

PREZENTACJA WYNIKÓW ZA I KWARTAŁ 2017



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Basic economic and financial parameters as at 31 March 2017

Group's potential

- ❑ Development of the owned bank land, including **4 428 units under construction** and **3 174 units in plans**
- ❑ Current land bank will allow for new development projects for the next **3-4 years**.
- ❑ As at March 31, 2017, Company had **2,145 units sold and not transferred**, **1,601 units on sale** and **727 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 margin on long-term sales is maintained at around 25% with an upward trend in recent years
- ❑ Generating high operating cash flows in 2014-2016 has allowed a significant reduction in interest-bearing 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 aparthotel units.
- ❑ The Company offers both popular and premium segments.

Key events in Q1 2017

- ❑ Maintaining good sales pace– a **17% increase in the number of units sold** comparing to the previous year: **401 units in Q1 2017** comparing to 343 in the same period of 2016
- ❑ Obtaining financing and commencement of the construction of the tallest building in Szczecin - the 31st storey of the Hanza Tower for 501 units of predominantly residential purpose (zero completed in previous periods)
- ❑ Obtaining financing and commencement of construction of next stage of **III phase of Nowe Tysiąclecie estate in Katowice for 346 units** (three 13 to 19-storeys towers)
- ❑ Start of the next phase of **Villa Campina** estate near Ożarów for **21 houses**.
- ❑ Very good results of Company hotels, including Czarny Potok in Krynica



NOWE
TYSIĄCLECIE



Villa Campina



HANZA TOWER
J.W. CONSTRUCTION



Key events in Q1 2017

- Completion of the **II stage of Nowe Tysiąclecie (B1) estate in Katowice** for **122 units** (occupancy permit received in Q2) and finishing works related to obtaining occupancy permit for **Willa One** for **21 units** (occupancy permit received in Q2)

- Continuation of the realization of remaining investments for **3 417 units**:
 - Bliska Wola - phase E in Warsaw- residential part for 671 units
 - Zielona Dolina II phase II in Warsaw for 570 units
 - Bliska Wola - Phase C in Warsaw – residential part for 481 units
 - Bliska Wola - Phase C in Warsaw - Wola Invest for 458 units
 - Bliska Wola - Phase E in Warsaw - Wola Invest for 413 units
 - Zielona Dolina II phase I in Warsaw for 321 units
 - Bernadowo Park phase II in Warsaw for 236 units
 - Varsovia Apartamenty Jerozolimskie in Warsaw for 116 units
 - Kamerata in Gdynia for 55 units
 - Zielona Dolina III in Warsaw na 54 units
 - Villa Campina in Ożarów – 42 houses.



BLISKA WOLA



BERNADOWO PARK
MIEZKANTA GDYNIA-BERNADOWO



ZIELONA DOLINA II



APARTAMENTY
VARSOVIA
JEROZOLIMSKIE

Most important events and marketing and sales policy in Q1 2017.

- ❑ Preparations to launch promotion and sale of Hanza Tower project - 31 storeys (with garages) apartment building in Szczecin. Due to its location, architecture, height and multifunctionality it will become a showcase of Szczecin. The promotional campaign will be conducted under the slogan "Live on the highest level"
- ❑ Creation of aparthotel network under the name Varsovia Apartaments, which will include
 - Varsovia Apartamenty Jerozolimskie (Jerozolimskie Invest) – finished
 - Varsovia Apartamenty Kasprzaka (Wola Invest) – in progress
 - Varsovia Apartamenty Pileckiego – in planning stage

At a later date, we plan to realize an aparthotel in Gdynia

- ❑ Directing the message to investors who expect constant and certain proceeds. Emphasis on promoting the sale of aparthotels and Premium Apartments in Bliska Wola campaign "Live or make money on rent". In addition, the promotion of the purchase of "small office" offices for own purposes or rent.
- ❑ Award for Nowe Tysiąclecie - I place in Family Friendly Estate category and "Golden investment" title in competition organised by Dziennik Zachodni



Most important events and marketing and sales policy in Q1 2017.

- ❑ Conducting effective advertising activities on all communication channels. Introducing novelties from the field of online advertising.
- ❑ Promoting investments distinguishing us from competition: the best locations - close to city centre (Bliska Wola, Bernadowo Park, Nowe Tysiąclecie), central park (Bliska Wola and Bernadowo Park), high quality and standard (Premium Apartments on Bliska Wola, penthouses on Nowe Tysiąclecie, Kamerata - villa in Gdynia, Willa One in Warsaw); flats with panoramic windows and beautiful view (Bliska Wola, Kamerata, Nowe Tysiąclecie); family estate at best price (Zielona Dolina and Villa Campina)
- ❑ Active advertising campaign - "last weeks with the Mdm program" - the possibility of buying an apartment with governmental funds.
- ❑ Special offers with bonuses: "Free rent" for Willa One, "No VAT" and "weekend in Hotel 500" in valentine promotion.
- ❑ 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.



**APARTAMENTY
PREMIUM
ZAMIESZKAJ LUB
ZARABIAJ NA WYNAJMIE**



Factors affecting Company's activity in Q1 2017

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Related to utilising company's potential :

- ❑ The company has the potential to transfer premises for the next 3-4 years - as at 31 March 2017 there were **4500 not transferred units**,
- ❑ With more than **5,500 unsold units** (more than 1,600 on offer and more than 3,900 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 100 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 first quarter of 2017 almost 30% more apartments were sold than in 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 analysts

Factors affecting Company's activity in Q1 2017

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- ❑ Exhaustion of MdM 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.

Continuation of strategy aimed at unlocking the Group's potential

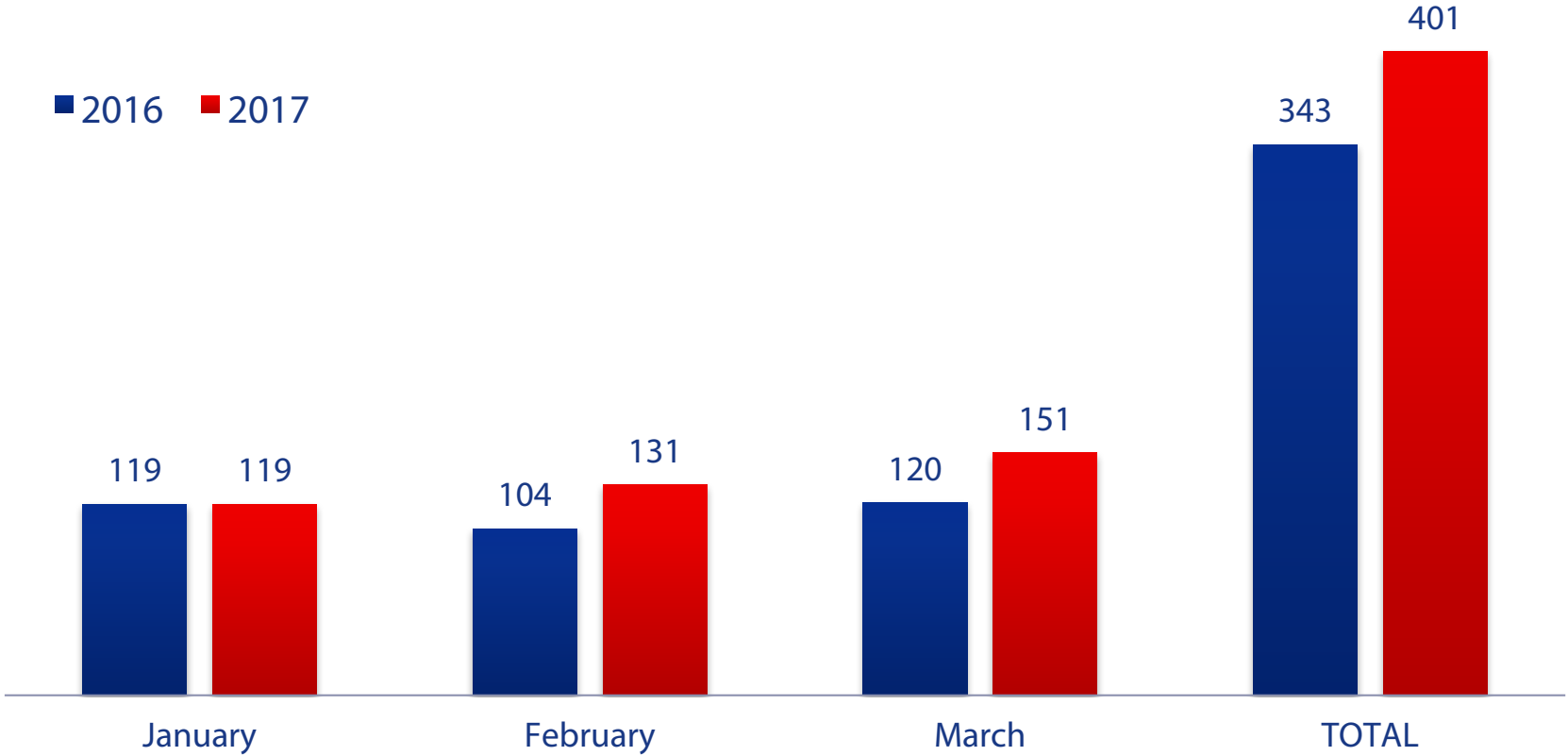
- ❑ Intensive preparation of new investments for launch, including :
 - ❑ About **2.000 units** planned for launch still in 2017 (assuming that the next phase of Bliska Wola at Kasprzaka St. receives permit at the end of 2017)
 - ❑ About **1000 units** planned for launch in 2018.

- ❑ Intensive work on obtaining a permit to build the final stage of Bliska Wola investment, which will be the crowning of this flagship project of the Company (phase D for nearly 1,500 units).

- ❑ Expansion into other areas of Poland - launching new projects in Tri-City, Szczecin and Katowice. Considering new investments in Krakow and Poznan.

- ❑ Expanding offer for next aparthotel-commercial units in several new locations (next phases of Wola Invest at Kasprzaka St. and investment at Pileckiego St. in Warszawa, Aparthotel Varsovia at Jerozolimskie Av. in Warszaw, aparthotel in Gdynia at Spokojna St., Hanza Tower in Szczecinie).

Sales of premises in Q1 2017



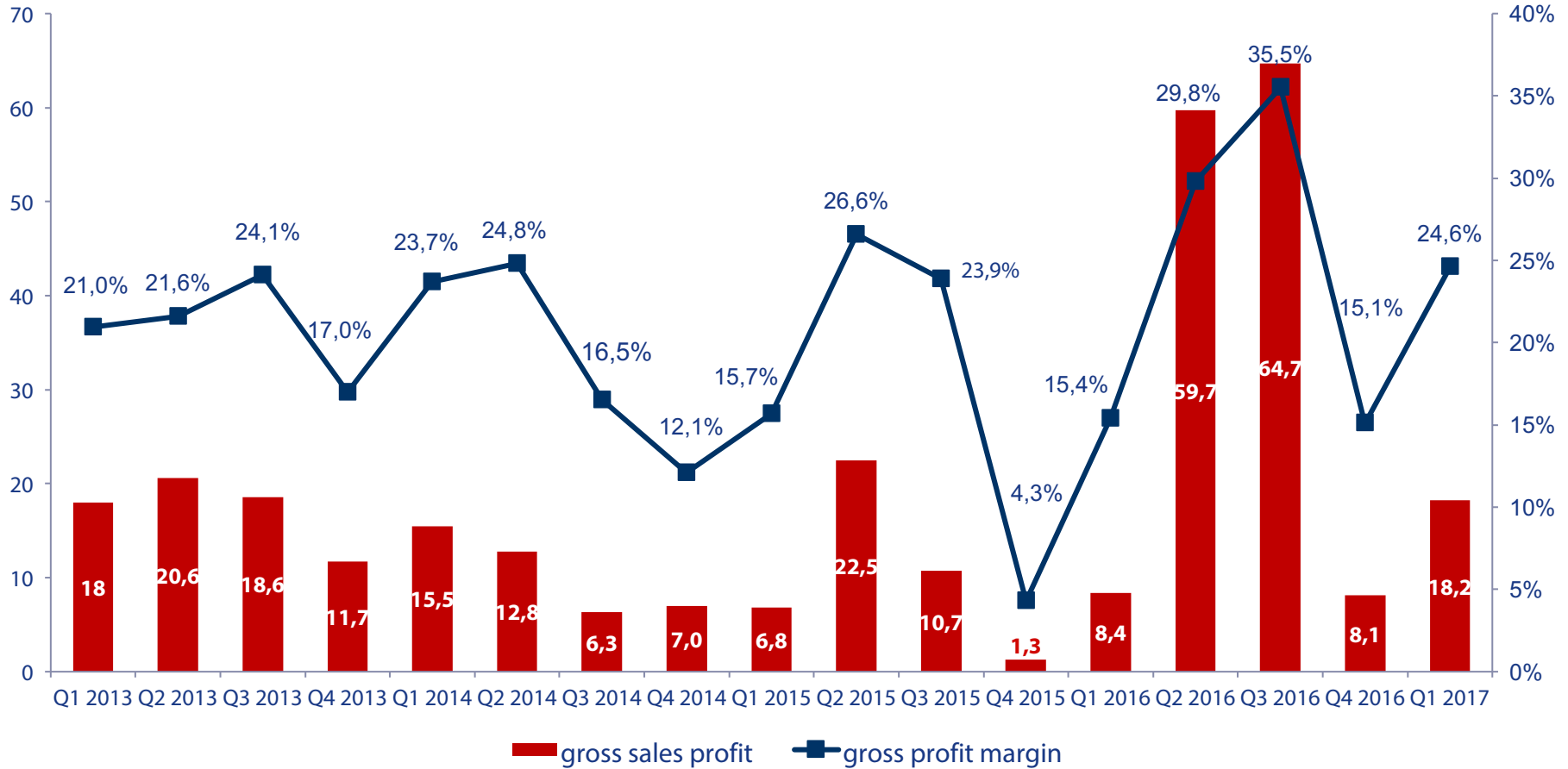
■ In Q1 2017 the Company sold 401 units, which is 17% more than in the same period last year,

Selected consolidated financial data for Q1 2017

Selected financial data	Q1 2017	Q1 2016	Change
Sales revenue	74,0 mln zł	54,7 mln zł	+35%
Gross sales profit	18,2 mln zł	8,4 mln zł	+116%
Gross sales margin	24,6%	15,4 %	+9,2 p.p.
Profit on operations	6,5 mln zł	-7,3 mln zł	+190%
Net profit	2,1 mln zł	- 9,6 mln zł	+122%

- A 35% increase in sales revenue in Q1 2017 in comparison with the same period last year,
- Net profit of PLN 2.1m in Q1 2017 in comparison to a loss of PLN 9.6m in the same period last year.

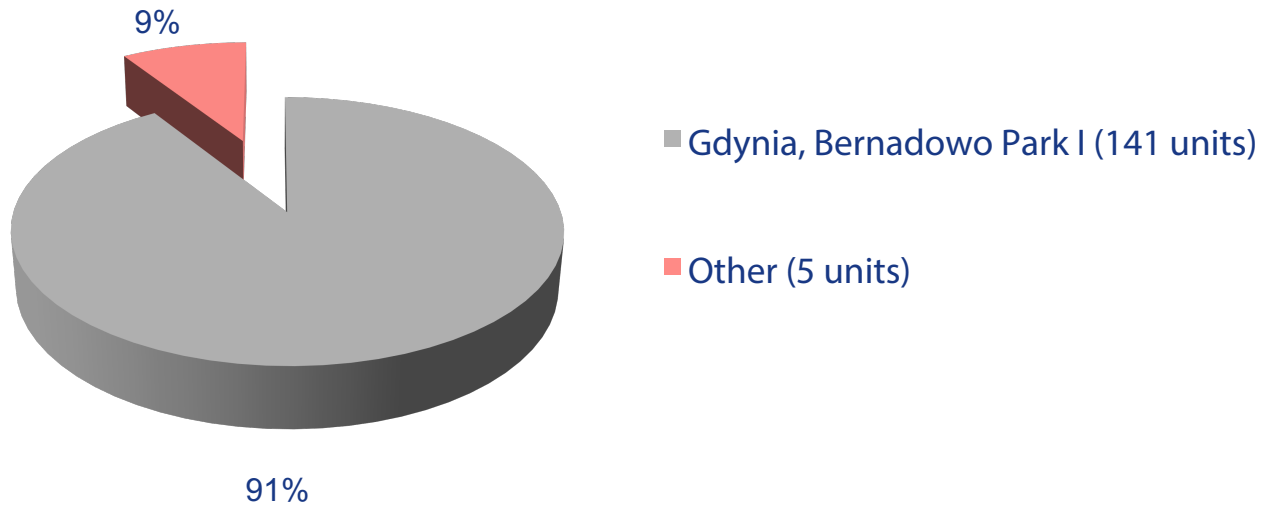
Gross sales margin vs gross sales profit



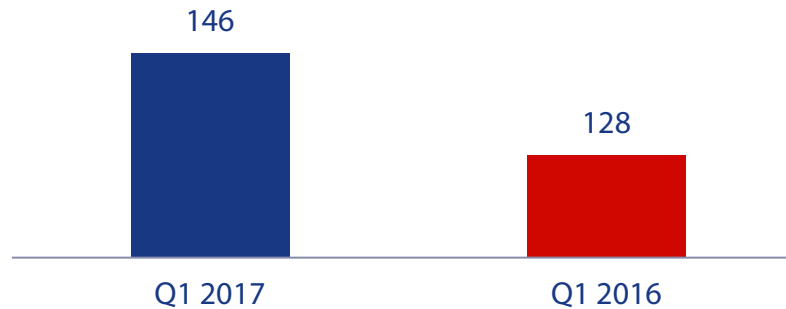
Long-term gross profit margin from sales has remained on the level of around **25%**

Gross profit realisation for Q1 2017

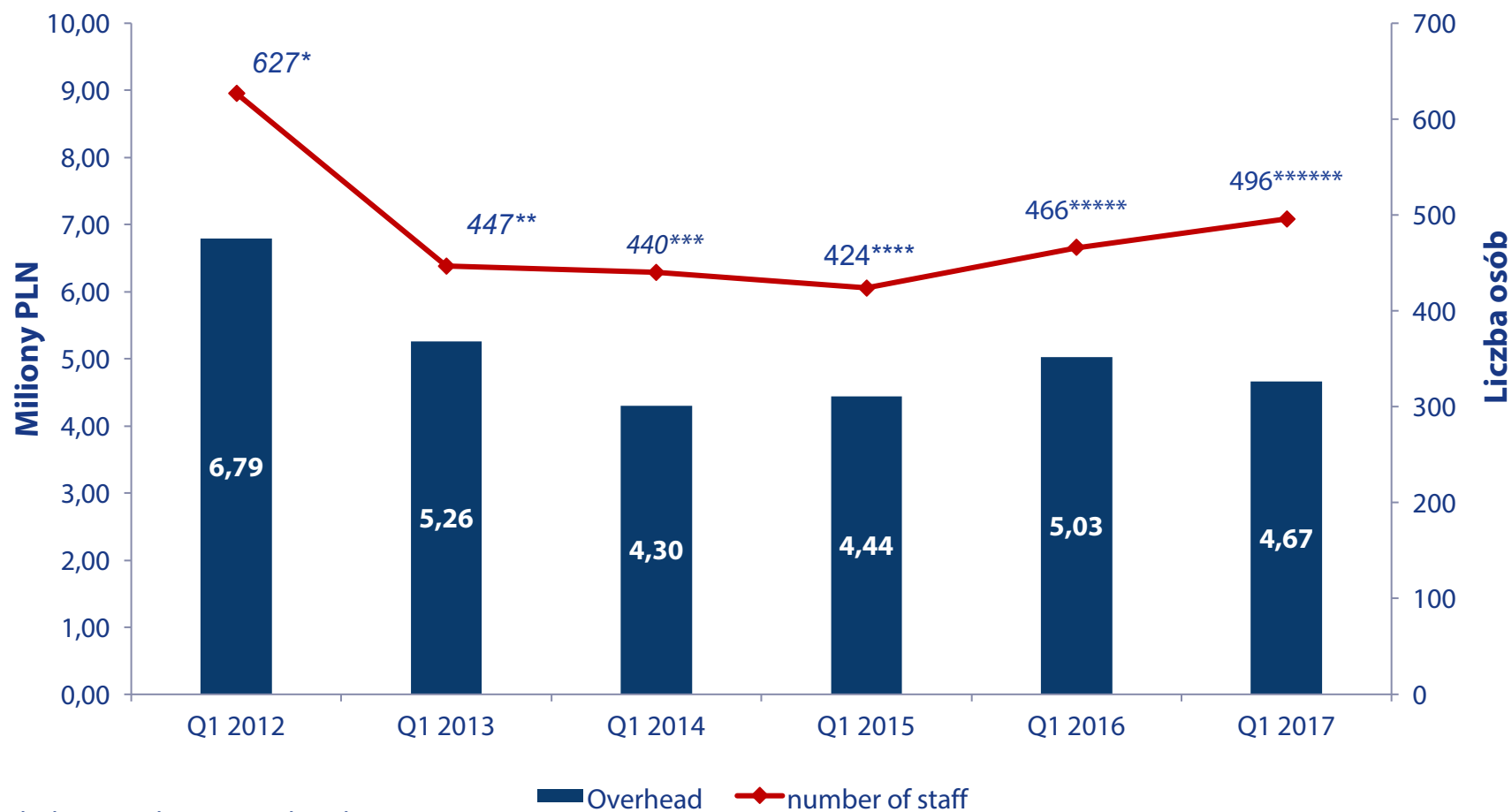
- ▣ The level of produced gross sales profit for Q1 2017 is **PLN 18,2 million**. The percentage participation of real estate development project in the recognised sales profit :



- ▣ Units recognised in the financial result for **Q1 2017 vs. Q1 2016**



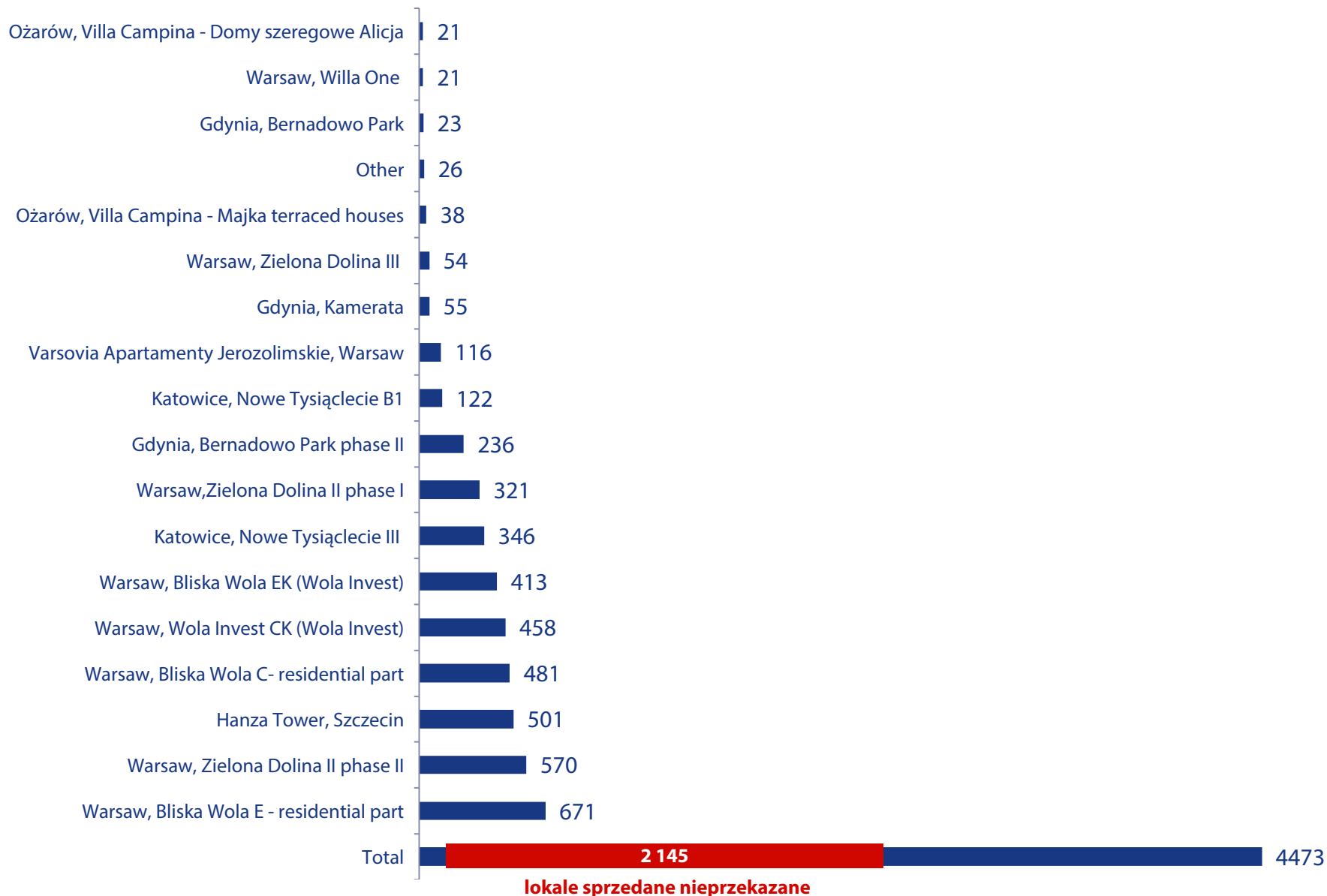
Overhead vs employment



Including employment in hotels:

- * 99 people
- ** 140 people
- *** 140 people
- **** 134 people
- ***** 188 people
- ***** 211 people

Units on offer to be recognised in next quarters



Ongoing investments in Q1 2017

□ In Q1 2017, the Group realized **16 investments** with the total useable area of **207 189 sq. m.**

Investment	Units	Useable area	Aparthotel and commercial space	% of units sold	% of construction completion
Bliska Wola - Phase E – residential part, Warsaw	671	30 563	-	78%	4%
Zielona Dolina II phase II, Warsaw	570	25 360	-	14%	32%
Hanza Tower, Szczecin	501	21 952	10 721	Began in April	14%
Bliska Wola - Phase C – residential part, Warsaw	481	21 375		99%	83%
Bliska Wola - Phase C - Wola Invest, Warsaw	458	-	14 559	98%	52%
Bliska Wola - Phase E - Wola Invest, Warsaw	413	4 549	10 050	8%	1%
Nowe Tysiąclecie phase III, Katowice	346	18 264		14%	1%
Zielona Dolina II phase I, Warsaw	321	12 809		62%	95%
Bernadowo Park phase II, Gdynia	236	13 180		33%	38%
Nowe Tysiąclecie, phase B1, Katowice	122	7 128		98%	100%
Varsovia Apartamenty Jerozolimskie, Warsaw	116	-	3 437	Began in May	94%
Kamerata, Gdynia	55	3 420		71%	19%
Zielona Dolina III, Warsaw	54	2 269		33%	64%
Villa Campina – houses, Ożarów	42	4 588		81%	80%
Willa One, Warsaw	21	957		38%	100%
Alicja houses, Ożarów	21	2 008		52%	3%
Total	4 428	168 422	38 767		

Investments planned for launch as at 31 March 2017

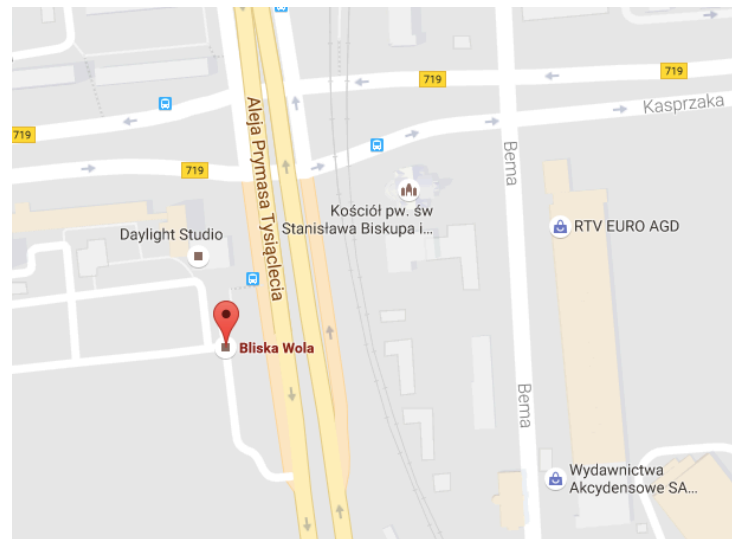
- Company, based on its land inventory, plans to launch investments for **3 174** units and **151 821 m²** of aparthotel and commercial space:

Investment	Total number of units	Useable area(m ²)	Commercial area(m ²)
Bliska Wola phase D (residential-aparthotel-commercial), Warsaw	1 073	25 297	17 409
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 further, Ożarów	150	15 675	
Mikołaja Trąby St., Warsaw	122	5 500	
Lewandów Park III phase I, Warsaw	103	4 834	
Odkryta St., phase II, Warsaw	82	4 158	
Lewandów Park IV, Warsaw	81	2 990	
Lewandów Park III phase II, Warsaw	77	2 538	
Aluzyjna St., phase II, Warsaw	68	3 670	
Aluzyjna St., phase I, Warsaw	32	1 850	
Houses Villa Campina, phase V, Ożarów	30	2 878	
Houses Villa Campina, phase IV, Ożarów	20	2 028	
Nowodworska St., Warsaw	13	1 180	
	3 174	117 396	34 425

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 (m2)	44 477
Useable area of commercial and aparthotel units,	17 409



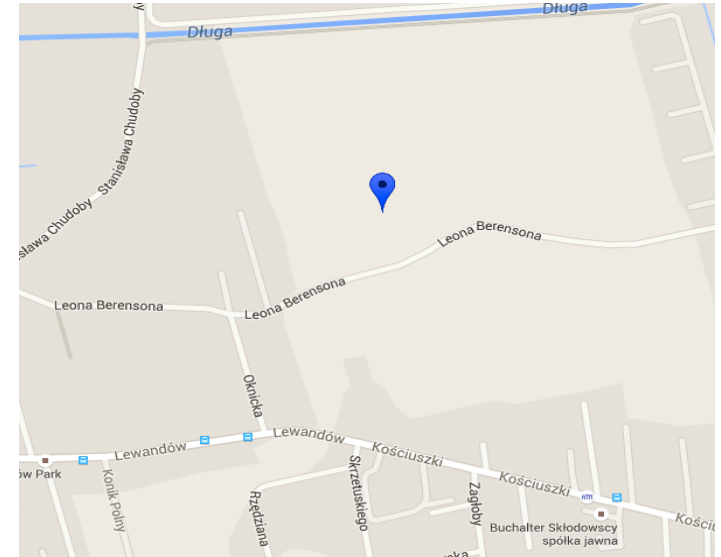
Characteristics

- ❑ 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,
- ❑ competitive prices.



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 (m2)	11 855



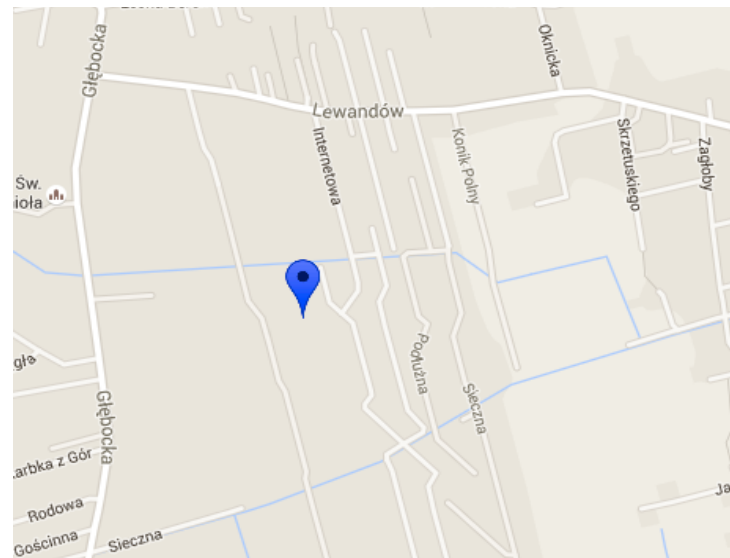
Characteristics

- ❑ project comprises of 12 buildings,
- ❑ low, prestigious buildings,
- ❑ located in Białołęka– the fastest growing district of Warsaw
- ❑ Safe playgrounds inside the community,
- ❑ Close proximity of amenities:schools,kindergardens, and shopping malls,
- ❑ quick access to the city centre.



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	Warsaw, Lewandów St.
Number of units	Lewandów Park III phase I – 103 Lewandów Park III phase II – 77 Lewandów Park IV - 81
Useable area (m ²)	10 362



Characteristics

- ❑ low, prestigious buildings,
- ❑ safe playgrounds inside the community,
- ❑ quick access to the city centre and recreational areas – Zalew Zegrzyński,
- ❑ safe playgrounds inside the community,
- ❑ friendly location in Białołęka – 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
Number of units	13
Useable area (m ²)	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

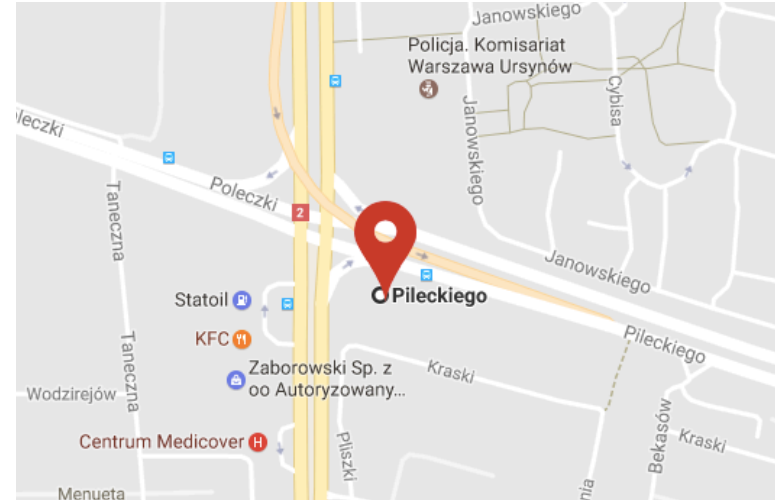


Investments planned for launch in the next months: Varsovia Apartamenty at Pileckiego St. in Warsaw

Investment	Warsaw, Aparthotel Pileckiego
Location	Warsaw, Pileckiego St.
Number of aparthotel units	224
Number of business premises	15
Total useable area (m2)	8 016 m ²

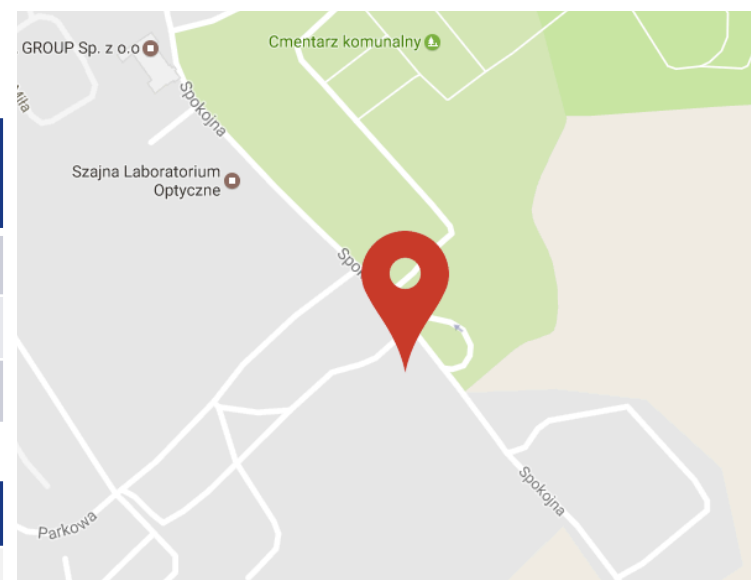
Characteristics

- ❑ 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
- ❑ Transparent settlements with owners, full hotel-like, finishing, furnishing, ready equipment allowing for living in or renting
- ❑ 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 (m2)	9 000 m ²



Characteristics

Compact mini-apartments starting from 20 sq. m.
Amenities for prospect residents, including reception, services
Proximity of recreational terrains such as Trójmiejski Landscape Park
Park
Attractive location



PREZENTACJA WYNIKÓW ZA I KWARTAŁ 2017

Thank you for your attention

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