

# RESULTS PRESENTATION FOR Q3 OF 2017



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# Basic 1 economic and financial parameters as at September 30, 2017

## Group's potential

- ❑ Development of the owned land inventory, including **4,188 units under construction and planned another 3,180**. Current land inventory will allow for new development projects for more than 3 years. In addition the company is conducting activities aimed at purchasing new plots
- ❑ As at September 30, 2017, Company has 2,521 units sold and not transferred, 1,507 units on sale and 116 units from ongoing projects but not on sale yet
- ❑ Significant fixed assets and investment properties are potential sources of liquidity for Group in the event of the need to raise cash before the completion of residential projects

## High and stable gross profitability from sales

- ❑ Gross sales margin remains at around 25% for a considerable amount of time
- ❑ Generating high operating cash flows in 2014-2017 has allowed a significant reduction in interestbearing debt

## Revenue diversification

- ❑ Apart from development activities, Group provides hotel construction and real estate management activities and is present in four urban agglomerations in Poland
- ❑ Expanding the offer for the construction and management of aparthotel units
- ❑ Preparations for entering the warehouse real estate market
- ❑ Company offers both popular and premium segments



## Key events in Q3 of 2017

- ❑ Good ongoing sales rate – a **6% unit sales increase** in comparison with the previous year: **1,239 units in the 3 quarters of 2017** in comparison with the 1,171 in the same time of the year 2016. In the very Q3 of 2017, **389 units** were sold as opposed to 438 units in the comparable period of the previous year.
- ❑ Obtaining a certificate of occupancy for the residential part of **the phase C of the Bliska Wola community** with **481 units** in the region of Ordonia and Kasprzaka streets in Warsaw as well as a certificate of occupancy for terraced houses at **Villa Campina** located in the Kręczki Kaputy gmina near Ożarów Mazowiecki. The permits are final and binding. Preparation of the **Zielona Dolina II phase I investment** with **321 units** for the final take-over by their owners (the certificate of occupancy was obtained in October).
- ❑ Starting the sales of a **next phase of terraced houses at Villa Campina in Ożarów (Alicja single-family homes)**.



# Most important events in Q3 of 2017

## □ Continuation of the realization of remaining investments **for 3,323 units:**

- Bliska Wola - Phase E in Warsaw – residential part with 671 units
- Zielona Dolina II phase II in Warsaw with 570 units
- Hanza Tower in Szczecin with 501 units
- Bliska Wola - Phase C in Warsaw - Wola Invest with 457 units
- Bliska Wola - Phase E in Warsaw - Wola Invest with 433 units
- Nowe Tysiąclecie phase III in Katowice with 346 units
- Bernadowo Park phase II in Gdyni with 236 units
- Kamerata in Gdynia with 55 units
- Zielona Dolina III in Warsaw with 54 units

## □ Acquiring new building plot in **Cracow** at Wielopole/Dietla street with an area of **10,500 sq. m.**





## Most important events and marketing and sales policy in Q3 of 2017

- ❑ Preparation of marketing and advertising materials and starting the promotion of the new Wrzosowa Aleja community (Lewandów IV)
- ❑ Conducting effective advertising activities on all communication channels. Introducing novelties from the field of online advertising
- ❑ Active advertising campaign - "last weeks with the MdM program" - the possibility of buying an apartment with governmental funds as well as the „Do not lose money on rent – buy a ready apartment” promotional action.
- ❑ Directing the advertising message to investors expecting stable and reliable cash influx from real estate investment. Our locations are an excellent investment product.
- ❑ Conducting special promotional actions connected with bonuses such as „bicycle for free” for the Willa One investment, “Free weekend at Hotel 500” for customers of Wrzosowa Aleja.
- ❑ Promotion of investment at local trade events: Real estate fairs in Warsaw, Katowice and Gdynia and the organization of Open Days and Investor Days in trade offices



**ZAINWESTUJ I ZARABIAJ  
NA WYNAJMIE**

**SPRAWDŹ**



## Factors affecting Company's activity in Q3 of 2017

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### Related to utilising company's potential:

- ❑ The company has the potential to transfer premises for **more than 3 years** – as at September 30, 2017 there were **4.500 not transferred units under construction or ready**
- ❑ With more than **5.000 unsold units** (more than 1.800 on offer and more than 3.700 which the company is planning to launch in the near future) , the company has secured an offer **for over 3 years**
- ❑ High cash balance on accounts (nearly 190 million) despite the systematic reduction of debt

### Related to favourable external conditions:

- ❑ The continuing good economic situation on the real estate market, according to REAS data, in the third quarter of 2017 almost 21% more apartments were sold than in the same period last year
- ❑ The increase in the average price of flats in the third quarter by 9% compared to the same period last year
- ❑ Low interest rates, which are estimated to hold at least until mid-2018\* favor investment purchases, including purchases of aparthotels
- ❑ Good situation on the labour market, declining unemployment and rising average salary

\*According to REAS analyst

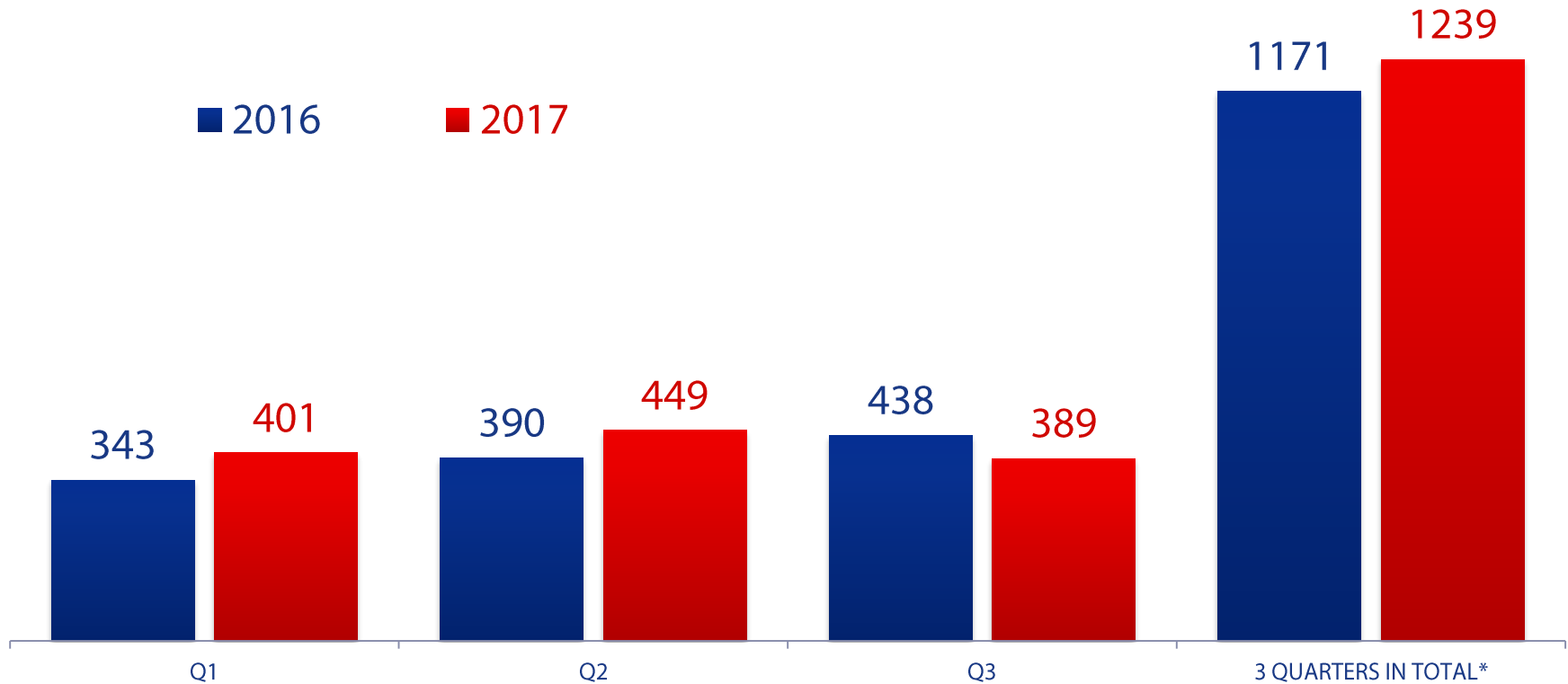
## Factors affecting Company's activity in Q 3 of 2017

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- ❑ Exhaustion of Mm funds for investment subsidies ending in 2017
- ❑ Higher financial costs of loans, including mortgages
- ❑ Uncertainty about the impact of the "Mieszkanie Plus" program on the property market
- ❑ Long process for obtaining the necessary administrative decisions for current and planned projects
- ❑ Uncertainty about the legal changes related to the real estate market



## Sale of premises in three quarters of 2017



- In the three quarters of 2017, the Group sold **1,239 units**, which is **6%** more than what it was in the same period of the last year.

# Selected consolidated financial data cumulatively of 3 quarters of 2017

Selected financial data	Q3 of 2017	3 quarters of 2016	Change
Sales revenue	PLN 227,7m	PLN 437,1m	-48%
Gross sales profit	PLN 56,2m	PLN 132,8m	-58%
Gross sales margin	24,7 %	30,4 %	- 5,7 p.p.
Profit on operations	PLN 14,3m	PLN 63,3m	-77%
Net profit	PLN 3,1m	PLN 35,2m	-91%

- The decrease of sales revenue in three quarters of 2017 by 48% and a lower net profit by 91% in comparison to the same period of the last year were caused by it being only possible to transfer only a small number of units from the constructions being finished.

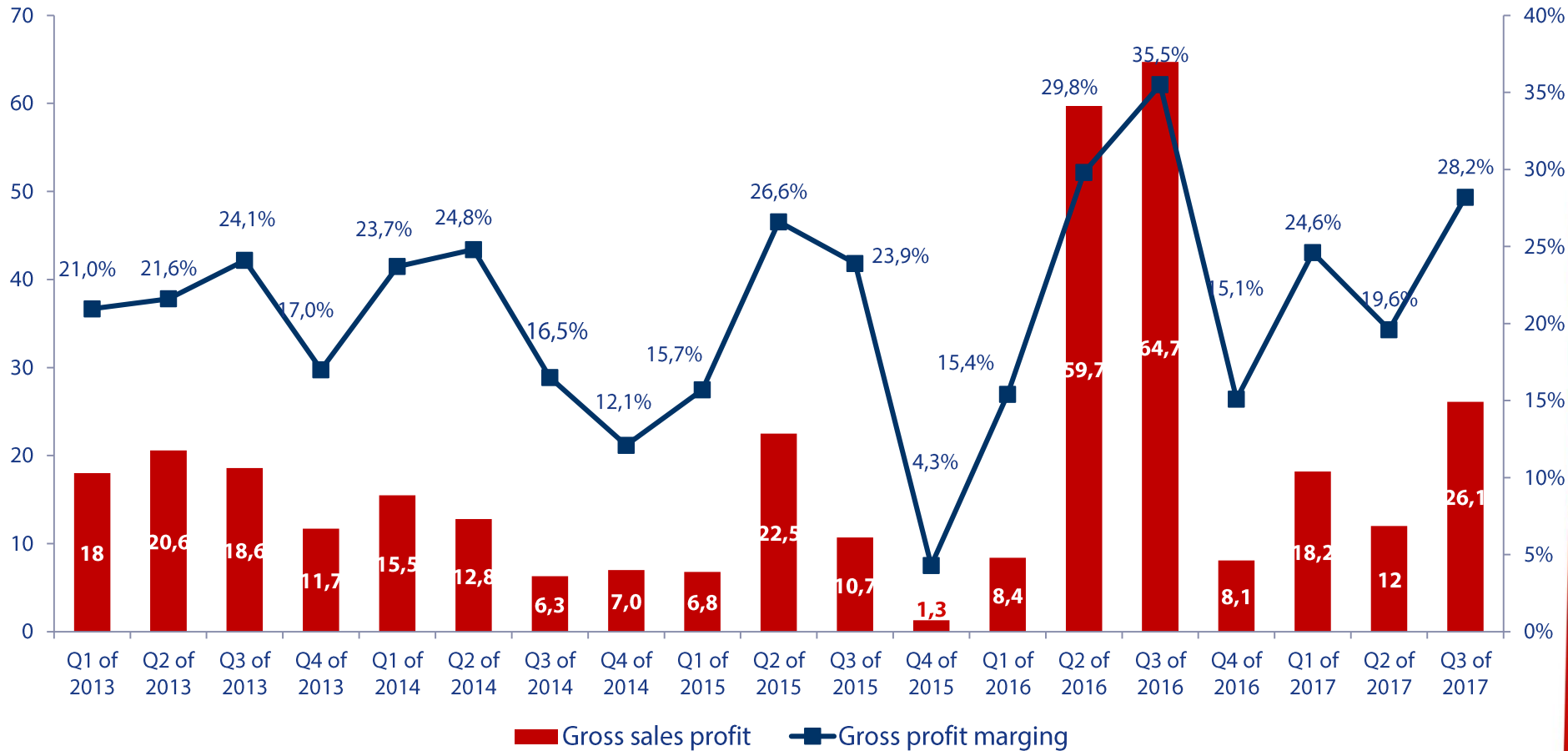
## Selected consolidated financial data for Q3 of 2017

Selected financial data	Q3 of 2017	Q3 of 2016	Change
Sales revenue	PLN 92,4m	PLN 182,1m	-49%
Gross sales profit	PLN 26,1m	PLN 64,7m	-60%
Gross sales margin	28,2%	35,5%	-7,3 p.p.
Profit on operations	PLN 13,5m	PLN 25,9m	-48%
Net profit	PLN 6,6m	PLN 9,1m	-28%

- The decrease of sales revenue in the third quarter of 2017 by 49% and a lower net profit by 28% in comparison to the same period of the last year were caused by it being only possible to transfer only a small number of units from the constructions being finished.



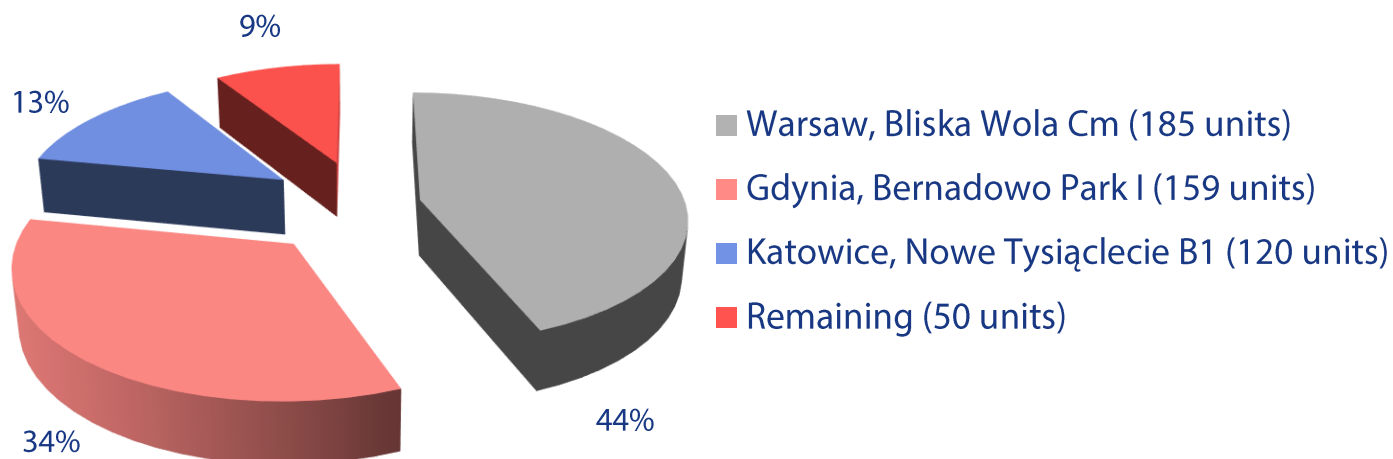
# Gross sales margin vs gross sales profit



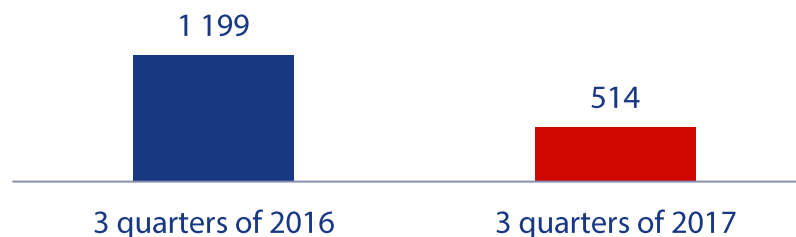
□ Long-term gross profit margin from sales has remained on the level of around 25%

## Gross profit realisation for 3 quarters of 2017

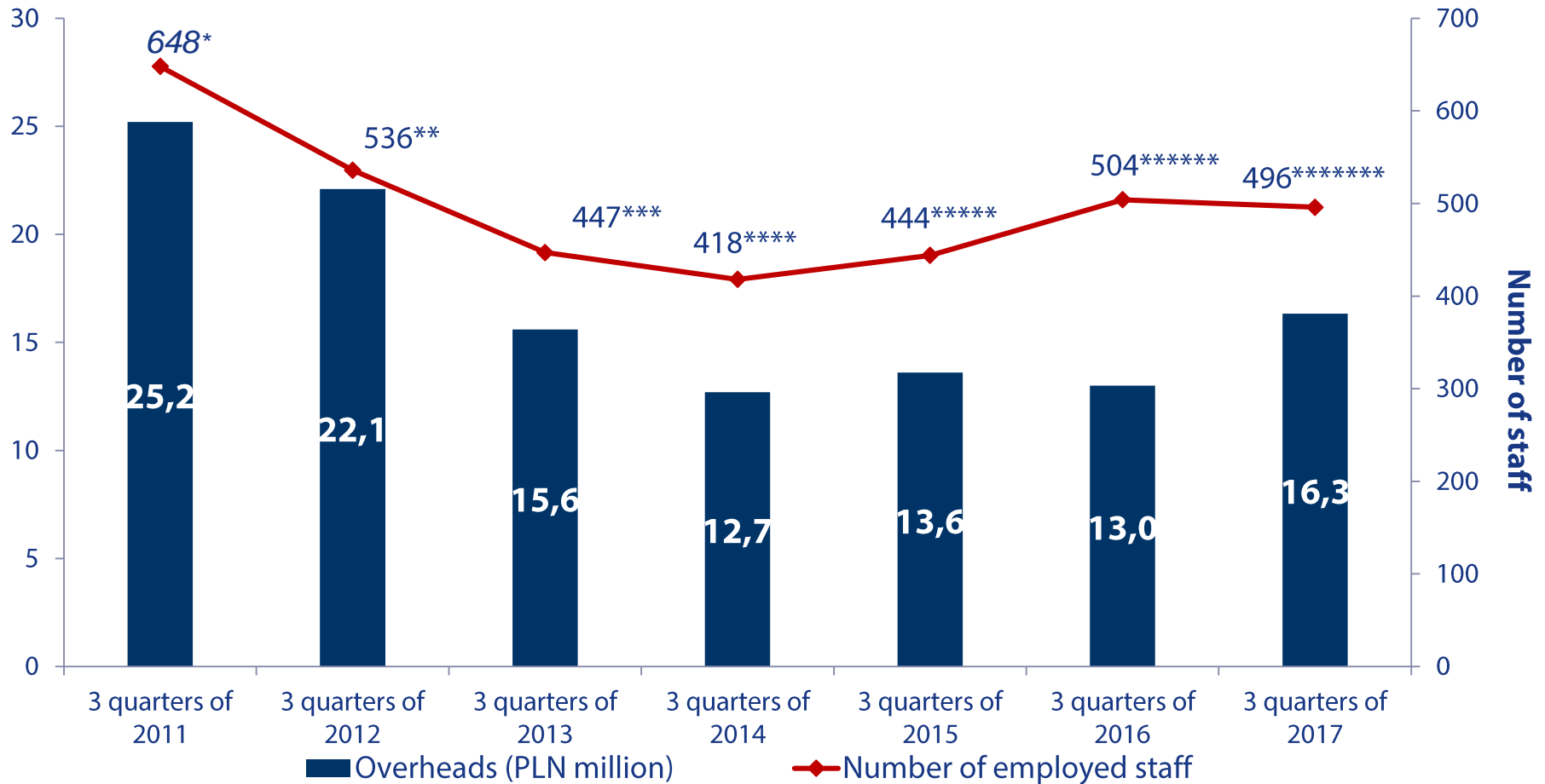
- ▣ The level of produced gross sales profit for 3 quarters of 2017 is **PLN 56,2 million**. The percentage participation of real estate development project in the recognised sales profit:



- ▣ Units recognised in the financial result for **3 quarters of 2017** vs. **3 quarters of 2016**



# Overheads vs employment

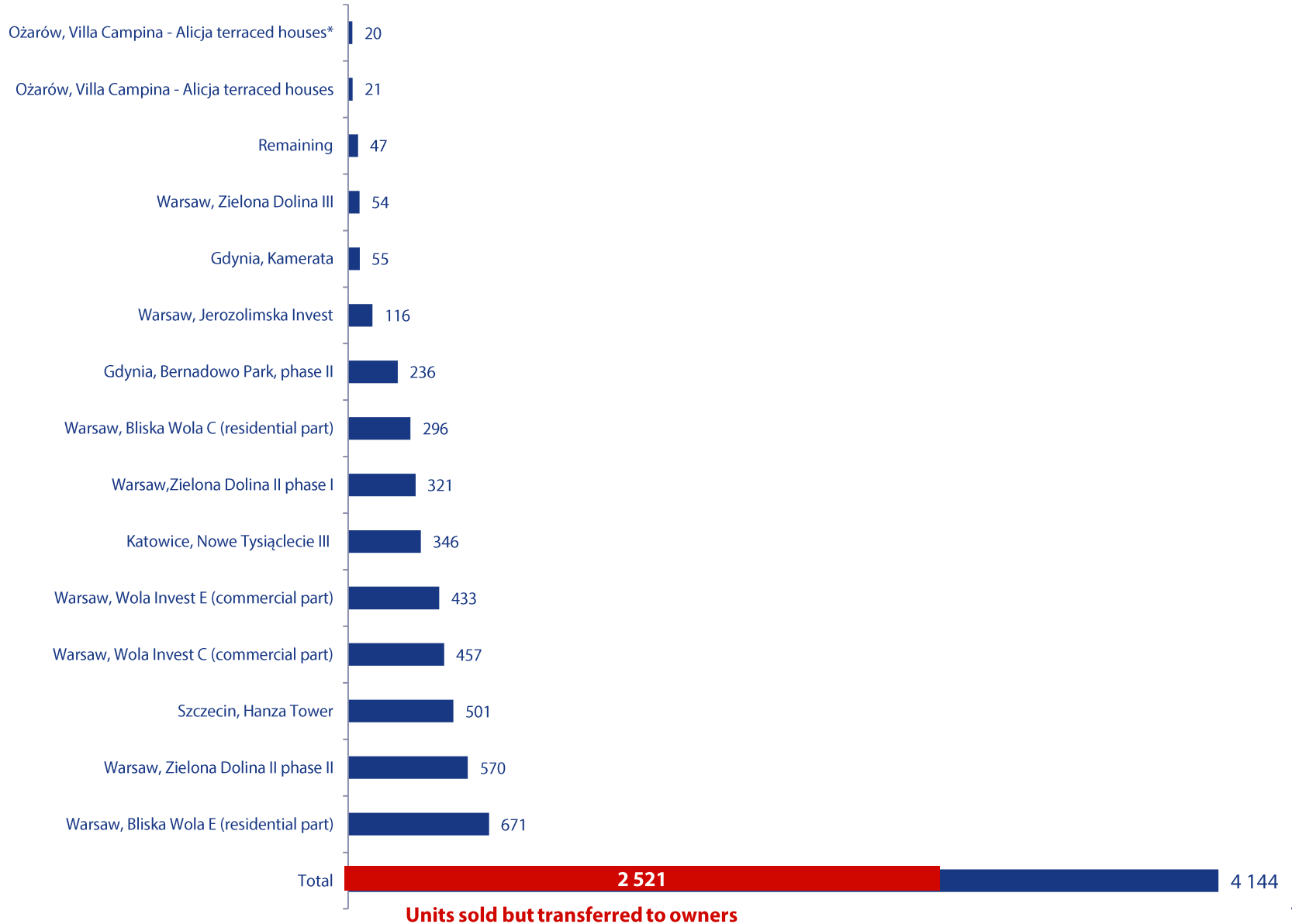


□ Including employment in hotels (in persons):

- \* 86
- \*\* 163
- \*\*\* 153
- \*\*\*\* 140
- \*\*\*\*\* 161
- \*\*\*\*\* 213
- \*\*\*\*\* 206



# Units on offer to be recognised in next quarters from the finished and ongoing investments



\* Apartments sold on a reservation basis

# Ongoing investments in Q3 of 2017

□ In Q3 of 2017, the Group realized **13 investments** with the total useable area of **195,667 sq. m.**

Name of the investment	Units	Useable area	Aparthotel and commercial space	% of units sold	% of construction completion
Bliska Wola - Phase E – residential part, Warsaw	671	30 563	-	89%	24%
Zielona Dolina II phase II, Warsaw	570	25 360	-	24%	57%
Hanza Tower, Szczecin	501	21 952	10 721	28%	18%
Bliska Wola - Phase C – residential part, Warsaw	481	21 375		100%	100%
Bliska Wola - Phase C - Wola Invest, Warsaw	457	-	14 559	98%	79%
Bliska Wola - Phase E - Wola Invest, Warsaw*	433	4 549	10 050	72%	17%
Nowe Tysiąclecie Phase III, Katowice	346	18 264		18%	6%
Zielona Dolina II Phase I, Warsaw	321	12 809		77%	100%
Bernadowo Park Phase II, Gdynia	236	13 180		66%	68%
Kamerata, Gdynia	55	3 420		96%	38%
Zielona Dolina III, Warsaw	54	2 269		61%	83%
Villa Campina – houses, Ożarów	42	4 588		86%	97%
Villa Campina – Alicja Houses, Ożarów	21	2 008		81%	17%
<b>Total</b>	<b>4 188</b>	<b>160 337</b>	<b>35 330</b>		

\* including: 110 apartments and 323 aparthotel or commercial space units

# Investments planned for launching as at September 30, 2017

- Company, based on its land inventory, plans to launch investments for **3,687 units** as well as **commercial and warehouse area totalling 272,184 sq. m.**

Investment's name	Total number of units	Useable area/ (sq. m.)	Commercial and aparthotel area (sq. m.)
Bliska Wola phase D (residential-aparthotel-commercial), Warsaw	1 073	25 297	17 409
Letnica, ul. Starowiejska, Gdańsk*	433	26 943	
Bliska Wola phase D (residential), Warsaw	418	19 180	
Berensona St., Warsaw	264	11 855	
Varsovia Apartamenty Pileckiego – Aparthotel, Warsaw	239		8 016
Antoniewska St., Warsaw	221	13 763	
Spokojna St. – aparthotel, Gdynia	181		9 000
Houses phase VI and next, Ożarów	150	15 675	
Lewandów Park III phase II, Warsaw	146	4 709	
Mikołaja Trąby St., Warsaw	122	5 500	
Odkryta St., phase II, Warsaw	82	4 158	
Wrzosowa Aleja (Lewandów Park IV), Warsaw	81	2 990	
Wrzeszcz, ul. Jesionowa/Partyzantów, Gdańsk*	74	4 000	
Aluzyjna St., phase II, Warsaw	68	3 670	
Lewandów Park III etap I, Warszawa	40	1 631	
Aluzyjna St., phase I, Warsaw	32	1 850	
Villa Campina single-family homes, phase V, Ożarów	30	2 878	
Villa Campina single-family homes, phase IV, Ożarów	20	1 980	
Nowodworska st., Warsaw	13	1 180	
Porta Transport (warehouses), Szczecin			80 000
ul. Wielopole 19-21, ul. Dietla 86, 88 i 90, Cracow			10 500
	<b>3 687</b>	<b>147 259</b>	<b>124 925</b>

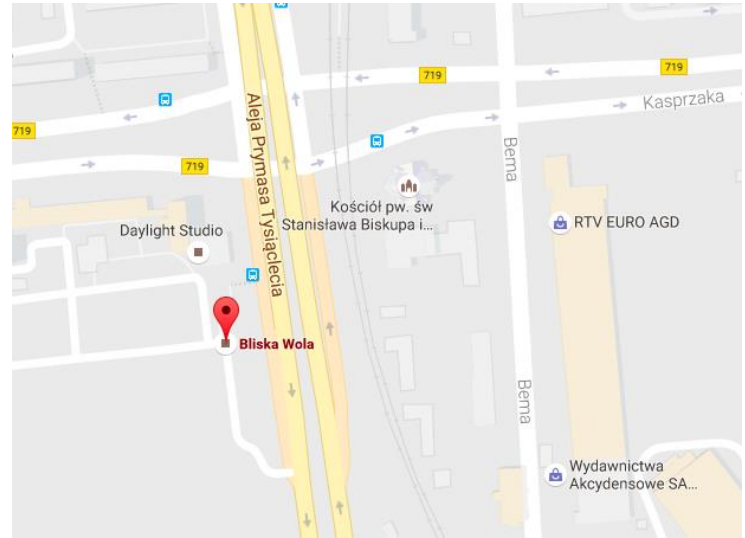
\*preliminary contracts for land acquisition



# Attachments

# Investments planned for launch in the next months: Warsaw, Bliska Wola, Phase D – residential and aparthotel units

Investment	Warsaw, Bliska Wola
Location	Warsaw, Wola
Number of units	1 491
Useable area	44 477
Useable are of aparthotel units	17 409

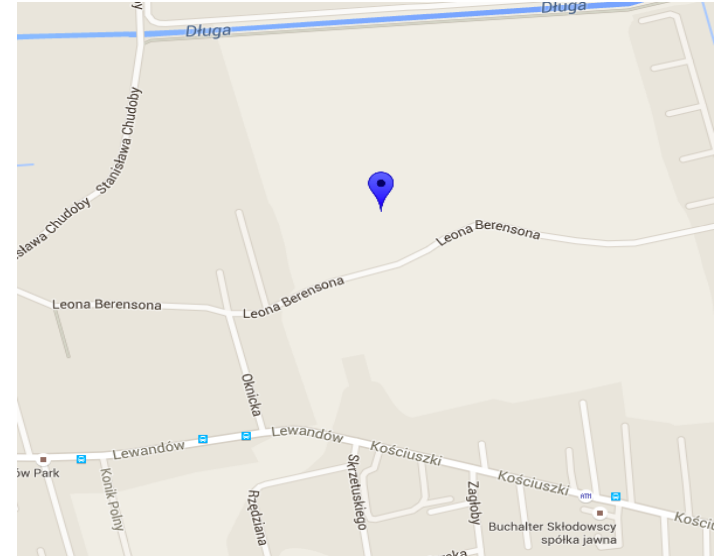


## Characteristics

- ❑ unique multifunctional design
- ❑ great location– merely 3km from the city centre
- ❑ very well developed communication infrastructure - Rondo Daszyńskiego underground station
- ❑ recreational areas inside the community,
- ❑ interesting, modern building architecture,

# Investments planned for launch in the next months : Warsaw, Berensona St.

Investment	Warsaw, Berensona St
Location	Warsaw, Berensona St.
Number of units	264
Useable area (sq. m.)	11 855



## Characteristics

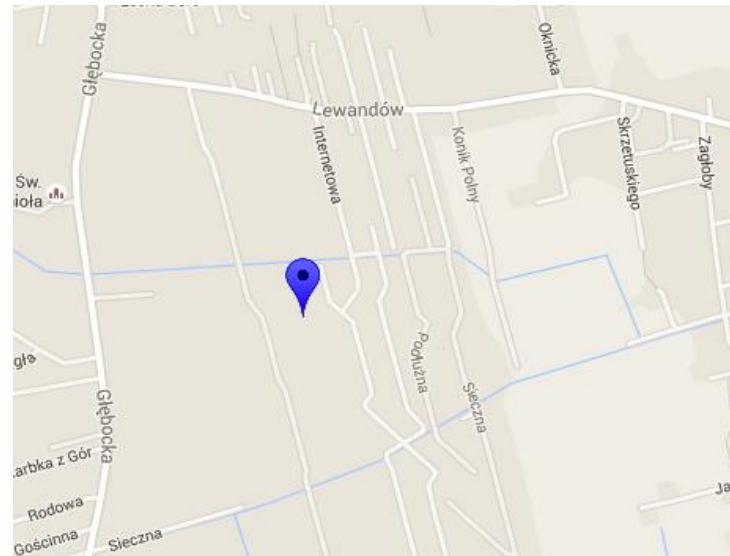
- ❑ project comprises 12 buildings
- ❑ low, prestigious buildings
- ❑ located in Białołęka– the fastest growing district of Warsaw
- ❑ Safe playgrounds inside the community
- ❑ Close proximity of amenities: school, kindergartens and shopping malls
- ❑ fast access to the city center





## Investments planned for launch in the next months: Warsaw, Lewandów Park III phases I and II, Lewandów Park IV (Wrzosowa Aleja)

Investment	Warsaw, Lewandów Park
Location	Warszawa, ul. Lewandów
Number of units	Lewandów Park III phase I – 40 Lewandów Park III phase II – 146 Lewandów Park IV – 81
Useable area (in sq. m.)	9,330



### Characteristics

- ❑ low, prestigious buildings,
- ❑ safe playgrounds inside the community
- ❑ quick access to the city centre and recreational areas – Zalew Zegrzyński,
- ❑ friendly location in Białoleka – most often chosen district among people looking for their first apartment,
- ❑ proximity of amenities such as shopping malls, cinemas and restaurants.



## Investments planned for launch in the next months: houses in Warsaw, Nowodworska St.

Investment	Warsaw, houses
Location	Warsaw, Nowodworska St.
Number of houses	13
Useable area (in sq. m.)	1 180

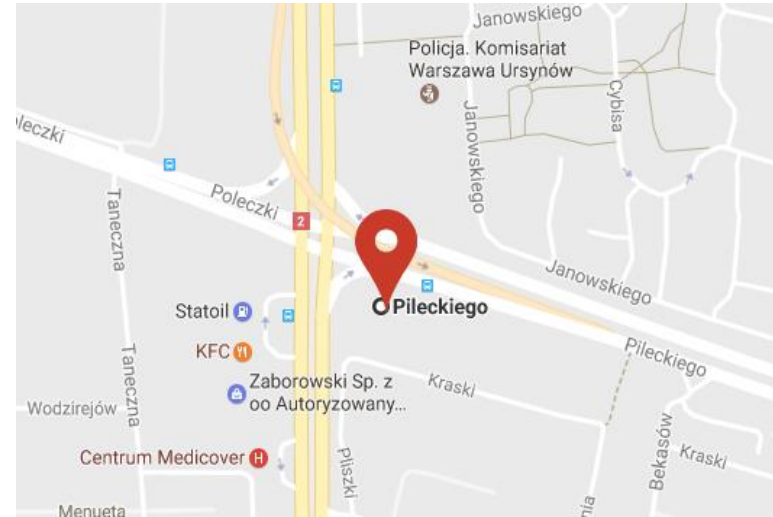
### Characteristics

- ❑ project comprises of 13 single-family terraced houses
- ❑ each is a three-storey building including an attic
- ❑ houses located in Nowodwory, Białołęka district of Warsaw with an easy access to Młociny underground station
- ❑ proximity of urban infrastructure, easy access to kindergardens, schools, health service, attractive commercial establishments, recreational areas and sports facilities



# Investments planned for launch in the next months: Varsovia Apartamenty at Pileckiego St. in Warsaw

Investment	Warsaw, Aparthotel Pileckiego
Location	Warsaw, Pileckiego St.
Number of aparthotel units	224
Total useable area	15
Total useable area of commercial and aparthotel units	8 016 sq. m.



## Characteristics

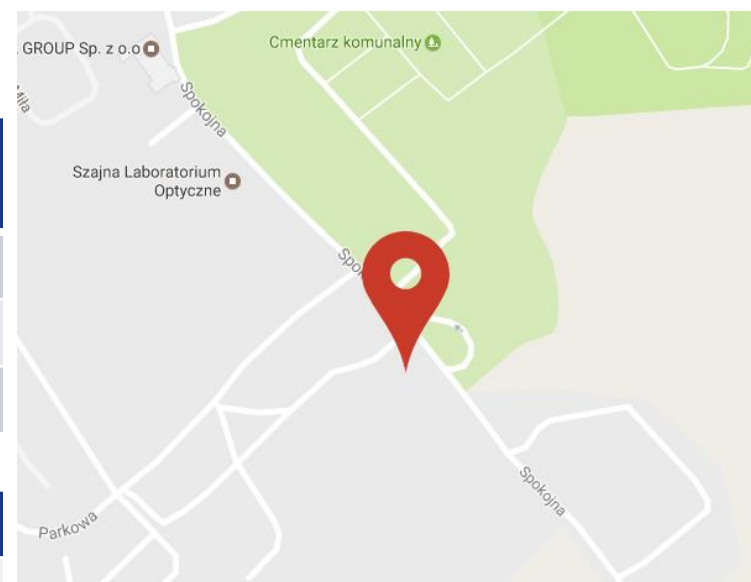
- ❑ In the project there are 224 aparthotel units with an area starting from 17 sq. m. as well as commercial space
- ❑ Amenities for prospect residents, including reception, laundry, services
- ❑ Attractive location at Puławska street in Warsaw's Ursynów
- ❑ Quick access to the city center, an international airport, a railway station and main city communication arteries





## Investments planned for launch in the next months: Aparthotel at Spokojna St. in Gdynia

Investment	Gdynia, Aparthotel Spokojna
Location	Gdynia, Spokojna St.
Number of aparthotel units	181
Useable area	9 000 sq. m.



### Characteristics

- compact mini-apartments starting from 20 sq. M
- amenities for prospect residents, including reception
- proximity of recreational terrains such as Trójmiejski Landscape Park
- attractive location





A photograph of a modern, multi-story apartment complex with a grey and white facade and blue-tinted windows. The building features prominent cantilevered balconies. In the foreground, there is a paved walkway, a green lawn, and a fenced-in sports area. A semi-transparent white rectangular box is overlaid on the center of the image, containing text.

**Thank you for your attention**

**Investor Relations: :**

**Małgorzata Szwarc-Sroka**

J.W. Construction Holding S.A. Supervisory Board Member  
supervising investor relations

Monika Matejuk

Aleksander Oksiuta

**phone: 22 771 77 85**

**e-mail: [relacje.inwestorskie@jwc.pl](mailto:relacje.inwestorskie@jwc.pl)**