



Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A.

Report on the financial statements

We have audited the accompanying consolidated financial statements of the Polski Holding Nieruchomości S.A. Group (hereinafter called "the Group"), having Polski Holding Nieruchomości S.A., Al. Jana Pawła II 12, Warsaw, as its parent company, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income for the year from 1 January to 31 December 2015, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year and a summary of significant accounting policies and other explanatory notes.

Management and Supervisory Board's Responsibility for the consolidated financial statements

The Parent Company's Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and the Report on the Group's operations and for the correctness of the books of account in accordance with the applicable regulations. The Parent Company's Management Board is also responsible for internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board and Supervisory Board are obliged to ensure that the consolidated financial statements and the Report on the Group's operations meet the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330 as amended).

Auditor's Responsibility

Our responsibility was to perform an audit of the accompanying consolidated financial statements and to express an opinion and the report on whether the consolidated financial statements present, in all material respects, a true and fair view of the Group's financial position and its financial results in accordance with the regulations and the applicable accounting policies and on the correctness of the accounting records constituting the basis for their preparation.

We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Audit and Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements in all material respects:

- a. give a true and fair view of the Group's financial position as at 31 December 2015 and its financial performance and its cash flows for the year from 1 January to 31 December 2015, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- b. comply in terms of form and content with the applicable laws , including the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions of recognizing as equal information required by the law of other state, which is not a member state ("the Decree" – Journal of Laws of 2014, item 133);
- c. have been prepared on the basis of correctly maintained consolidation documentation.

Report on Other Legal and Regulatory Requirements

Opinion on the Report on the Group's operations

The information contained in the Report on the Group's operations for the year from 1 January to 31 December 2015 accommodates the requirements of article 49 paragraph 2 of the Accounting Act and the Decree and is consistent with the information contained in the audited consolidated financial statements.

Based on the knowledge of the Group and its environment obtained during our audit we have not identified any material misstatements in the Report on the Group's operations.

In the Statement of Corporate Governance, which is a separate part of the Report on the Group's operations, the Group included information in accordance with the scope defined in the Decree. This information complies with the applicable regulations and is consistent with the information contained in the consolidated financial statements.

Auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o. Registered Audit Company No. 144:

Mateusz Księżopolski

Group Registered Auditor, Key Registered Auditor
No. 12558

Warsaw, 15 March 2016

Polski Holding Nieruchomości S.A. Group

Independent Registered Auditor's Opinion

Consolidated Financial Statements

Director's Report

Registered Auditor's Report on the audit of the consolidated financial statements

For the year from 1 January to 31 December 2015

Content:

Independent Registered Auditor's Opinion

prepared by PricewaterhouseCoopers Sp. z o.o.

Consolidated Financial Statements

prepared by Polski Holding Nieruchomości S.A. Group Group

Directors' Report

prepared by Management Board of Polski Holding Nieruchomości S.A. Group

Registered Auditor's Report on the audit of the consolidated financial statements

prepared by PricewaterhouseCoopers Sp. z o.o.

Polski Holding Nieruchomości S.A. Group

Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

Translation note:

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Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

To the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A.

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Polski Holding Nieruchomości S.A. Group Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2015

I. General information about the Group

- a. Polski Holding Nieruchomości S.A. ("the Parent Company") with its seat in Warsaw, Al. Jana Pawła II 12 is the parent company of the Polski Holding Nieruchomości S.A. Group ("the Group").
- b. The Parent Company was formed on the basis of a Notarial Deed drawn up on 25 March 2011 at the Notary Public's Office of Paweł Błaszczak in Warsaw and registered with Rep. A No. 5345/2011. On 13 April 2011, the Parent Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference number KRS 0000383595.
- c. The Parent Company was assigned a tax identification number (NIP) 525-25-04-978 for the purpose of making tax settlements and a REGON number 142900541 for statistical purposes.
- d. As at 31 December 2015 the Parent Company's share capital amounted to PLN 46.7 million and consisted of 46,722,747 shares, with a nominal value of PLN 1 each.
- e. As at 31 December 2015, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN '000,000)	Type of shares held	Votes (%)
State Treasury	32,655,617	32.7	ordinary	69.89
Aviva OFE	4,647,000	4.6	ordinary	9.95
Nationale-Nederlanden OFE	2,817,849	2.8	ordinary	6.03
Other shareholders	6,602,281	6.6	ordinary	14.13
	46,722,747	46.7		100.00

As at 31 December 2014, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN '000,000)	Type of shares held	Votes (%)
State Treasury	32,655,617	32.7	ordinary	70.25
ING OFE	2,342,475	2.3	ordinary	5.04
Aviva OFE	2,188,915	2.2	ordinary	4.71
Other shareholders	9,295,037	9.3	ordinary	20.00
	46,482,044	46.5		100.00

Until the date of this report there were no significant changes of the shareholders of the Parent Company as compared to 31 December 2015.

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

f. In the audited year, the Group's operations comprised:

- real estate lease and management,
- construction projects,
- developer business in housing segment.

g. During the audited year, the Management Board of the Parent Company comprised:

- Izabela Felczak-Poturnicka Chairman of the Board
from 21 December 2015
- Artur Lebieźniński Chairman of the Board
to 21 December 2015
- Zbigniew Kulewicz Vice-chairman of the Board
from 21 December 2015
- Mateusz Matejewski Vice-chairman of the Board
from 6 February 2015 to 21 December 2015
- Włodzimierz Piotr Stasiak Member of the Board
to 21 December 2015

h. After the end of the financial year, the Management Board of the Parent Company comprised:

- Maciej Jankiewicz Chairman of the Board from
from 7 March 2016
- Izabela Felczak Chairman of the Board
to 7 March 2016
- Zbigniew Kulewicz Vice-chairman of the Board
from 21 December 2015
- Piotr Staroń will become Member of the Board on 1 April 2016

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

i. As at 31 December 2015, the Polski Holding Nieruchomości S.A. Group comprised the following entities:

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
Polski Holding Nieruchomości S.A.	Parent Company	Not applicable	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2015
Warszawski Holding Nieruchomości S.A.	Subsidiary (97.85%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2015
Dalmor S.A.	Subsidiary (91.82%)	Full	Pol-Tax Sp. z o.o.	unqualified	31 December 2015
PHN Foksal Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN Nieruchomości 3 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
Agro-Man Sp. z o.o.	Subsidiary (97.85%)	Full	Pol-Tax Sp. z o.o.	unqualified	31 December 2015
PHN Hotel Pruszków Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
Investon Sp. z o. o.	Subsidiary (97.19%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN 3 Sp. z o.o.	Subsidiary (97.85%)	Full	Pol-Tax Sp. z o.o.	unqualified	31 December 2015
DKP Dalmor Sp. z o.o. in liquidation	Subsidiary (91.82%)	Full	The Company was not subject to an audit	-	31 December 2015
Dalmor Fishing LTD	Subsidiary (91.82%)	Full	Stefan Bonello Ghio Certified Public Accountant	unqualified	31 December 2015
PHN SPV 1 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 2 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
PHN SPV 3 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 4 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 5 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 6 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 7 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 8 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 9 Sp. z o.o.	Subsidiary (97.85%)	Full	Pol-Tax Sp. z o.o.	unqualified	31 December 2015
PHN SPV 10 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 11 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 33 Sp. z o.o.	Subsidiary (100.00%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN 4 Sp. z o.o.	Subsidiary (100.00%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN 4 Sp. z o.o. S.K.A.	Subsidiary (97.53%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN 5 Sp. z o.o.	Subsidiary (100.00%)	Full	The Company was not subject to an audit	-	31 December 2015
Dalmor Property Management Sp. z o.o.	Subsidiary (99.90%)	Full	The Company was not subject to an audit	-	31 December 2015

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
PHN Property Management Sp. z o. o.	Subsidiary (99.90%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN Dewelopment Sp. z o. o.	Subsidiary (99.90%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN Hotel Management Sp. z o.o.	Subsidiary (99.90%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 12 Sp. z o.o.	Subsidiary (100.00%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 13 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 14 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 15 Sp. z o.o.	Subsidiary (97.85%)	Full	Pol-Tax Sp. z o.o.	unqualified	31 December 2015
PHN SPV 16 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 17 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 18 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 19 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 20 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 21 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 22 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
PHN SPV 23 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 24 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 25 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 26 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 27 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 28 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 31 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
PHN SPV 32 Sp. z o.o.	Subsidiary (97.85%)	Full	The Company was not subject to an audit	-	31 December 2015
Marina Molo Rybackie Sp. z o.o.	Subsidiary (100.00%)	Full	The Company was not subject to an audit	-	31 December 2015
Parzniew Logistics Center 1 Sp. z o.o.	Co-subsidiary (50.00%)	Equity method	The Company was not subject to an audit	-	31 December 2015
Parzniew Logistics Center Infrastructure Sp. z o.o.	Co-subsidiary (50.00%)	Equity method	The Company was not subject to an audit	-	31 December 2015
Wrocław Industrial Park Sp. z o.o.	Co-subsidiary (48.93%)	Equity method	The Company was not subject to an audit	-	31 December 2015
Apartamenty Molo Rybackie Sp. z o.o.	Co-subsidiary (45.91%)	Equity method	The Company was not subject to an audit	-	31 December 2015

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

j. During the financial year, the following changes took place in the scope of consolidation:

In 2015, the Group increased its shareholdings in subsidiaries by shares of PHN SPV 33 Sp. z o.o. (previously Andersia Business Center Sp. z o.o.).

k. The Parent Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Company has decided to prepare its consolidated financial statements in accordance with IFRS as adopted by the European Union.

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

II. Information about the audit

- a. The audit of the consolidated financial statements as at and for the year from 1 January to 31 December 2015 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, the Group's registered auditor Mateusz Książopolski (no. 12558).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Group by Resolution No. 46/05/2015 of the Supervisory Board of Polski Holding Nieruchomości S.A. dated 21 May 2015 in accordance with paragraph 1 p. 4 of the Parent Company's Memorandum of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the entities belonging to the Group within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws of 2015, item 1011).
- d. The audit was conducted in accordance with an agreement dated 26 May 2015, in the period from 7 to 11 December 2015 and 22 February to 15 March 2016.

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2015

III. The Group's results, financial position and significant items of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015 (selected lines)

	31.12.2015		31.12.2014		Change		Structure	
	PLN	PLN	PLN	PLN	(%)	(%)	(%)	
	'000,000	'000,000	'000,000	'000,000				
ASSETS								
Non-current assets	2,144	1,979	165	8.3	108.2	98.9		
Current assets	312	292	20	6.8	15.7	14.6		
Assets of disposal group classified as held for sale	58	12	46	383.3	2.9	0.6		
Total liabilities	(531)	(282)	(249)	88.3	(26.8)	(14.1)		
Total net assets	1,983	2,001	(18)	(0.9)	100.0	100.0		
EQUITY								
Equity attributable to the equity holders of the parent	1,950	1,947	3	0.2	98.3	97.3		
Non-controlling interest	33	54	(21)	(38.9)	1.7	2.7		
Total equity	1,983	2,001	(18)	(0.9)	100.0	100.0		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year from 1 January to 31 December 2015 (selected lines)

	2015		2014		Change		Structure	
	PLN	PLN	PLN	PLN	(%)	(%)	(%)	
	'000,000	'000,000	'000,000	'000,000				
Revenue from operating activities	160	167	(7)	(4.2)	100.0	100.0		
Cost of operating activities	(89)	(100)	11	(11.0)	(55.6)	(59.8)		
Administrative expenses and cost of sales	(39)	(39)	-	-	(24.4)	(23.4)		
Change in the fair value of investment property	(91)	(39)	(52)	133.3	(56.9)	(23.4)		
Profit on disposal of investment properties	7	-	7	-	4.4	-		
Other revenues	55	45	10	22.2	34.4	27.0		
Other costs	(15)	(21)	6	(28.6)	(9.4)	(12.6)		
(Loss)/Profit on operating activities	(12)	13	(25)	(192.3)	(7.5)	7.8		
Net profit	51	108	(57)	(52.8)	31.9	64.7		
Total comprehensive income	51	108	(57)	(52.8)	31.9	64.7		

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

Selected ratios characterizing the Group's financial position and results

The following ratios characterise the Group's activities, results of operations during the year and its financial position as at the balance sheet date compared with previous years:

	2015	2014	2013
Asset ratios			
- receivables turnover	44 days	63 days	52 days
- inventory turnover	198 days	182 days	298 days
Profitability ratios			
- net profit margin	32%	65%	63%
- gross margin	24%	17%	20%
- return on capital employed	3%	6%	6%
Liability ratios			
- gearing	21%	12%	19%
	31.12.2015	31.12.2014	31.12.2013
Liquidity ratios			
- current ratio	1.7	1.7	1.9
- quick ratio	1.3	1.5	1.7

The above ratios have been calculated on the basis of the consolidated financial statements.

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

The consolidated financial statements do not take into account the effects of deflation. The consumer price index (on a December to December basis) amounted to -0.5% in the audited year (2014: -1,0%).

The following comments are based on information obtained during the audit of the consolidated financial statements.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date:

- At the end of the financial year, the Group's net assets amounted to PLN 1,983 million. During the year total net assets decreased by PLN 18 million, i.e. by 0.9%.
- The structure of liabilities have changed. The gearing ratio increased from 12% at the end of the previous year to 21% at the end of the current year.
- Revenue from operating activities amounted to PLN 160 million and decreased by PLN 7 million, i.e. by 4.2% compared with the previous year. The Group's core activities in the current financial year consisted of lease of properties. Such sales have increased by PLN 7 million, i.e. by 5.5% compared with the previous financial year.
- Costs of external services were the largest item of operating expenses and amounted to PLN 45 million in the audited year, which constituted 42.9% of operating expenses. Costs of external services have increased by PLN 5 million, i.e. by 12.7% compared with the previous year.
- In 2015 other operating income amounted to PLN 55 million and comprised mainly income from the recognition of assets with the unsettled legal status of PLN 25 million.
- In 2015 other operating expenses amounted to PLN 15 million and comprised mainly costs of the revaluation of receivables of PLN 7 million.
- Profitability measured with net profit amounted to 32% and was 33 percentage points lower than in the previous year.
- The Group's liquidity has changed slightly. In the audited year the quick ratio amounted to 1.3 (2014: 1.5). The current ratio amounted to 1.7 and remained unchanged compared with the previous year.

Translation note:

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

IV. The independent registered auditor's statements

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The calculation of goodwill and excess of acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire, over the cost of acquisition arising in the audited year and their recognition in the consolidated financial statements complied in all material respects with the adopted accounting policies.
- d. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- e. The elimination of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- f. The elimination of unrealized gains/losses of consolidated entities included in the book value of assets and in respect of dividend payments was carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for properly in all material respects, in accordance with IFRS as adopted by the European Union.
- h. The consolidation documentation was complete and accurate and it is stored in a manner ensuring proper safeguarding.
- i. The consolidated financial statements of the Group as at and for the year ended 31 December 2014 were approved by Resolution No. 3/2015 passed by the General Shareholders' Meeting of the Parent Company on 30 June 2015 and filed with the National Court Register in Warsaw on 8 July 2015.
- j. The notes to the consolidated financial statements, which include the introduction and additional notes and explanations present all the significant information in accordance with IFRS as adopted by the European Union

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

IV. The independent registered auditor's statements (cont.)

- k. The information in the Group Directors' Report for the year from 1 January to 31 December 2015 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and conditions for recognizing as equivalent the information required by the provisions of law of a country not being a member state (Journal of Laws of 2014, item 133) and is consistent with that presented in the consolidated financial statements.

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Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

V. Final information

This report has been prepared in connection with our audit of the consolidated financial statements of the Polski Holding Nieruchomości S.A. Group having Polski Holding Nieruchomości S.A., Al. Jana Pawła II 12, Warsaw, as its Parent Company. The consolidated financial statements were signed by the Parent Company's Management Board on 15 March 2016.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A. dated 15 March 2016, concerning the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Mateusz Księżopolski

Group Registered Auditor, Key Registered Auditor
No. 12558

Warsaw, 15 March 2016

Translation note:

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