

# FINANCIAL RESULTS PRESENTATION 2017



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## Basic economic and financial parameters in 2017

Real estate  
developer of  
commercial and  
living spaces

In 2017, the construction of **16 investments** was carried out with **4.448 units** with the total area of **207.000sq.m.:**

- ❑ **Residential projects with an area of almost 168.000 sq.m.,**
- ❑ **aparthotel and commercial investments with an area of almost 39.000 sq. m. .**

**Another 24 investments for launching with the total amount of 4.153 units with an area exceeding 343.000 sq.m.** (including warehouse, aparthotel and commercial spaces with a total area of 177.000sq.m.):

- ❑ **in Warsaw and the surrounding area - 3.013 units with a useable area of 194.000 sq. m.**

(including 77.000 sq. m. of warehouse, aparthotel, and commercial space),

- ❑ **Outside Warsaw - 1.140 units with an area of almost 150.000 sq. m.**

- in Szczecin, Krakow, Poznan, the Tricity, and Katowice (including almost 100.000 sq.m. of the storage, aparthotel, and commercial spaces)..

**In 2017, 1,819 units were sold, including apart-hotel units**



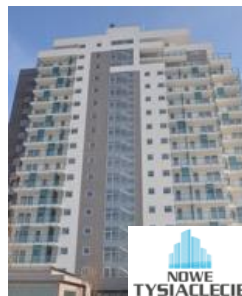
# Most important events in 2017

- ❑ An ongoing good sales rate – **a 15% growth of sold units** in comparison with the previous year: **1,819 units in 2017** in comparison with 1,575 in 2016. In the very Q4 of 2017, **580 units were sold** as opposed to 404 units in the same period of last year – **a 44% growth**,
- ❑ Obtaining financing and starting the construction of the highest building in **Szczecin** – a 31-story apartment **Hanza Tower** building **with 502 units** serving mostly a residential function (raw state realized in earlier stages),
- ❑ Obtaining financing and starting the realization of the **III stage of the Nowe Tysiąclecie community in Katowice with 346 units** (three towers with the varying number of levels between 13 and 19),
- ❑ Starting the realization of another phase of **Villa Campina** townhouse-like homes in Ożarów Mazowiecki near Warsaw, **with 21 homes (Alicja homes)**,
- ❑ Obtaining a building permit and starting a construction of the **Wrzosowa Aleja community (Lewandów IV)** in the Warsaw's Białołęka district with **81 units**.



# Most important events in 2017

- ❑ Obtaining a certificate of occupancy:
  - ❑ **phase C of the Bliska Wola community with 481 units** (a residential part) in the area of Ordona/Kasprzaka streets in Warsaw,
  - ❑ **Zielona Dolina II community, phase I with 321 units** in the area of Zdziarska/Ostródzka streets in Warsaw,
  - ❑ **Nowe Tysiąclecie phase B1 investment with 122 units** at Tysiąclecia street in Katowice,
  - ❑ **Varsovia Apartamenty Jerozolimskie aparthotel with 116 units** at Aleje Jerozolimskie in Warsaw,
  - ❑ another phase of **Villa Campina community with 40 single-family homes** in Ożarów Mazowiecki near Warsaw,
  - ❑ **Willa One investment with 21 units** at Marcina z Wrocimowic street in Warsaw



# Most important events in 2017

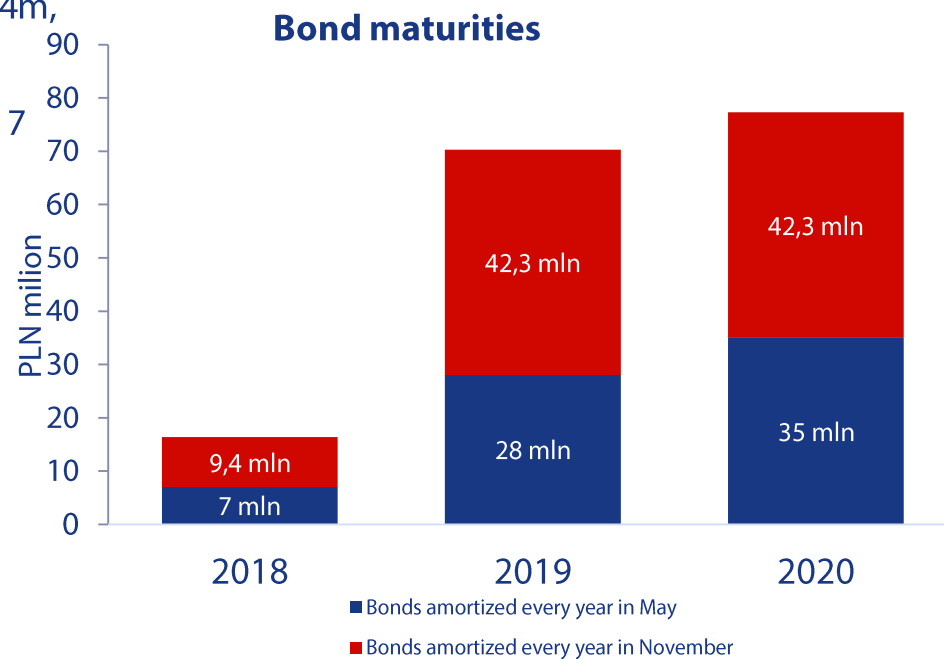
- ❑ Continuation of remaining investments with **almost 2,500 units**:
  - ❑ **Bliska Wola - phase E (residential part)** in Warsaw with **671 units**,
  - ❑ **Zielona Dolina II phase II** in Warsaw with **570 units**,
  - ❑ **Bliska Wola – phase C (aparthotel part)** in Warsaw with **457 units**,
  - ❑ **Bliska Wola - phase E (commercial and residential part)** in Warsaw with **433 units**,
  - ❑ **Bernadowo Park phase II** in Gdynia with **236 units**,
  - ❑ **Kamerata** in Gdynia with **55 units**,
  - ❑ **Zielona Dolina III** in Warsaw with **54 units**.



# Most important events in 2017

## Two instances of bond issuance aimed at land acquisition:

- ❑ Value of bond issuance – PLN 70m and PLN 94m,
- ❑ Issuance date – May 31, 2017 and Nov. 11, 2017
- ❑ Maturity date - PLN 70m:
  - ❑ PLN 7m in May of 2018
  - ❑ PLN 28 m in May of 2019
  - ❑ PLN 35 m in May of 2020
- ❑ Maturity date - PLN 94m bonds
  - ❑ PLN 9,4m in November 2018
  - ❑ PLN 42,3m in November 2019
  - ❑ PLN 42,3 m in November 2020.





# Most important events and the sales and marketing policy in 2017

- ❑ Conducting effective advertising activities in all effective communications channels. Introducing novelties in the area of Internet advertising. Directing advertising communications at potential customers in the scope of a wide range of Company products:
  - ❑ An advertising campaign aimed at the promotion of an offer available under the MdM program, which is a government buy-down program, as well as the advertising campaign “Do not lose money on rent – Buy your own apartment”
  - ❑ Directing advertising communications aimed at investors expecting stable and guaranteed income. An emphasis is put on the sales of aparthotel units and Premium Apartments in the Bliska Wola community as part of the “Move in or earn on rent” campaign. Additionally, the promotional sales of small offices for own use or renting are promoted.
  - ❑ Conducting special promotional activities in conjunction with bonuses, such as a “bicycle for free” for purchases in Willa One, a free weekend at Hotel 500 for the very first customers at Wrzosowa Aleja customers, a Leroy Merlin discount card. Promoting investments on local industry events, such as real estate trade shows in Warsaw, Katowice, and Gdynia, as well as the organization Open Days and Investor days in sales offices
- ❑ Starting promotion and apartment sales in Hanza Tower – a 31-story apartment building (with garages) in Szczecin. The building, due to its location, architecture, height, and multifunctionality will become the pride of Szczecin. The promotional campaign is conducted with the use of “Live on the highest level” slogan.



**ZAMIESZKAJ NA  
NAJWYŻSZYM  
POZIOMIE!**





# Most important events and the sales and marketing policy in 2017

- ❑ Starting the sales of a new phase of single-family homes at Villa Campina and living units at Wrzosowa Aleja in Warsaw
- ❑ Creation of the Varsovia Apartamenty aparthotel chain which includes Varsovia Apartamenty Jerozolimskie (Jerozolimskie Invest) as well as the Varsovia Apartamenty Kasprzaka –in preparation.
- ❑ In 2018, the Company shall start the realization of aparthotel units at Pileckiego in Warsaw and Gdynia.
- ❑ Continuation of sponsorship of the AZS Politechnika Warszawska (Onico Warsaw) volleyball team, as well as the sponsorship of PKO Open in Szczecin.
- ❑ Awards and distinctions:
  - ❑ Nowe Tysiąclecie – 1<sup>st</sup> place in the category of a family-friendly community, as well as a “Golden Investment” title in a contest organized by Dziennik Zachodni.
  - ❑ Hotel Czarny Potok Resort & SPA - Hotel of the year 2017 – awarded by Home & Market magazine and Gazeta Finansowa; Perfect SPA 2017 – award in the “hotel in the mountains” category; Travellers' Choice 2017 by TripAdvisor; Quality Certificate 2017 by TripAdvisor.



**Gramy  
razem!**

**SPONSOR DRUŻYNY SIATKARSKIEJ!**

# Factors influencing the current activity and the nearest future

## Related to the utilization of the Group's potential:

- ❑ The company has a potential to transfer units to the owners over the course of the nearest **3 years** – as of December 31, 2017 it was **4,123 units that were not transferred that were either under construction or finished:**
  - ❑ **2,557 units** sold and non-transferred to owners,
  - ❑ **1,450 units** available for sale,
  - ❑ **116 units** finished but not introduced for sales.
- ❑ With almost **5,200 not sold units** (1,450 units currently available and another 3,750 that the Company plans to introduce for sale in the nearest time), the Company has an assured offer for **approx. 3 years.**
- ❑ **High cash surplus** on accounts (**more than PLN 174m**) and a low debt ratio.

## Related to beneficial external factors:

- ❑ An ongoing, good prosperity in the real estate market; in accordance with the REAS data, in 2017 there was a 17% growth in living properties sales in comparison with 2016,
- ❑ A 2% growth in living property average prices in Q4 in comparison with the same period last year,
- ❑ Low interest rates that according to estimations may stay as such until at least the end of 2018\* favor investment and aparthotel purchases,
- ❑ Good situation in the labor market: a low unemployment rate and growing average wages.

\*In accordance with the forecast by the president of the National Bank Poland

# Factors influencing the current activity and the nearest future

## N E G A T I V E

- ❑ Depletion of funds available under the government MdM program as well as a lack of programs supporting residential property purchasers.
- ❑ Higher loan financing costs, including mortgage loans.
- ❑ Lack of predictability regarding the influence of the MieszkaniePlus program on the real estate development market.
- ❑ A long-term process governing the issuance of all administrative decisions for current and planned projects.
- ❑ Lack of certainty with reference to changes related to the real estate development market.

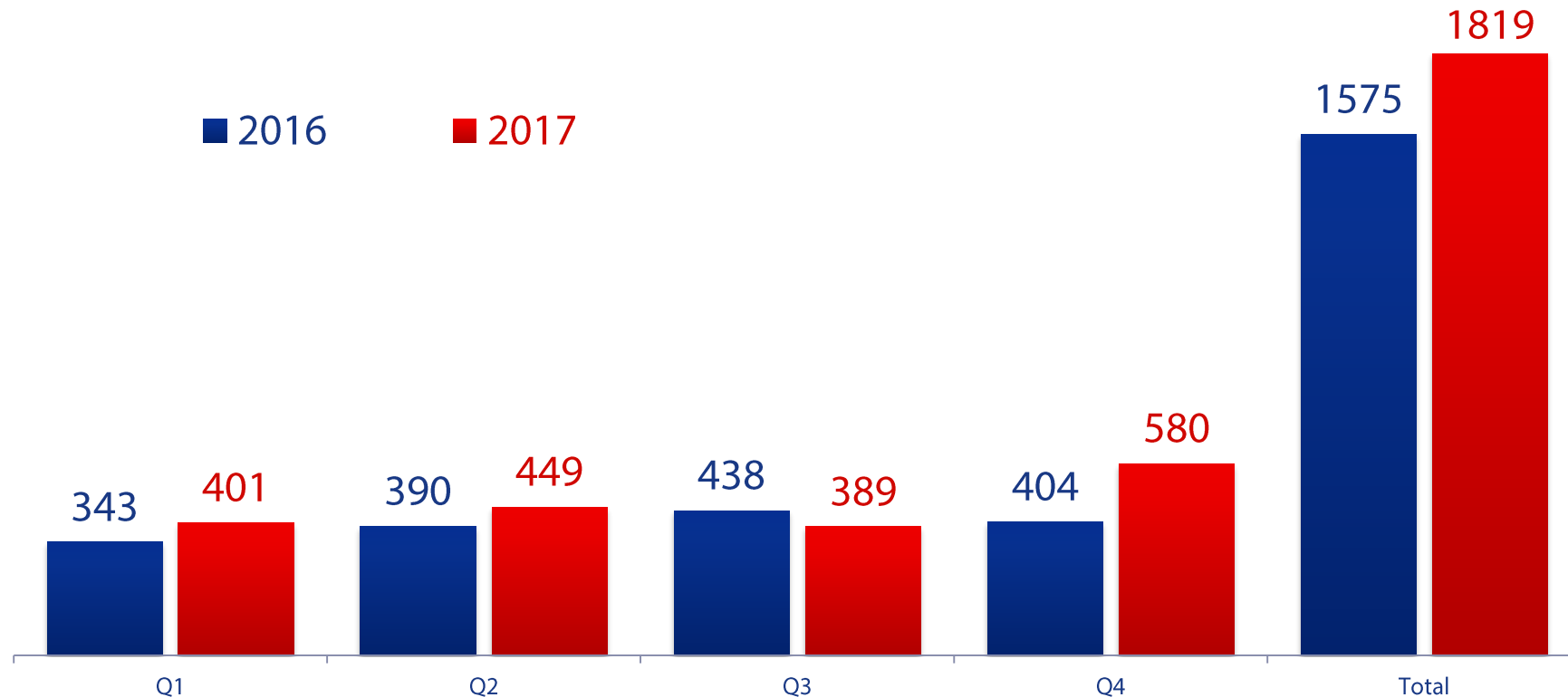


## Continuation of the strategy aimed at realizing the Group's potential

Strategy based on:

- ❑ Extending the offer with the construction of additional **aparthotel units and storage areas**.
- ❑ **Continuation of construction on the existing land inventory** in accordance with the schedule through the realization of an adopted strategy related to carrying out construction on a large land inventory; launching as many new projects providing better cash flows as possible in accordance with an adopted schedule.
- ❑ Maintaining a **geographic diversification** while remaining the status of a real estate development leader in the Warsaw market; expanding to other areas in Poland; making preparations to launch new projects in the territory of the Tricity, Krakow, Szczecin, and Poznan.
- ❑ Maintaining an **activity diversity** through conducting actions aimed at increasing revenue and cash surplus from hotel investments.
- ❑ Selective **acquisition of new locations** for real estate development investments.
- ❑ Sales of **1,500 – 2,000 units on an annual basis**.
- ❑ Release of non-working assets.

## Sales of properties in 2017



- In 2017, the Group sold **1,819 units**, which is a **15%** growth in comparison with the same period as last year.

## Selected consolidated financial data for 2017

Selected financial data	2017	2016	Change
Sales revenue	PLN 404,2m	PLN 490,7m	-18%
Gross sales profit	PLN 103,7m	PLN 140,9m	-26%
Gross sales margin	25,7%	28,7 %	-3 p.p.
Operating profit	PLN 48,1m	PLN 43,1	+12%
Net result	PLN 25,9m	PLN 25m	+4%

- Despite decreased revenue in 2017 in comparison with 2016, the net result stayed at a similar level.

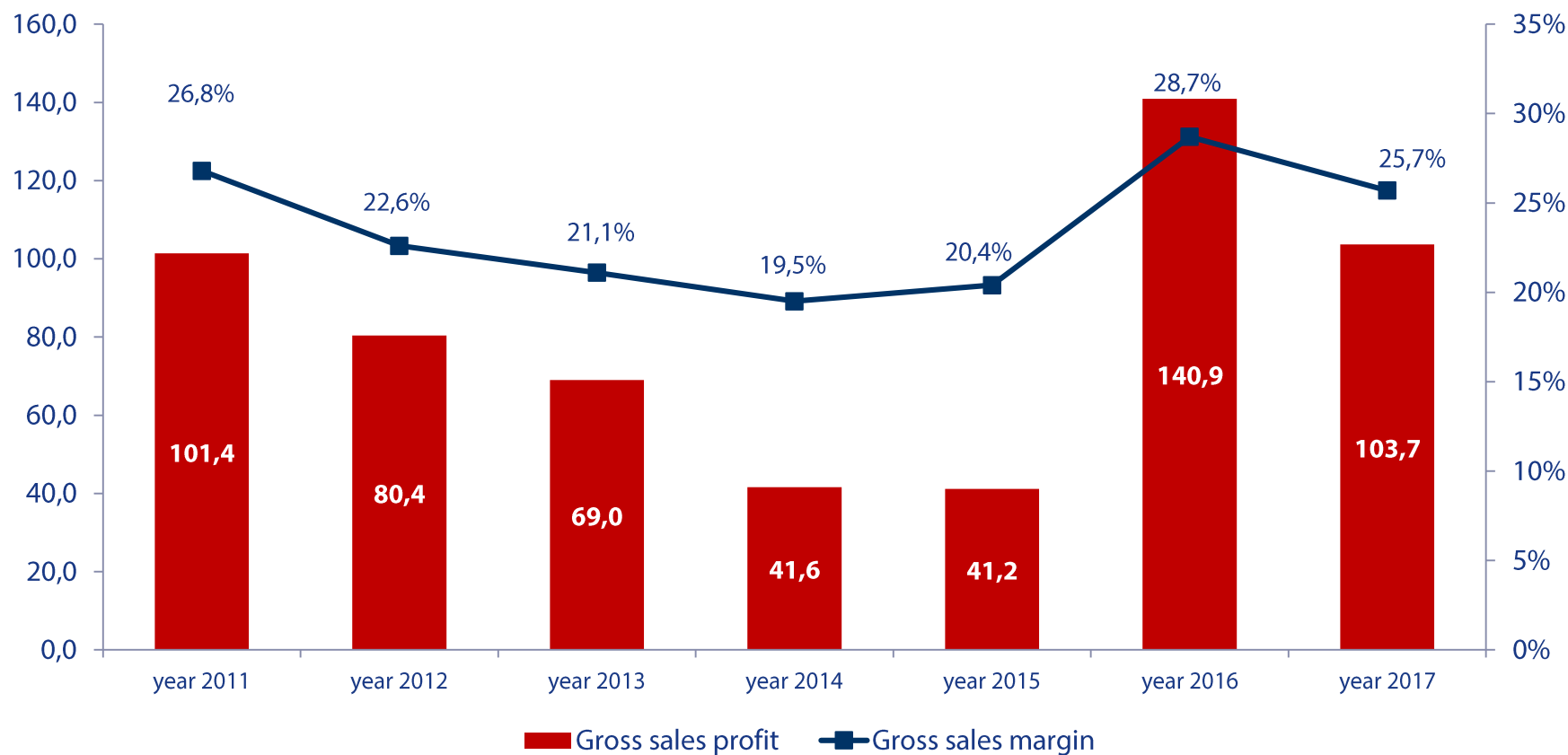


## Selected consolidated financial data for Q4 of 2017

Selected financial data	Q4 of 2017	Q4 of 2016	Change
Sales revenue	PLN 176,4m	PLN 53,6m	+229%
Gross sales profit	PLN 47,5m	PLN 8,1m	+486%
Gross sales margin	26,9%	15,1%	+11,8 p.p.
Operating profit	PLN 33,8m	- PLN 20,2m	+267%
Net result	PLN 22,9m	- PLN 10,2m	+324%

- A 229% revenue growth in Q4 of 2017 in comparison with the same period of last year.
- A net profit at the level of PLN 22,9m in Q4 of 2017 in comparison to the loss at the level of PLN 10,2m in the same period of the previous year.

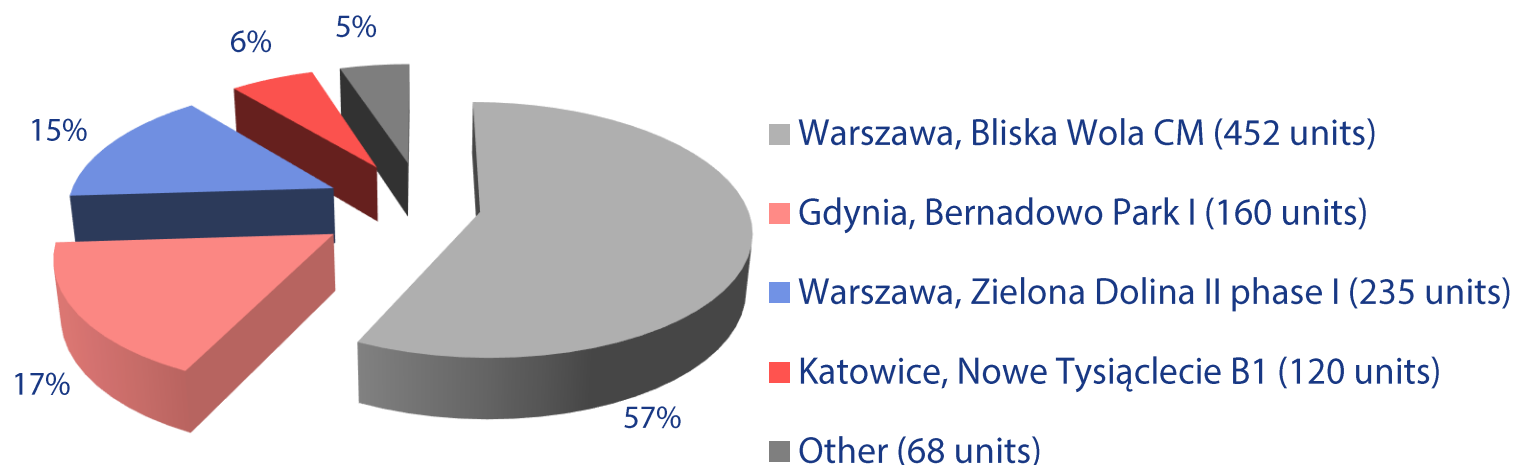
## Gross sales margin vs gross sales profit



□ The gross sales margin has remained for a considerable amount of time at the level of **approx. 25%**.

## Realization of gross sales profit for 2017

- The level of the generated gross sales profit for 2017 was **PLN 104m.**  
 The percentage of real estate development projects recognized in the sales profit:

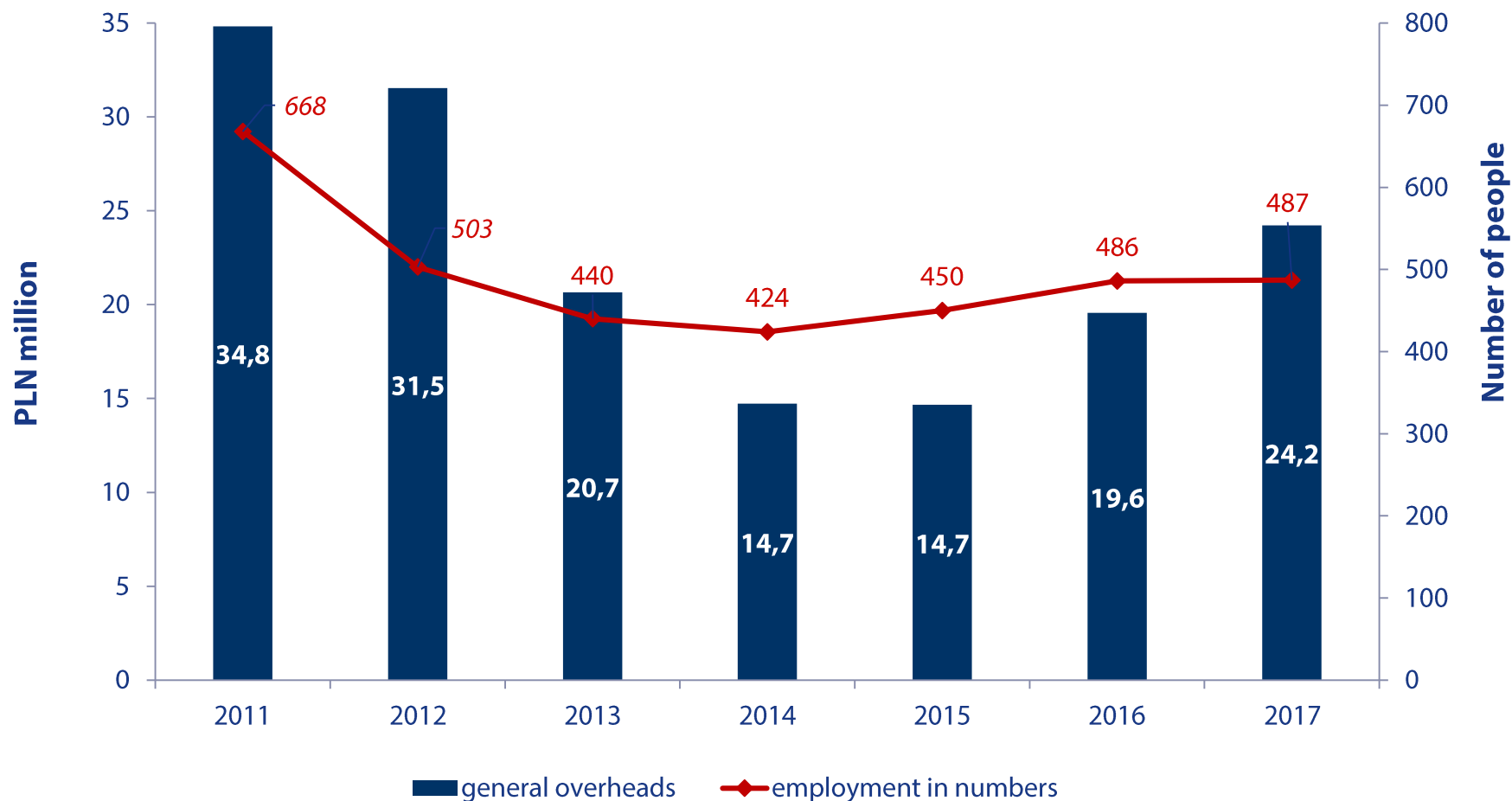


- Properties recognized in the result for **2017 vs. 2016**





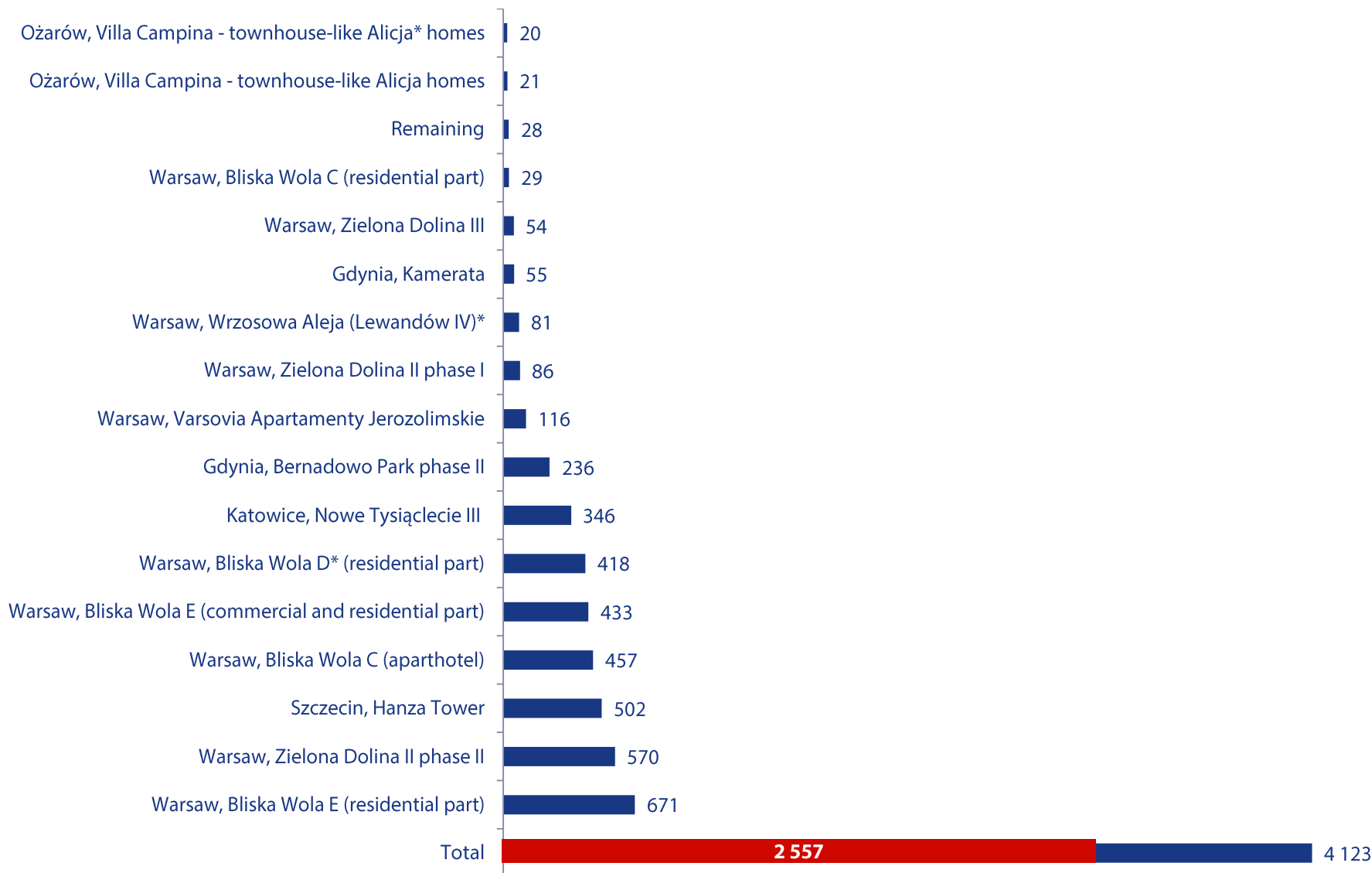
## Overheads vs. employment\*



\*including employment in hotels:

Year	2011	2012	2013	2014	2015	2016	2017
Number of people	88	136	149	133	183	202	203

# Properties to be recognized in next quarters from finished investments and investments under construction



\* Reservation sales

Units sold and not transferred to owners

# Investments carried out in 2017

□ In 2017, the Group carried out **16 investments with 4,448 units** with a total useable area of **207 163 sq.m.**

Project name	Total number of units	Useable area	Aparthotel and commercial area	% of sold units	Completion of construction works
Bliska Wola - phase E – residential part, Warsaw	671	30 454	-	96%	35%
Zielona Dolina II phase II, Warsaw	570	25 360	-	43%	68%
Hanza Tower, Szczecin	502	21 957	10 844	39%	19%
Bliska Wola - phase C – residential part, Warsaw	481	21 358	-	99%	100%
Bliska Wola - phase C – aparthotel part, Warsaw	457		14 560	94%	82%
Bliska Wola - phase E – commercial and residential part, Warsaw	433	4 549	10 089	85%	29%
Nowe Tysiąclecie phase III, Katowice	346	18 261	-	25%	12%
Zielona Dolina II phase I, Warsaw	321	12 723	-	85%	100%
Bernadowo Park phase II, Gdynia	236	13 184	-	85%	84%
Nowe Tysiąclecie phase B1, Katowice	122	7 072	-	100%	100%
Varsovia Apartamenty Jerozolimskie, Warsaw	116		3 460	Sales started in February, 2018.	100%
Kamerata, Gdynia	55	3 420	-	96%	50%
Zielona Dolina III, Warsaw	54	2 269	-	76%	90%
Villa Campina – homes, Ożarów	42	4 629	-	86%	98%
Willa One, Warsaw,	21	958		90%	100%
Villa Campina homes - Alicja, Ożarów	21	2 017	-	81%	22%
<b>In total</b>	<b>4 448</b>	<b>168 210</b>	<b>38 953</b>		

# Investments planned for launching as of December 31, 2017

- ❑ The Company, based on its land inventory, plans to start the realization of **4,153 units** and storage and commercial spaces with an area of **343 378 sq.m.**

Project name	Total number of units	Useable area (sq.m.)	Aparthotel and commercial space (sq.m.)
Bliska Wola phase D (residential-aparthotel-commercial), Warsaw	1 059	25 402	17 056
Starowiejska street, Gdańsk- Letnica*	433	26 943	
Bliska Wola phase D (residential), Warsaw**	418	19 179	
Poznańska street - Skórzewo near Poznan ***	280	14 000	
Berensona street, Warsaw	264	11 855	
Pileckiego street – aparthotel, Warsaw	240		8 013
Antoniewska street, Warsaw	221	13 763	
Spokojna street – aparthotel, Gdynia	257		9 390
Phase VI homes and additional homes, Ożarów	150	15 675	
Lewandów Park III phase II, Warsaw	146	4 709	
Mikołaja Trąby street, Warsaw	127	5 469	
Odkryta street, phase II, Warsaw	104	4 443	
Radość street, Nowogard	96	4 800	
Wrzosowa Aleja (Lewandów Park IV), Warsaw**	81	2 990	
Jesionowa/Partyzantów street, Gdańsk- Wrzeszcz*	74	4 000	
Aluzyjna street, phase II, Warsaw	68	3 670	
Lewandów Park III phase I, Warsaw	40	1 631	
Aluzyjna street, phase I, Warsaw	32	1 850	
Villa Campina homes, phase V, Ożarów	30	2 857	
Villa Campina homes, phase IV, Ożarów**	20	2 003	
Nowodworska street, Warsaw	13	1 180	
Porta Transport (warehouses), Szczecin			80 000
Małopole (warehouses), near Warsaw*			52 000
streets Wielopole 19-21, Dietla 86, 88 and 90, Cracow			10 500
<b>Total</b>	<b>4 153</b>	<b>166 419</b>	<b>176 959</b>

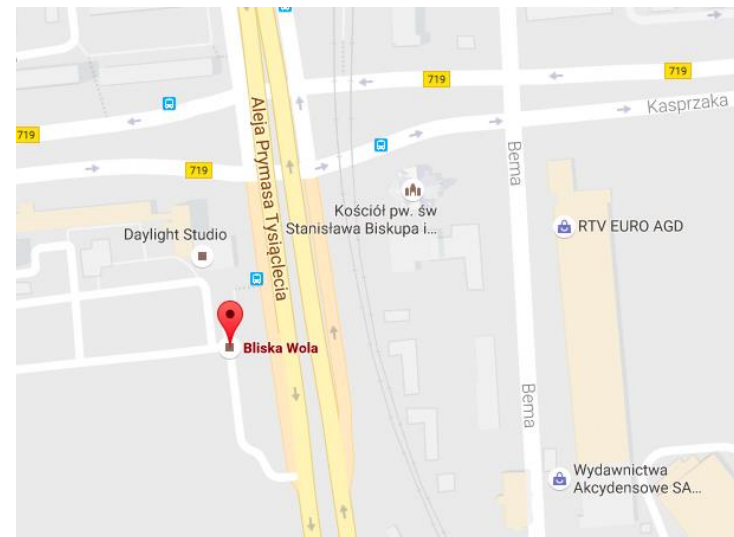
\*preliminary land purchase agreements, \*\*reservation sales, \*\*\*purchase in Q1 of 2018

# Attachments



## Projects planned for launching in the nearest months: Warsaw, Bliska Wola, phase D – residential units and an aparthotel

Project	Warsaw, Bliska Wola
Location	Warsaw, Wola
Number of units	1 477
Useable area	44 581
Useable area of commercial and aparthotel units,	17 056



### Characteristics

- ❑ Unique, multifunctional project
- ❑ Perfect location – only 3 kilometers from the very center
- ❑ Very good transport infrastructure
  - direct access to the Rondo Daszyńskiego metro station
- ❑ Recreational territory inside the community
- ❑ Interesting, modern architecture of the buildings

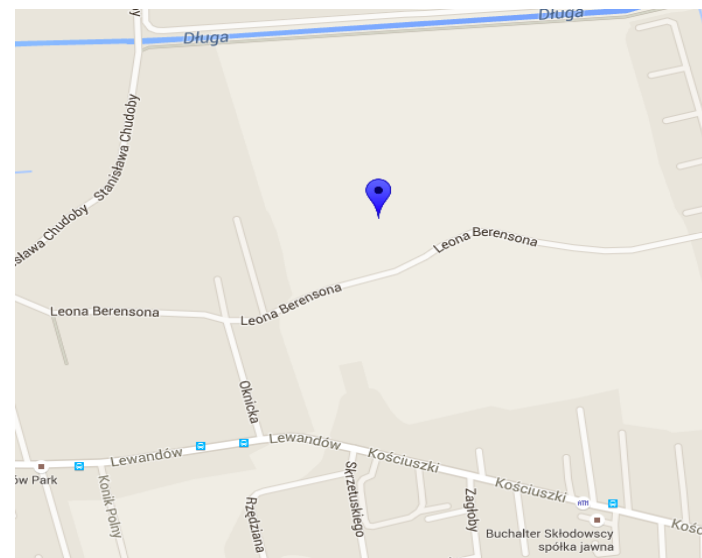


## Projects planned for launching in the nearest months: Warsaw, Berensona street

Project	Warsaw, Berensona street
Location	Warsaw, Berensona street
Number of units	264
Useable area (in sq.m.)	11 855

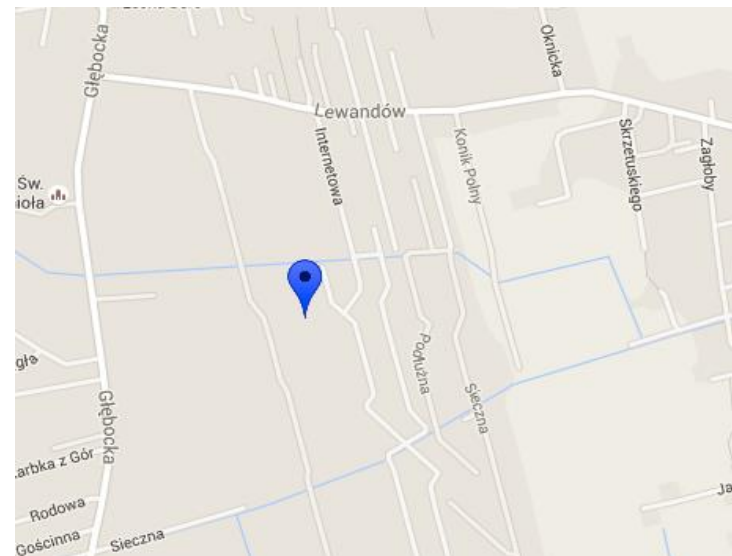
### Characteristics

- ❑ The project includes 12 buildings
- ❑ Low, prestigious architecture
- ❑ Located in Warsaw's Białołęka – the fastest growing district of Warsaw
- ❑ Safe playing grounds within the community
- ❑ Close proximity of big city amenities: schools, kindergartens, shopping malls,
- ❑ Quick access to the city center



## Projects planned for launching in the nearest months: Warsaw, Lewandów Park III phases I and II and Lewandów Park IV (Wrzosowa Aleja)

Project	Warsaw, Lewandów Park (Wrzosowa Aleja)
Location	Warsaw, Lewandów street
Number of units	Lewandów Park III phase I – 40 Lewandów Park III phase II – 146 Lewandów Park IV – 81* *sales started
Useable area (in sq.m.)	9 330



### Characteristics

- ❑ Low, prestigious architecture
- ❑ Safe playing grounds within the community
- ❑ Quick access to both the city center and recreational areas – the Zegrzyński Lake
- ❑ Safe playing grounds within the community
- ❑ Friendly location in Białoleka, a district that is most often chosen by people looking for their first apartment
- ❑ Close proximity of large city amenities, such as shopping malls, schools, cinemas, and restaurants



## Projects planned for launching in the nearest months: homes in Warsaw, Nowodworska street

Project	Warsaw, Homes
Location	Warsaw, ul. Nowodworska
Number of homes	13
Useable area in sq.m.	1 180

### Characteristics

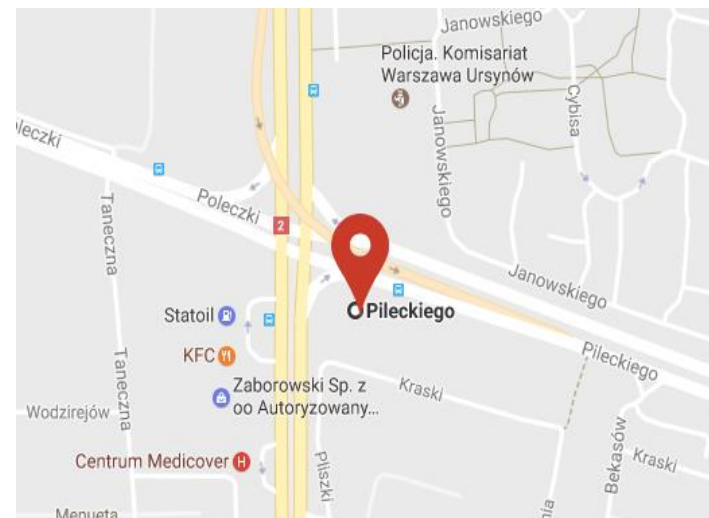
- ❑ Project includes 13 single-family, townhouse-like
- ❑ Every building has 3 levels above the ground, including an attic
- ❑ Homes located in Warsaw's Nowodwory in the Białołęka District with an easy access to the Młociny metro station
- ❑ Assured close proximity of city infrastructure, easy access to kindergartens, schools, healthcare, attractive business places, recreational terrains, and sport venues





## Projects planned for launching in the nearest months: Aparthotel at Pileckiego street in Warsaw

Project	Warsaw, Pileckiego Aparthotel
Location	Warsaw, Pileckiego street
Number of units in the aparthotel	224
Number of business premises	16
Useable area of commercial and aparthotel units (in sq. m.)	8 013



### Characteristics

- ❑ Project includes 224 aparthotel units with properties starting from 17 sq.m. as well as commercial space
- ❑ Amenities for prospect dwellers, including reception and a laundrette
- ❑ Attractive location in Ursynów at Puławska street
- ❑ Quick access to the city center, an international airport, a railway station, and main communication arteries



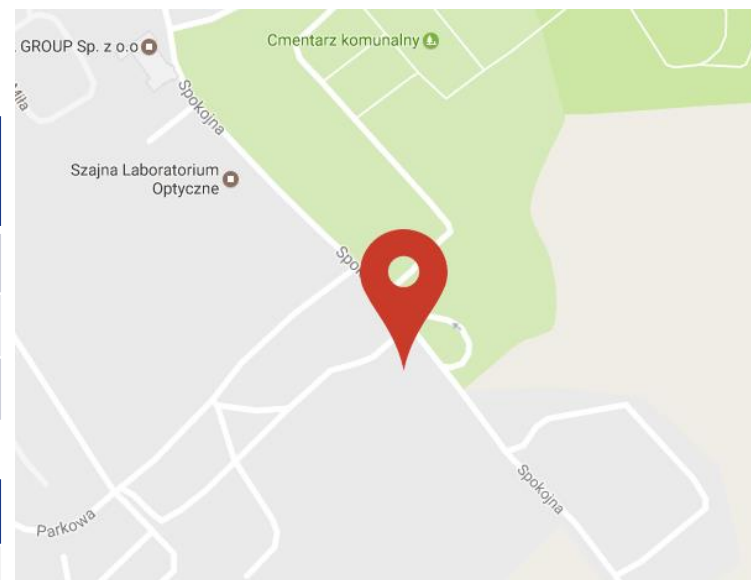


## Projects planned for launching in the nearest months: Aparthotel at Spokojna street in Gdynia

Project	Gdynia, Spokojna Aparthotel
Location	Gdynia, Spokojna street
Number of aparthotel units	257
Area (in sq. m.)	9 390

### Characteristics

- ❑ Compact small apartments with areas starting from 20 sq. m.
- ❑ Amenities for prospect dwellers, including reception, services, etc.
- ❑ Close proximity of recreational terrains of the Trójmiejski Landscape Park
- ❑ Attractive location







**Thank you for your attention**

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