PROJECT UNDER PREPARATION



### ul. INSTALATORÓW 7C

#### KEY BENEFITS:

- Attractive location
- Residential estate

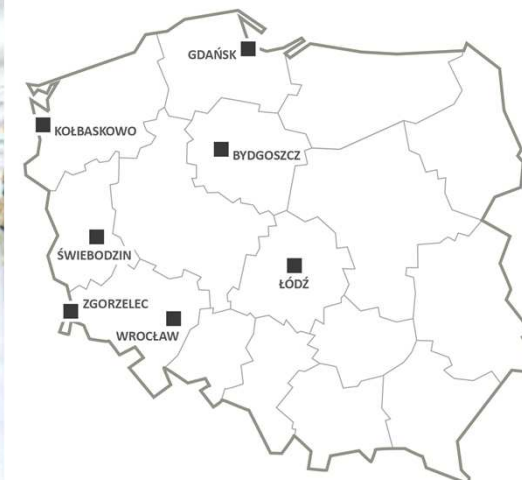
#### BASIC PARAMETERS:

- Usable area: 4,000 sq.m.
- Start: 2017
- Completion: 2019
- Total Capex: PLN 18 million

#### STATUS OF WORKS:

- Initial conditions of connecting utilities have been obtained. An agreement has also been signed with the “22 Architekci” architectural studio. Initial analyses point to the possibility of building ca. 80 apartments with total usable area of ca. 4,000 sq.m.

## 12 WAREHOUSE PROJECT PROJECT UNDER PREPARATION



### RETKINIA, ŁÓDŹ

#### KEY BENEFITS:

- Attractive locations in Poland

#### BASIC PARAMETERS:

- GLA: warehouse potential for ca. 250 ha
- Start: since 2016 gradual preparation for the construction of first stages

#### STATUS OF WORKS:

- In 2015, the Group acquired a partner for developing 7 properties with a warehouse potential and a total area of ca. 250 ha. In 2016, the Group plans to gradually prepare the properties for implementing the first stages of construction projects.

## 13 RETKINIA RETAIL HUB PROJEKT PLANOWANY

RETKINIA  
RETAIL  
HUB



### RETKINIA, ŁÓDŹ

#### KEY BENEFITS:

- Attractive location
- Retail and residential complex

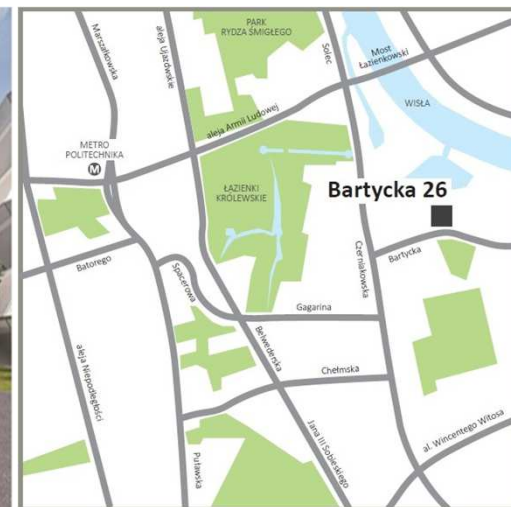
#### BASIC PARAMETERS:

- GLA: 45,000 sq.m. / Usable area: 280,000 sq.m.
- Start: 2017 (1st stage)
- Completion: 2020 (1st stage)
- Total Capex: PLN 1,350 million

#### STATUS OF WORKS:

- In H1 2015, construction works on the first grocery supermarket were completed. Works on the optimum property development study for the entire property and pre-construction works (e.g. with regard to overhead power lines cabling) are currently under way.

## 14 BARTYCKA RETAIL HUB PROJEKT PLANOWANY



### ul. BARTYCKA 26

#### KEY BENEFITS:

- Excellent location
- Residential and retail complex

#### BASIC PARAMETERS:

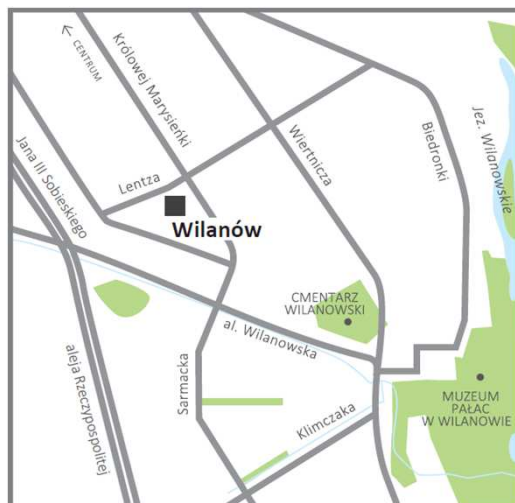
- Usable area: 40,000 sq.m. / GLA: 19,000 sq.m.
- Start: 2018
- Completion: 2021
- Total Capex: PLN 290 million

#### STATUS OF WORKS:

- On the area of 7.6 ha, the Group plans the construction of a residential and retail complex with an area of ca. 60,000 sq.m. An Optimum Property Development Study has been performed. Talks are conducted with potential tenants with regard to commercializing part of the project.



## 15 OSIEDLE WILANÓW PROJEKT PLANOWANY



### WILANÓW RESIDENTIAL ESTATE

#### KEY BENEFITS:

- Attractive location
- Residential estate

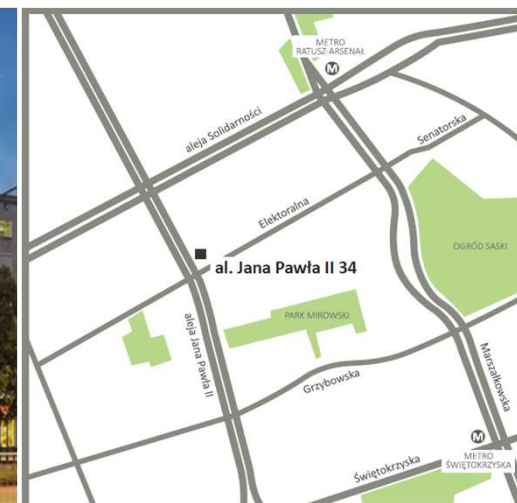
#### BASIC PARAMETERS:

- Usable area: 52,000 sq.m.
- Start: 2018
- Completion: 2024
- Total Capex: PLN 250 million

#### STATUS OF WORKS:

- Analyses point to the possibility of building ca. 859 modern apartments with a total area of 46,400 sq.m. and a shopping passage with an area of 5,700 sq.m. [An application has been filed with the President of the Capital City of Warsaw for changing the Local Area Development Plan for the area in question in order to include their plot in the procedure of changing LADP.]

## 16 JANA PAWŁA II 34 PROJEKT PLANOWANY



### al. JANA PAWŁA II 34

#### KEY BENEFITS:

- Attractive location
- Residential estate

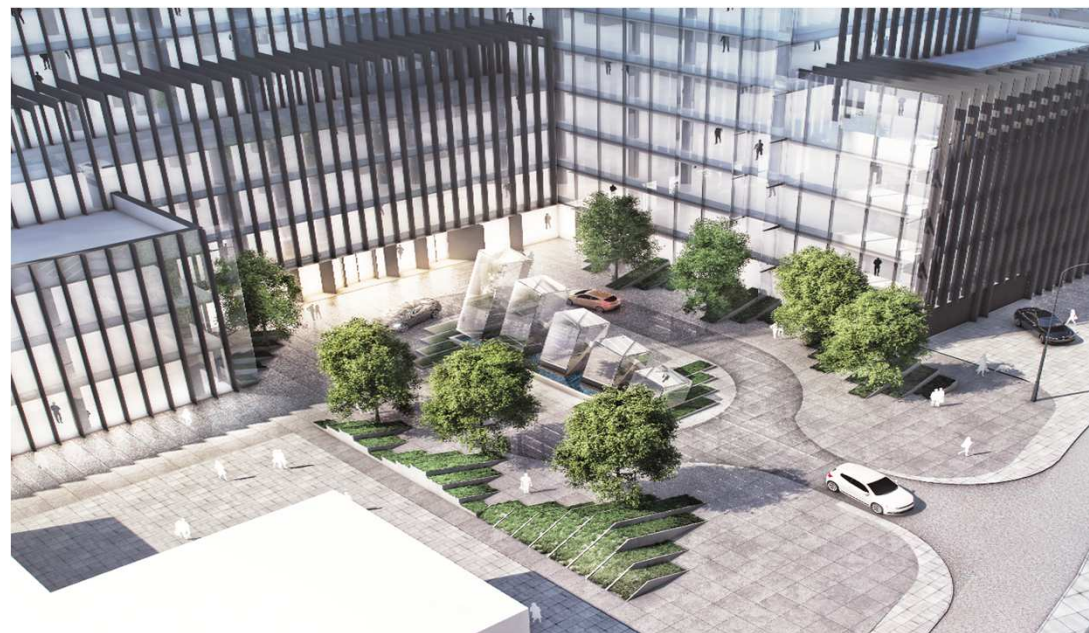
#### BASIC PARAMETERS:

- Usable area: 4,100 sq.m.
- Start: 2017
- Completion: 2019
- Capex: PLN 20 million

#### STATUS OF WORKS:

- PHN organized a competition for the initial architectural and urban planning concept for the development of the area and the construction of a residential building with service facilities. The winning project assumes the construction of 97 apartments with a total area of 4,000 sq.m.





Presentation of consolidated financial results for Q1 2016:

### 3) PHN GROUP'S FINANCIAL RESULTS

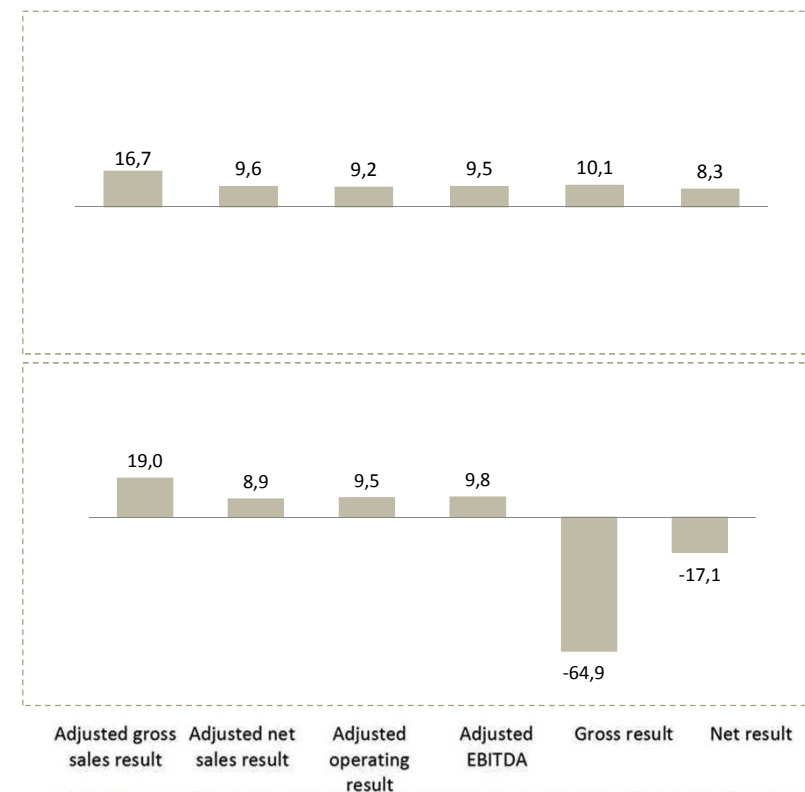
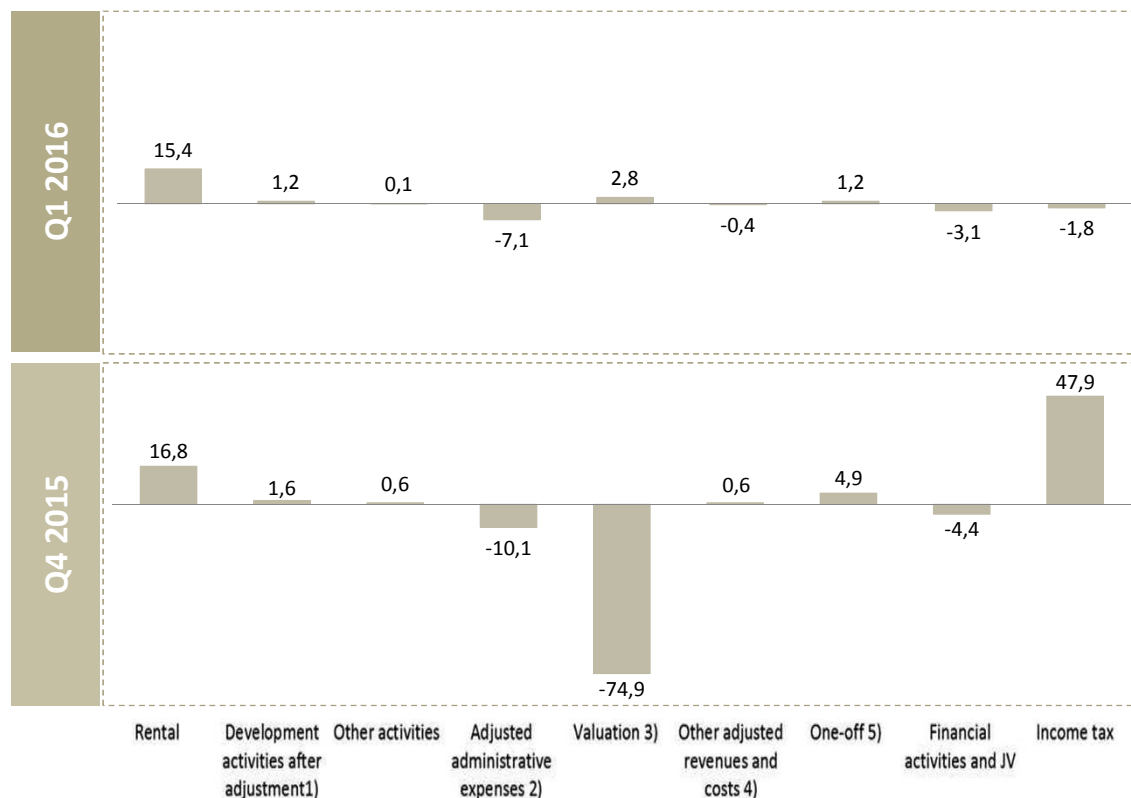


# SELECTED PROFIT AND LOSS STATEMENT ITEMS



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

[PLN million]



- Lower rental result due to lower revenue (tenants leaving and lower rent rates) and higher property maintenance costs (mainly increased fees for perpetual usufruct of land); Q1 revenue higher than the 2015 quarterly average by PLN 1.8 million.
- Lower number of final agreements signed (Q1:13, Q4:26) and stable current sales of apartments (Q1:14, Q4:13) results from the fact that the portfolio of apartments on the Parzniew estate is running out.
- Lower administrative and sales expenses mainly due to the negative effect of higher payroll costs in Q4.

- Lower result on other revenues and costs mainly due to higher net receivables write-offs and higher expenses related to the change in the structure of VAT deduction.
- Lower impact of one-off events.
- Result on financial activities and JV higher than PLN 1.3 million mainly as a result of valuation of derivatives.
- Stable level of adjusted EBITDA.

1) adjusted by the provision for warranty repairs and damages from previous years (Q1: 0, Q4: -PLN 2.9 million)

2) adjusted by Group restructuring costs (Q1: PLN 0.1 million, Q4: PLN 3.0 million)

3) movement in fair value of investment properties (Q1: PLN 2.5 million, Q4: -PLN 81.5 million) and result on sale (Q1: PLN 0.3 million, Q4: PLN 6.6 million)

4) adjusted by change in the provision for claims from previous years (Q1: -PLN 1.3 million, Q4: -PLN 10.9 million), write-off for goodwill (Q1: 0, Q4: PLN 4.0 million), write-offs for properties under tangible fixed assets (Q1: 0, Q4: PLN 1.4 million), severance payment costs (Q1: 0, Q4: PLN 0.5 million)

5) one-off events by which items 1, 2, 4 were adjusted

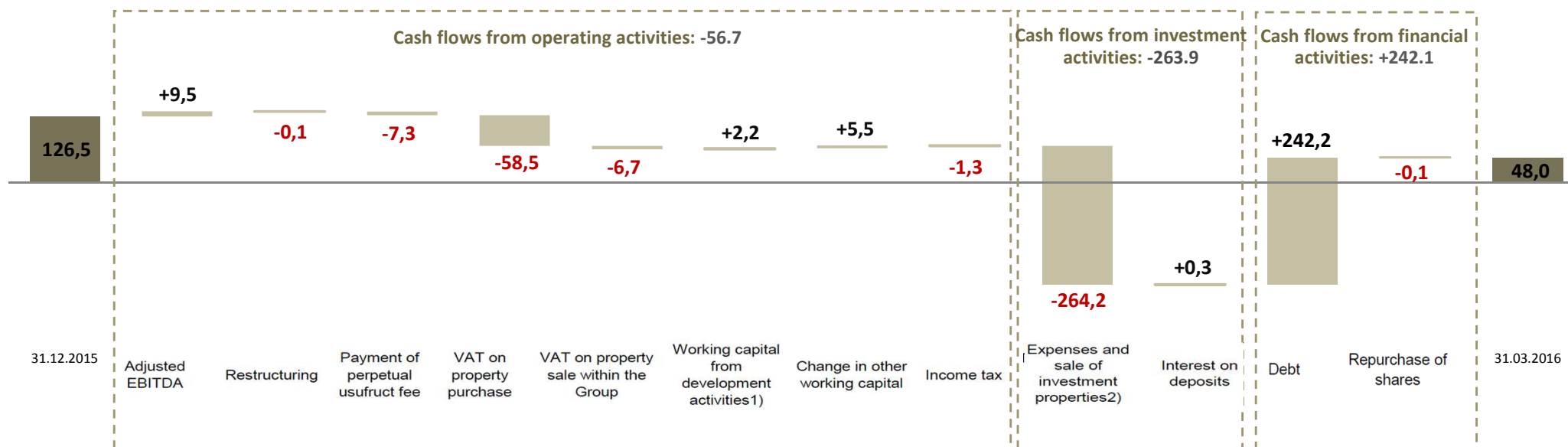


# CASH FLOWS



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

[PLN million]



1) increase/decrease in liabilities, receivables, and inventory on construction operations

2) net purchase, expenses and sale of investment properties

- Decrease in cash by PLN 78.5 million (62%).
- Positive effect of:
  - operating results measured by adjusted EBITDA (PLN 9.5 million),
  - decrease in working capital on construction operations (PLN 2.2 million),
  - change in other working capital, resulting mainly from settling property purchase downpayments (PLN 5.5 million),
  - interest on deposits (PLN 0.3 million),
  - inflows from net loans taken (PLN 242.3 million), partly offset by car fleet leasing (- PLN 0.1 million).
- Negative effect of:
  - payment of costs related to changing the Group's structure (-PLN 0.1 million),
  - payment of perpetual usufruct of land fees made in advance (-PLN 7.3 million),
  - payment of VAT on the purchase of Alchemia II property (-PLN 58.5 million),
  - payment of VAT on the transaction of property sale within the Group (-PLN 84.8 million), partly returned by the Tax Office (PLN 78.1 million),
  - purchase of the Alchemia II property (-PLN 254.6 million) and expenditure on investment properties (-PLN 13.3 million), partly compensated by sale of investment properties (PLN 3.7 million),
  - repurchase of shares from minority shareholders (-PLN 0.1 million).

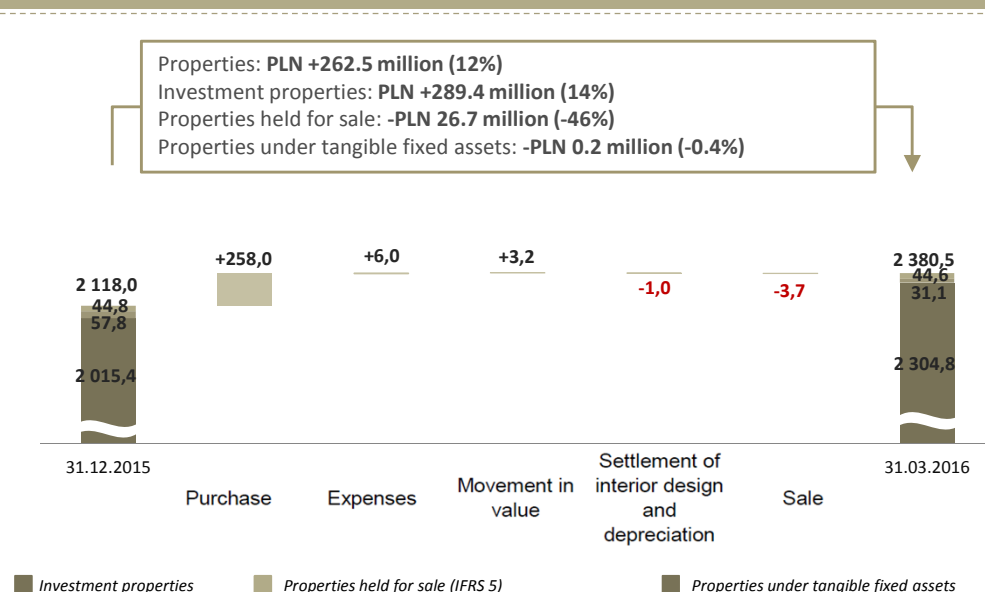
# PROPERTIES



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

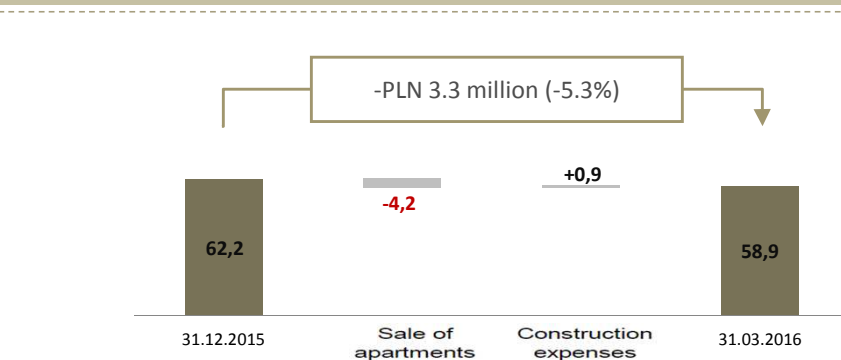
[PLN million]

## ► INVESTMENT PROPERTIES, PROPERTIES HELD FOR SALE (IFRS 5) AND PROPERTIES UNDER TANGIBLE FIXED ASSETS



- Purchasing the Alchemia II office building in Gdańsk
- PLN 3 million in expenses related to implementation of a commercial construction project (Domaniewska), PLN 2.8 million in expenses related to retrofitting and interior design of real estate, and PLN 0.2 million in expenses related to preparation of commercial construction projects
- PLN 3.2 million movement in value of investment properties
- -PLN 0.8 million settlement of interior design and -PLN 0.2 million depreciation of properties under tangible fixed assets
- Transfer to investment properties from assets classified as held for sale due to rescinding preliminary agreements for the sale of properties and deciding on leaving the properties in the Group's portfolio (PLN 23.0 million).

## ► DEVELOPMENT INVENTORIES



- Sale of apartments, recognized due to the conclusion of final agreements for apartment title transfer (Q1 2016: 13, Q4 2015: 26).
- PLN 0.9 million in expenditure related to new projects, mainly Prymasa Tysiąclecia.
- As at March 31, 2016 there were 29 apartments built on inventory; 20 of these had developer sales agreements in place.

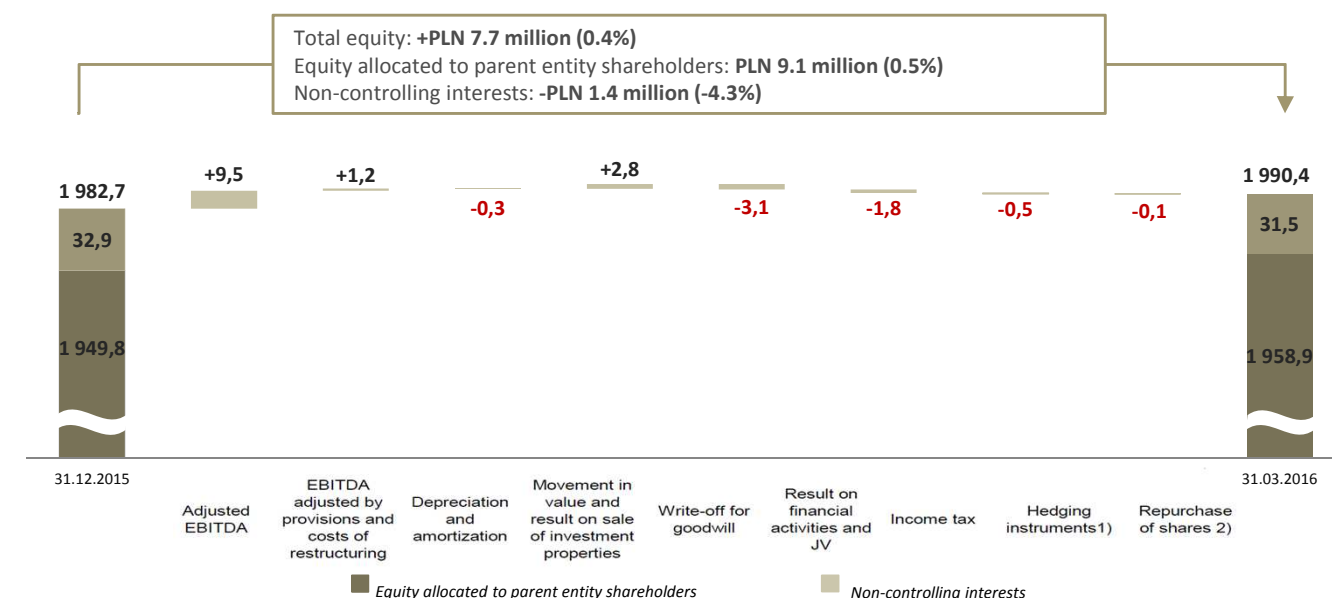
# EQUITY AND DEBT



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

[PLN million]

## ► Equity

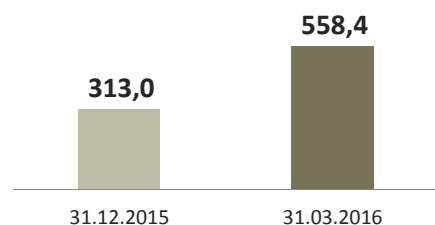


- Increase in equity allocated to parent entity shareholders as a result of net profit earned (PLN 8.2 million) and changes in ownership structure (PLN 1.3 million), partly compensated by hedging instruments valuation (-PLN 0.5 million)
- Decrease in non-controlling interests as a result of changes in ownership structure (-PLN 1.5 million), partly compensated by net loss (PLN 0.1 million)

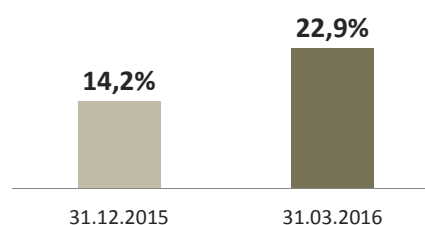
1) valuation of derivatives considered as hedging instruments as part of applying hedge accounting  
2) repurchase of shares from minority shareholders

## ► Debt and LTV

**Debt**  
[PLN million]



**LTV (loan-to-value ratio)**  
[%]



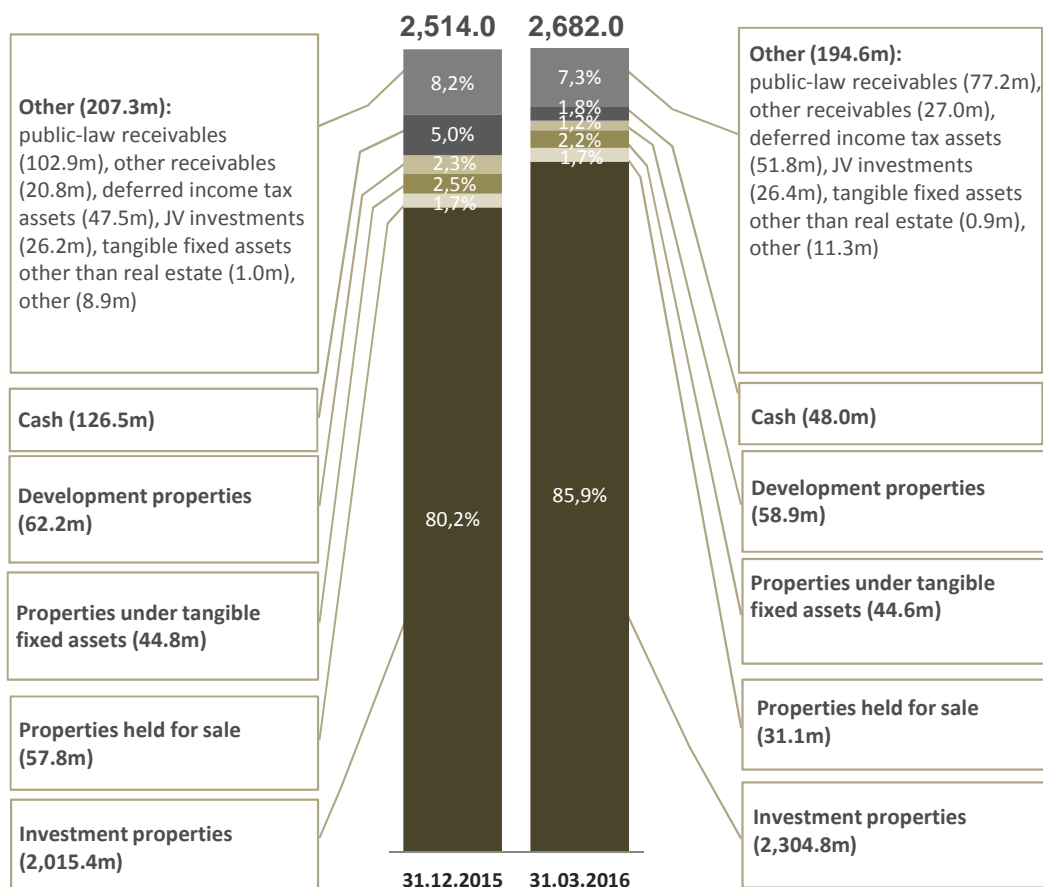
- Debt due to loans PLN 557.9 million, including 76% in EUR (PLN 421.7 million) and 24% in PLN (PLN 136.2 million), and car fleet leasing PLN 0.5 million
- Bank loans for financing Alchemia II, Andersia Business Centre, Domaniewska and Kaskada properties
- Increase in debt by PLN 245.4 million, mainly as a result of financing the purchase of Alchemia II and the Domaniewska project by a loan



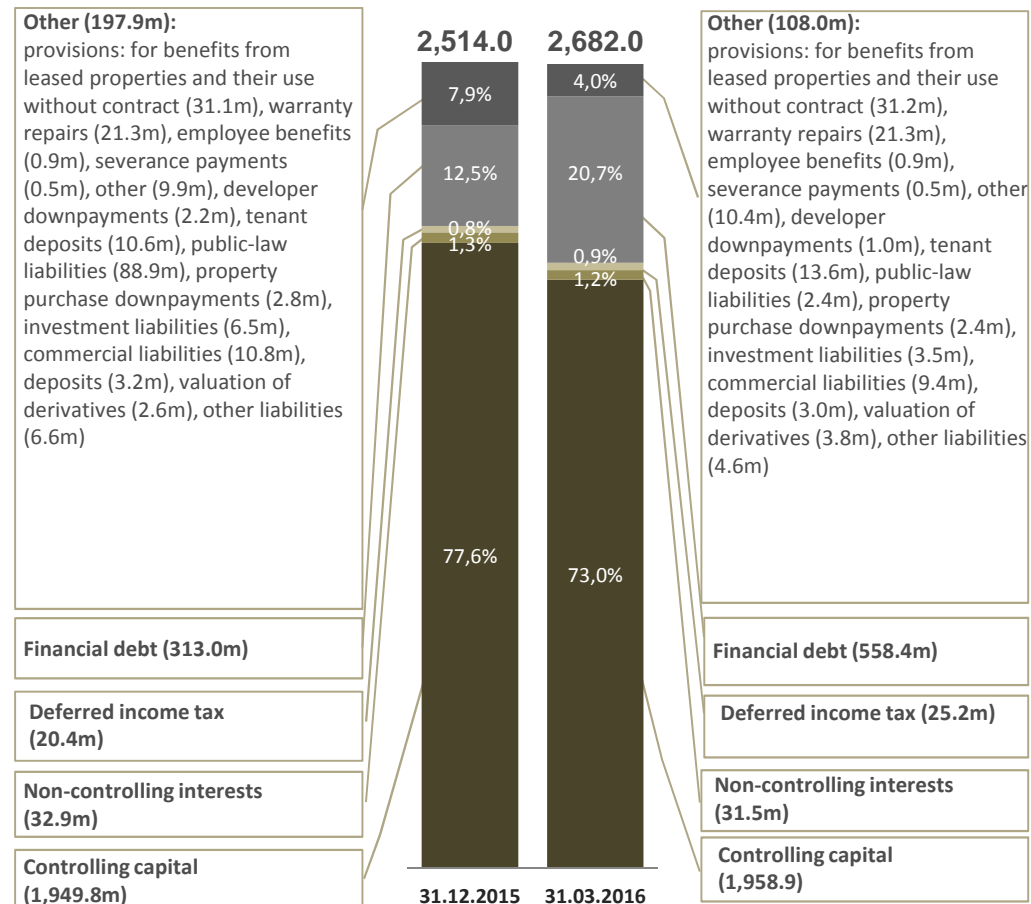
# STRUCTURE OF ASSETS AND LIABILITIES

[PLN million]

## ► ASSETS



## ► LIABILITIES



■ Increase in the total value of properties by PLN 259.2 million as a result of purchasing Alchemia II (PLN 258 million), expenses (PLN 6.9 million) and movement in value (PLN 2.2 million), partly compensated by sale (PLN 7.9 million).

■ Decrease in public-law receivables and liabilities mainly due to VAT on intra-Group real estate sale.

■ Increase in debt by PLN 245.4 million to 20.8% of assets as a result of financing the Alchemia II property and the Domaniewska project by a loan.



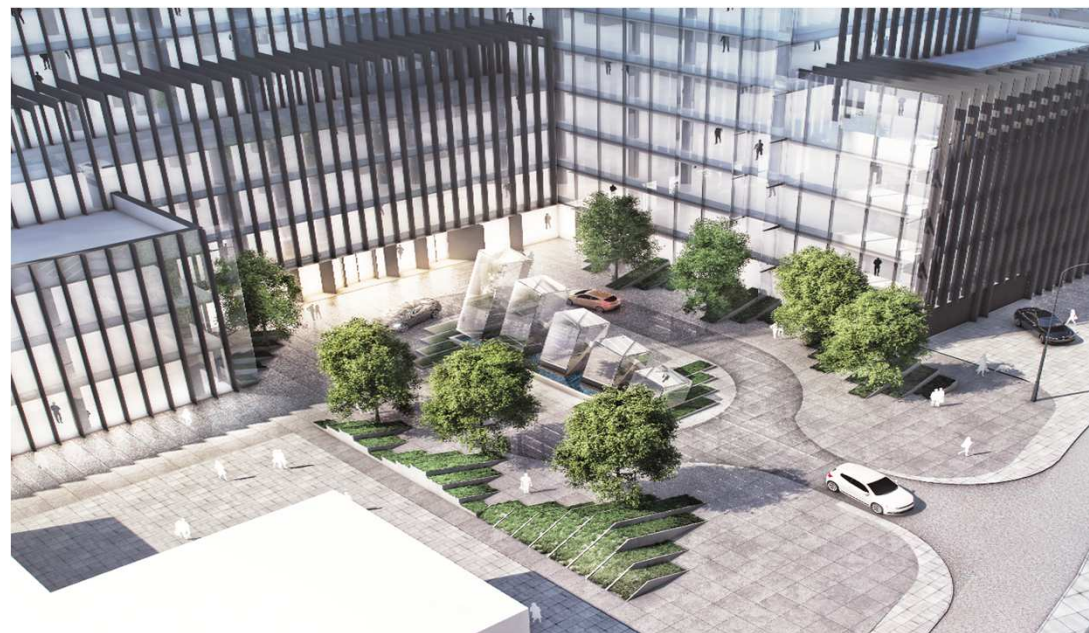
**POLSKI HOLDING  
NIERUCHOMOŚCI S.A.**

# Thank you

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Presentation of consolidated financial results for Q1 2016:

## 5) ADDITIONAL INFORMATION



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.



## ► WARSAW OFFICE MARKET<sup>1)</sup>

■ **ABSORPTION** Q1 2016 [sq.m.]: **12,800** Q4 2015: 69,300

■ **NEW SPACE** Q1 2016 [sq.m.]: **112,900** Q4 2015: 43,000

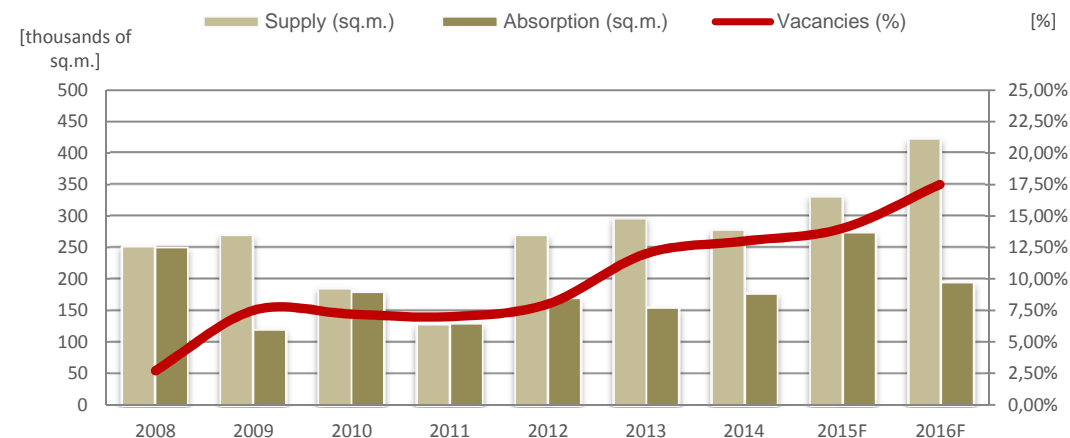
■ **TOTAL RESOURCES** Q1 2016 [millions of sq.m.]: **4.75** Q4 2015: 4.68

■ **VACANCIES** Q1 2016 [sq.m.]: **669,750** Q4 2015: 575,640

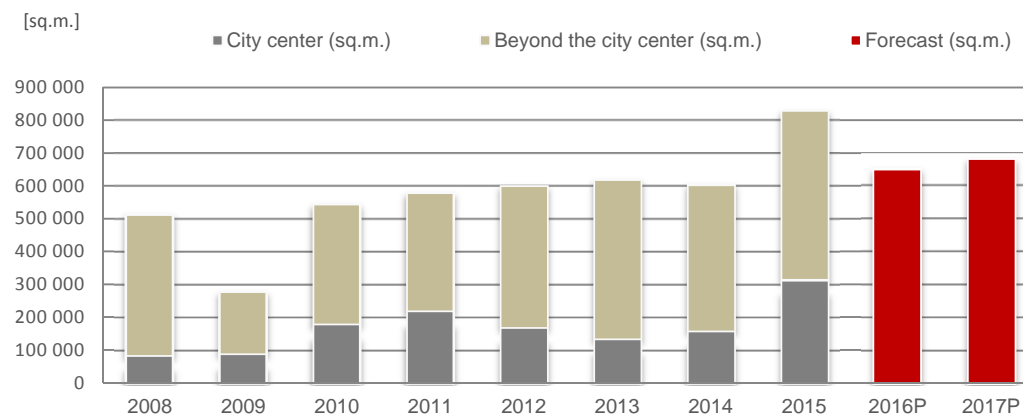
■ **AVERAGE VACANCY RATIO** Q1 2016 [%]: **14.1** Q4 2015: 12.3

■ **PRE LET Q1 2016** [(%) / NEW SPACE]: **24** Q4 2015: 12

## ► ABSORPTION OF NEW SPACE AND THE VACANCY RATIO<sup>1)</sup>



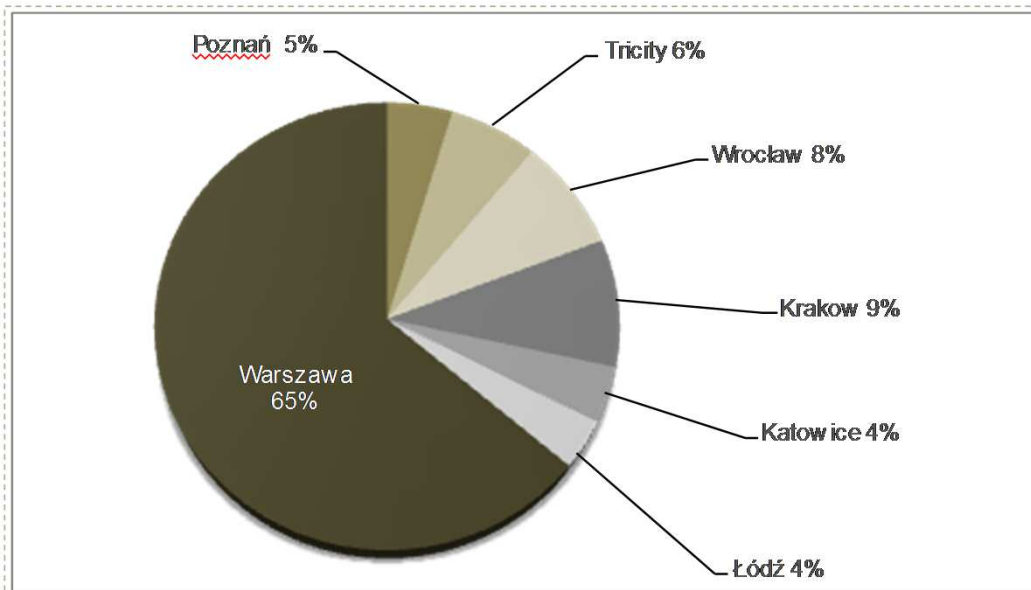
## ► RENTAL OF NET OFFICE SPACE<sup>1)</sup>



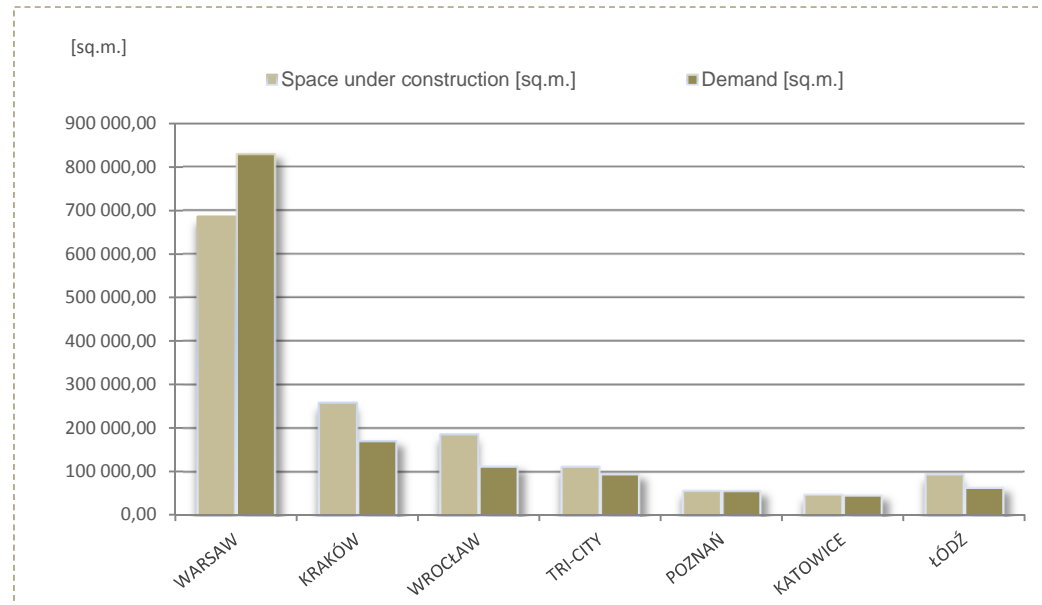
\* Source: Own materials based on data from CBRE Sp. z o.o. website and JLL, Rynek Biurowy 1 kw. 2016 (Office market in Q1 2016)

CITY	OFFICE SPACE RESOURCES [sq.m.]	SPACE UNDER CONSTRUCTION [sq.m.]	DEMAND [sq.m.]	RENTAL RATES [EUR/sq.m./month]
WARSAW	4 751 000	685 600	829 800	11–23,5
KRAKOW	672 000	258 700	171 200	13.5–15.5
WROCLAW	596 200	186 400	112 100	12.5–16.5
TRI-CITY	463 800	112 300	94 300	13–15
POZNAŃ	341 400	57 100	56 100	12.5–15.5
KATOWICE	298 000	48 000	45 900	12–14
ŁÓDŹ	261 800	94 300	63 600	11.5–13.5

## ► MODERN OFFICE SPACE



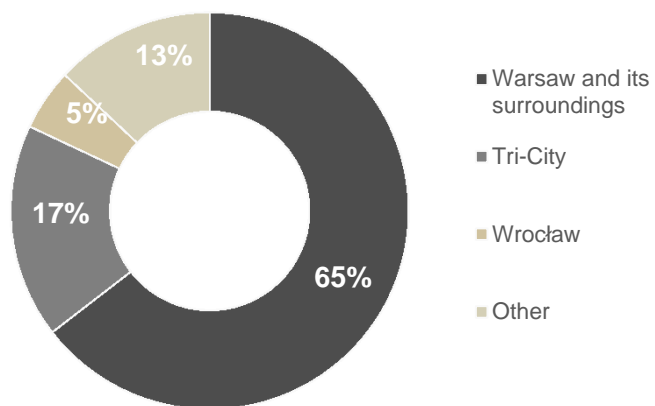
## ► SPACE UNDER CONSTRUCTION AND DEMAND



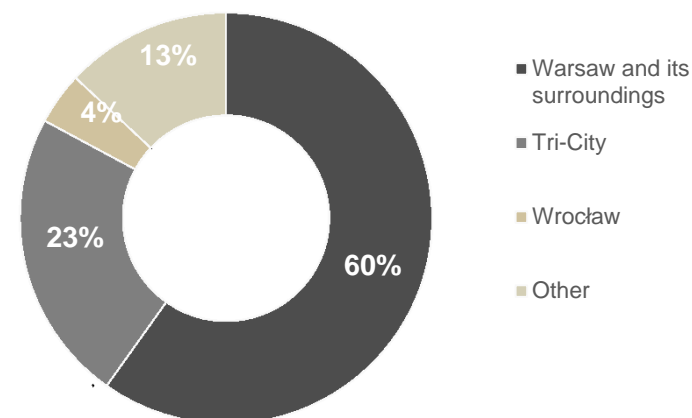
\* Source: Colliers International, Market Insights Annual Report 2016; CBRE, Warsaw Office Market in Q1 2016; JLL, Office Market in Q1 2016

# REAL ESTATE PORTFOLIO AS AT MARCH 31, 2016

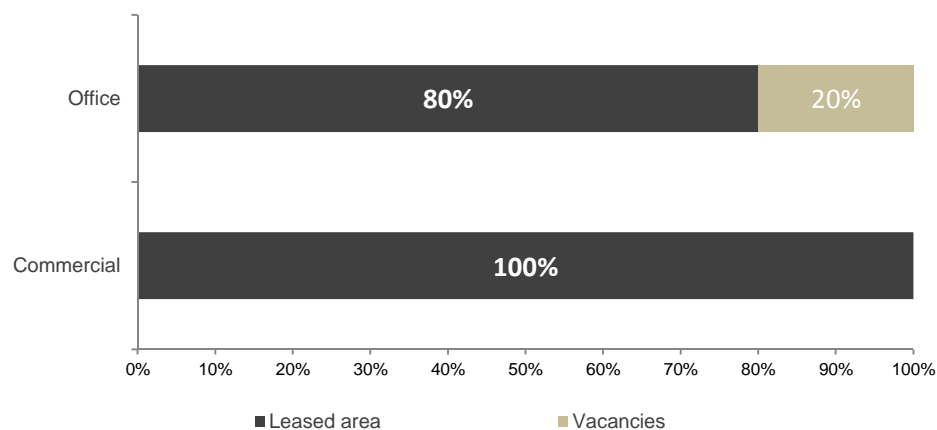
## ► GEOGRAPHIC STRUCTURE OF THE REAL ESTATE PORTFOLIO [of fair value]



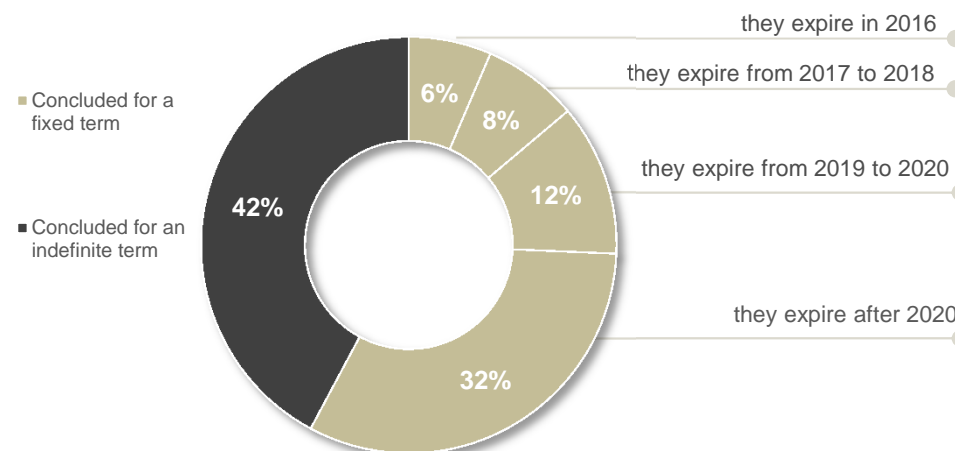
## ► GEOGRAPHIC STRUCTURE OF SEGMENTS: REMAINING AND PROJECTS [% of fair value]



## ► OCCUPANCY RATIO OF PROPERTIES REMAINING IN THE PORTFOLIO [% of area]



## ► TENANTS STRUCTURE BY CONTRACT TERM [% GLA]





## CONTINUED OPERATIONS – RESULT

[PLN million]	Q1 2016	Q4 2015
Sales revenue	40.6	44.5
Operating expenses	(23.9)	(22.6)
<b>Gross sales result</b>	<b>16.7</b>	<b>21.9</b>
<i>Provision for warranty repairs and damages</i>	-	(2.9)
<b>Adjusted gross sales result</b>	<b>16.7</b>	<b>19.0</b>
Selling and administrative expenses	(7.2)	(13.1)
<i>One-off costs (Group restructuring)</i>	0.1	3.0
Adjusted selling and administrative expenses	(7.1)	(10.1)
<b>Net sales result</b>	<b>9.5</b>	<b>8.8</b>
<b>Adjusted net sales result</b>	<b>9.0</b>	<b>8.9</b>
Movement in fair value of investment properties, and result at sale	2.8	(74.9)
Other revenues	2.7	12.6
Other expenses	(1.8)	(7.0)
<b>Operating result</b>	<b>13.2</b>	<b>(60.5)</b>
<i>Movement in fair value of investment properties, and result at sale</i>	(2.8)	74.9
<i>Write-offs for properties under tangible fixed assets</i>	-	1.4
<i>Write-off for goodwill</i>	-	4.0
<i>Costs of severance payments</i>	-	0.5
<i>Movement in provision for claims from previous years</i>	(1.3)	(10.9)
<b>Adjusted operating result</b>	<b>9.1</b>	<b>9.5</b>
<i>Movement in fair value of investment properties, and result at sale</i>	(2.8)	74.9
<i>Write-off for goodwill</i>	-	4.0
<i>Write-offs for properties under tangible fixed assets</i>	-	1.4
Depreciation and amortization	0.3	0.3
<b>EBITDA</b>	<b>20.7</b>	<b>20.1</b>
<i>Provision for warranty repairs and damages</i>	-	(2.9)
<i>One-off costs (Group restructuring)</i>	0.1	3.0
<i>Costs of severance payments</i>	-	0.5
<i>Movement in provision for claims from previous years</i>	(1.3)	(10.9)
<b>Adjusted EBITDA</b>	<b>9.5</b>	<b>9.8</b>

- adjustments

## RENTAL – SEGMENT RESULT

[PLN million]	Q1 2016	Q4 2015
Sales revenue	33.6	34.5
Operating expenses	(18.2)	(17.7)
<b>Gross sales result</b>	<b>15.4</b>	<b>16.8</b>
Selling and administrative expenses	(5.2)	(9.0)
<i>One-off costs (Group restructuring)</i>	<i>0.1</i>	<i>3.0</i>
Adjusted selling and administrative expenses	(5.3)	(6.0)
<b>Net sales result</b>	<b>10.2</b>	<b>7.8</b>
<b>Adjusted net sales result</b>	<b>10.1</b>	<b>8.7</b>
Movement in fair value of investment properties, and result at sale	2.8	(74.9)
Other revenues	2.7	12.6
Other expenses	(1.8)	(5.9)
<b>Operating result</b>	<b>13.9</b>	<b>(60.4)</b>
<i>Movement in fair value of investment properties, and result at sale</i>	<i>(2.8)</i>	<i>74.9</i>
<i>Write-off for goodwill</i>	<i>-</i>	<i>4.0</i>
<i>Write-offs for properties under tangible fixed assets</i>	<i>-</i>	<i>1.0</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(10.9)</i>
<b>Adjusted operating result</b>	<b>9.9</b>	<b>11.6</b>
<i>Movement in fair value of investment properties, and result at sale</i>	<i>2.8</i>	<i>(74.9)</i>
<i>Write-off for goodwill</i>	<i>-</i>	<i>4.0</i>
<i>Write-offs for properties under tangible fixed assets</i>	<i>-</i>	<i>1.0</i>
Depreciation and amortization	0.2	0.3
<b>EBITDA</b>	<b>11.3</b>	<b>19.8</b>
<i>One-off costs (Group restructuring)</i>	<i>0.1</i>	<i>3.0</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(10.9)</i>
<b>Adjusted EBITDA</b>	<b>10.1</b>	<b>11.9</b>

- adjustments

## DEVELOPMENT – SEGMENT RESULT

[PLN million]	Q1 2016	Q4 2015
Sales revenue	5.4	8.0
Operating expenses	(4.2)	(3.5)
<b>Gross sales result</b>	<b>1.2</b>	<b>4.5</b>
<i>Provision for warranty repairs and damages</i>	-	(2.9)
<b>Adjusted gross sales result</b>	<b>1.2</b>	<b>1.6</b>
Selling and administrative expenses	(0.9)	(1.9)
<b>Net sales result</b>	<b>0.3</b>	<b>2.6</b>
<b>Adjusted net sales result</b>	<b>0.3</b>	<b>(0.3)</b>
<b>Operating result</b>	<b>0.3</b>	<b>2.6</b>
<b>Adjusted operating result</b>	<b>0.3</b>	<b>(0.3)</b>
<b>EBITDA</b>	<b>0.3</b>	<b>2.6</b>
<i>Provision for warranty repairs and damages</i>	-	(2.9)
<b>Adjusted EBITDA</b>	<b>0.3</b>	<b>(0.3)</b>

- adjustments



## OTHER OPERATIONS AND UNALLOCATED ITEMS – RESULT

### ► OTHER OPERATIONS – RESULT

[PLN million]	Q1 2016	Q4 2015
Sales revenue	1.6	2.0
Operating expenses	(1.5)	(1.4)
<b>Gross sales result</b>	<b>0.1</b>	<b>0.6</b>
<b>Net sales result</b>	<b>0.1</b>	<b>0.6</b>
Other expenses	-	(0.4)
<i>Write-offs for properties under tangible fixed assets</i>	-	0.4
<b>Operating result</b>	<b>0.1</b>	<b>0.2</b>
Depreciation and amortization	0.1	-
<i>Write-offs for properties under tangible fixed assets</i>	-	0.4
<b>EBITDA</b>	<b>0.2</b>	<b>0.6</b>
<b>Adjusted EBITDA</b>	<b>0.2</b>	<b>0.6</b>

### ► UNALLOCATED ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[PLN million]	Q1 2016	Q4 2015
Selling and administrative expenses	(1.1)	(2.2)
<b>Net sales result</b>	<b>(1.1)</b>	<b>(2.2)</b>
Other expenses	-	(0.7)
<i>Costs of severance payments</i>	-	0.5
<b>Operating result</b>	<b>(1.1)</b>	<b>(2.9)</b>
<b>Adjusted operating result</b>	<b>(1.1)</b>	<b>(2.4)</b>
<b>EBITDA</b>	<b>(1.1)</b>	<b>(2.9)</b>
<i>Costs of severance payments</i>	-	0.5
<b>Adjusted EBITDA</b>	<b>(1.1)</b>	<b>(2.4)</b>

- adjustments



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