

PRESENTATION OF FINANCIAL RESULTS FOR H1 OF 2018



Ząbki, September 19, 2018

Table of contents

	page
❑ Basic economic and financial parameters – 1st half of 2018	3
❑ Key events in H1 2018	4-6
❑ Marketing and sales policy in H1 2018	7
❑ Factors affecting company's activity now and in the near future	8-9
❑ Sale of premises in H1 2018	10
❑ Selected consolidated financial data for H1 2018	11
❑ Selected consolidated financial data for Q2 2018	12
❑ Gross sales margin vs gross sales profit	13
❑ Gross profit realisation for H1 2018	14
❑ Overhead vs employment	15
❑ Units on offer to be recognised in next quarters	16
❑ Ongoing investments in H1 2018	17
❑ Investments planned for launching as at 30 June 2018	18
❑ Attachments	19-23

Basic economic and financial parameters – 1st half of 2018

Residential and commercial space developer

In the first half of 2018, construction of **12 investments** for a number of **3,450 units** with an area of almost **162,000 m²** was carried out:

- ❑ **residential projects** with an area of over **126.000 m²**,
- ❑ **aparthotel-commercial investments** with an area of almost **36.000 m²**.

25 investments for a number of **7.278 units** and an area of almost **486.000 m²** (including warehouse and aparthotel-commercial area of almost 193.000 m²) were prepared for launch:

- ❑ **in Warsaw and the surrounding area** for a number of **3.400 units** with a usable area of almost **209.000 m²**
(including 78.000 m² of warehouse-aparthotel-commercial space),
- ❑ **outside of Warsaw** for a number of **3.878 units** with an area of over **277.000 m²**
 - in Cracow, Poznan, Szczecin and the Tri-City
(including 115.000 m² of warehouse-aparthotel-commercial space).

In the first half of 2018, **758** units were sold, including **151** commercial-aparthotel units

Key events in H1 2018

- ❑ The continuation of good sales pace despite a **slight drop in the number of units sold by 11%** compared to previous year: **758 units w H1 2018** compared to 850 in the same period of 2017
- ❑ Obtaining building permit for the last phase of a flagship investment of Bliska Wola at Kasprzaka St. in Warsaw. **Phase D** includes two sub-stages for a total of almost **1.500 units** and almost **62.000 m² of residential and aparthotel-commercial area**. Construction started in Q3 2018.
- ❑ Commencement of **Wrzosowa Aleja** housing estate investment for **81 units** in the area of Kartograficzna and Lewandów streets in Białołęka in Warsaw.
- ❑ Obtaining a final building permit for a construction of a next stage of **terraced houses near Ożarów Mazowiecki**, the permit **30 houses**.
- ❑ Completion of the construction of **Varsovia aparthotel at Kasprzaka St. in Warsaw** (commercial part of phase C) for **457 units**. The permit obtained in July 2018.
- ❑ Completion of the construction of **Gdynia Bernadowo Park II** for **236 units**. Permit obtained in July 2018.
- ❑ Completion of the construction and obtaining occupancy permit for **Zielona Dolina phase III** in Warsaw for **54 units**.



BLISKA WOLA TOWER



WRZOSOWA ALEJA



Villa Campina



APARTHOTEL VARSOVIA



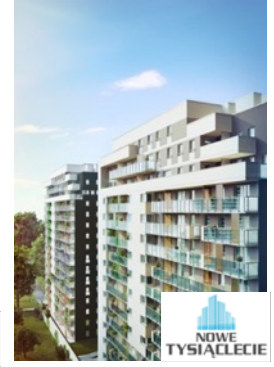
BERNADOWO PARK



ZIELONA DOLINA

Key events in H1 2018

- ❑ Continuation of other investments for a total of **2 622 units**:
 - ❑ **Bliska Wola - Phase E (residential part)** in Warsaw for **671 units**,
 - ❑ **Zielona Dolina II phase II** in Warsaw for **570 units**,
 - ❑ **Hanza Tower** in Szczecin for **506 units**,
 - ❑ **Bliska Wola - Phase E (commercial-residential part)** in Warsaw for **433 units**,
 - ❑ **Nowe Tysiąclecie phase III** in Katowice for **346 units**,
 - ❑ **Kamerata** in Gdynia for **55 units**,
 - ❑ **Alicja Houses rank D** for **21 houses**,
 - ❑ **Alicja Houses rank E** for **20 houses**.



Key events in H1 2018

- ❑ Further expansion of the land bank for the purchase of real estate, among others:
 - ❑ at Poznańska St. in Skórzew **near Poznan for 280 units,**
 - ❑ at Waryńskiego St. **in Pruszkow for 475 units,**
 - ❑ at Starowiejska St. **in Gdańsk for 600 units,**
 - ❑ at Celną St. **in Szczecin for 623 units** (preliminary agreement),
 - ❑ in Zawada (Myślenice borough) **near Cracow for 1769 units** (purchase in Q3 2018)

Marketing and sales policy in H1 2018

- ❑ Conducting effective advertising activities in all effective communication channels. Directing advertising message to potential customers of a wide range of the Company's products :
 - ❑ Introduction to the sale of the DK Phase of the Bliska Wola investment (Tower), preparation of marketing and advertising materials and launching the campaign in the media
 - ❑ Intensive social media campaign– maintaining image profiles and advertising activities using all available options
 - ❑ Active campaign of ready apartments for the Zielona Dolina housing estate,
 - ❑ Directing the message to investors expecting permanent and certain influence, both for Warsaw projects and investments in Szczecin
 - ❑ Continuing promotion of flats during implementation of projects in Warsaw, Gdynia and Katowice
 - ❑ Conducting special promotions combined with bonuses: a voucher for a stay at Czarny Potok Hotel for the buyers of Villa Campina houses and apartments in the Nowe Tysiąclecie estate, discount card to Leroy Merlin. Investment promotion at local industry events: real estate fairs in Warsaw and the organization of Open Days and Investor Days in commercial offices

**BLISKA
WOLA**  **TOWER**

**Z WIDOKIEM
NA CENTRUM!**

**PRZEDSPRZEDAŻ:
PIĄTEK I SOBOTA**

SPRAWDŹ



Factors affecting company's activity now and in the near future

P
O
S
I
T
I
V
E

Related to utilising company's potential:

- ❑ The company has the potential to transfer premises for **more than 3 years**– as at 30 June 2018 there were **5.056 not transferred units** sold or on offer:
 - ❑ **3.050 units** sold and not transferred,
 - ❑ **2.006 units** for sale.
- ❑ With almost **7,800 unsold units** (2,006 on offer and 5,800 which the company is planning to introduce to sale in the near future), the company has secured an offer for **over 4 years**.
- ❑ **High cash balance on accounts (over PLN 153 million)** and low net debt.

Related to favourable external conditions:

- ❑ The increase in the average price of flats in the second half of 2018 by over 6% compared to the same period last year*.
- ❑ Low interest rates, which are estimated to hold at least until the end of 2018** favor investment purchases, including purchases of apart-hotels.
- ❑ Good situation on the labour market, declining unemployment and rising average salary.

*According to REAS analysts

**According to the National Bank of Poland

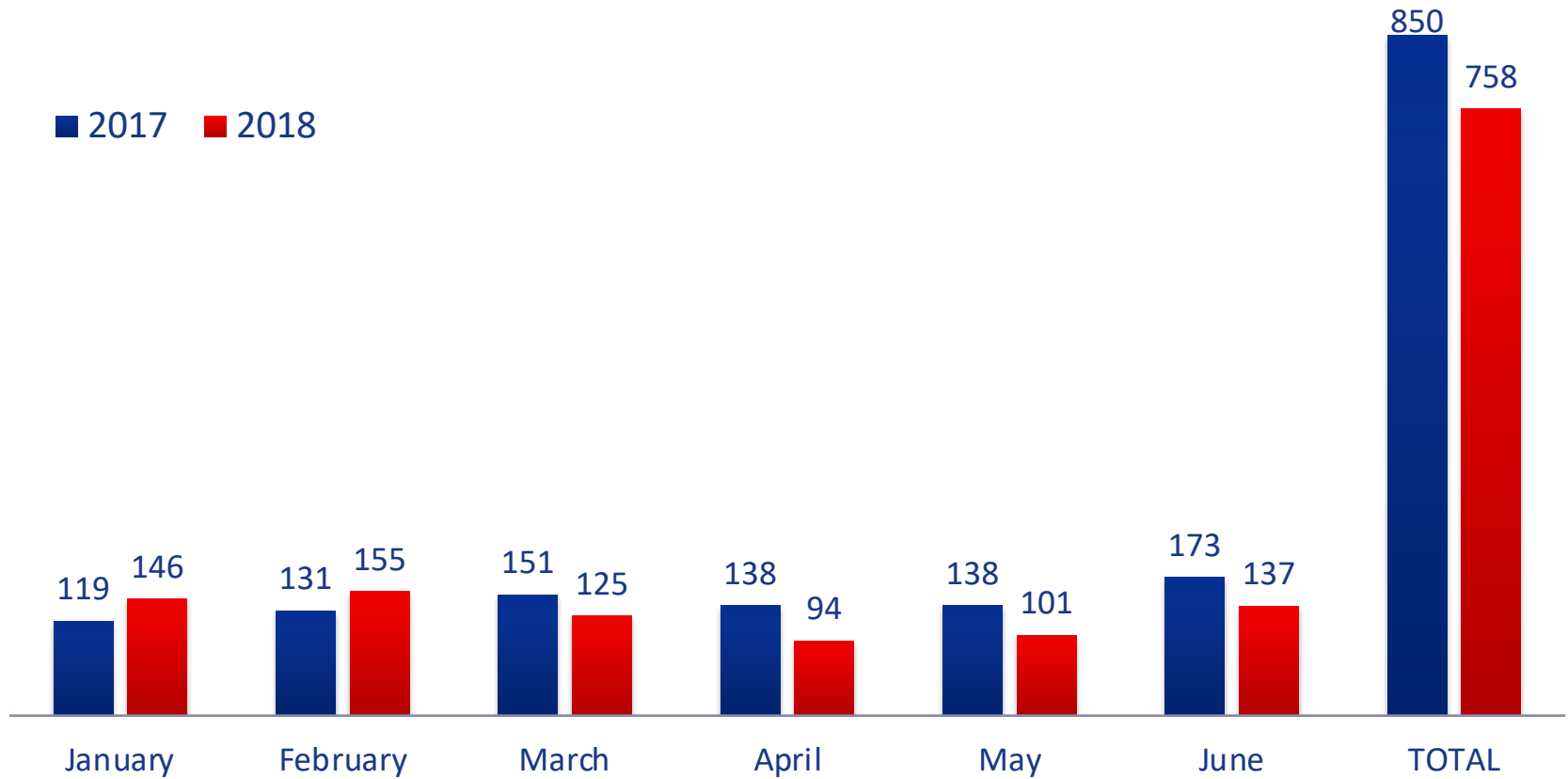
Factors affecting company's activity now and in the near future

N
E
G
A
T
I
V
E

- ❑ Exhaustion of funds from the MdM program and lack of programs supporting apartment buyers.
- ❑ Uncertainty about the impact of the "Mieszkanie Plus" program on the property market.
- ❑ Higher costs of materials, construction and purchase of land for construction.
- ❑ A drop in the rate of sale of flats in the largest urban agglomerations in the second quarter of 2018 by 11% compared to the same period last year *.
- ❑ Long process for obtaining the necessary administrative decisions for current and planned projects.
- ❑ uncertainty about the legal changes related to the real estate market.
- ❑ Shrinking employees' resources in construction and difficulties in acquiring contractors of construction works may lead into delays in commencing and completing investments.

*According to REAS data

Sale of premises in H1 2018



□ In H1 2018 the Company sold **758 units**, i.e **11%** fewer than in the same period last year.

Selected consolidated financial data for H1 2018

Selected financial data	H1 2018	H1 2017	Change
Sales revenue	89,8 mln zł	135,3 mln zł	-34%
Gross sales profit	4,4 mln zł	30,2 mln zł	-85%
Gross sales margin	4,9%	22,3 %	-17,4 p.p.
Profit on operations	-24,7 mln zł	0,8 mln zł	-
Net profit	-21,4 mln zł	-3,5 mln zł	-

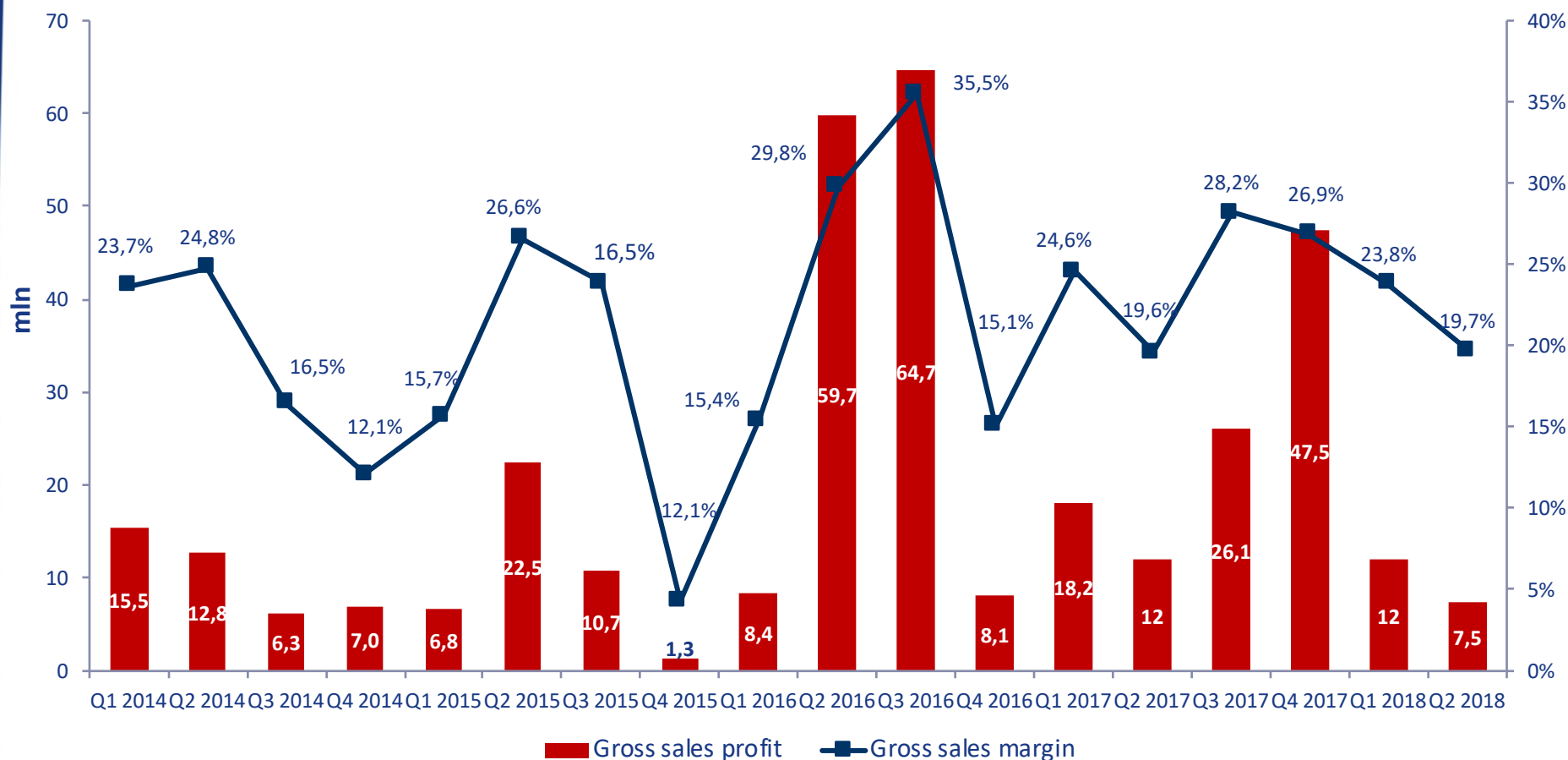
- ▣ The above result was adversely affected by a one-off transaction related to the sale of real estate in Wrocław. The company decided to sell the property due to the lack of compliance with the technical parameters of the property, promised in the original purchase agreement, which in the current shape prevented the implementation of a profitable investment. The sale of this property generated a loss of over PLN 15 million. Details in the Management Board Statement p. 16.
- ▣ The Group recorded sales revenues at the level of PLN 89.8 million with a net loss of 21.4 (the loss would amount to PLN 6.3 million if it were not to include a one-off transaction). The loss results from the described one-off event and from the cycle of recognizing results depending on the completion dates.

Selected consolidated financial data for Q2 2018

Selected financial data	Q2 2018	Q2 2017	Change
Sales revenue	39,2 mln zł	61,3 mln zł	-36%
Gross sales profit	-7,6 mln zł	12,0 mln zł	-
Gross sales margin	-19,4%	19,6%	-
Profit on operations	-21,1 mln zł	-5,7 mln zł	-
Net profit	-22,3 mln zł	- 5,6 mln zł	-

- ❑ The above data for the second quarter of 2018 was influenced by a one-off transaction related to the sale of real estate in Wrocław (see previous slide of the presentation and Management Board Statement p. 16)
- ❑ In the second quarter of 2018, revenues decreased by 36% compared to the same period of the previous year, with a net loss of PLN 22.3 million (a loss of PLN 7.1 million excluding one-off transaction)
- ❑ Gross sales margin was negative due to one-off transaction, if not to include it, gross margin would be 19.7%

Gross sales margin* vs gross sales profit

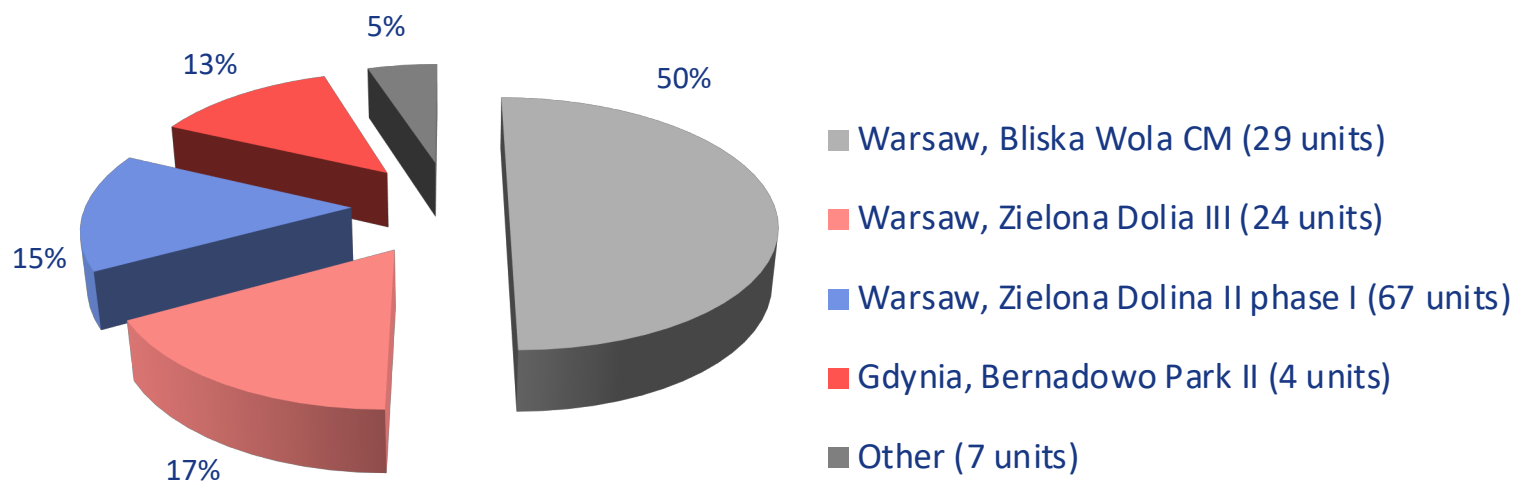


* For the second quarter of 2018, the margin was presented without considering the transaction of a one-off sale of the plot in Wrocław, as the transaction is not related to the typical current operations of the Company.

□ The gross sales margin in the long-term remains at around **20-25%**

Gross profit realisation for H1 2018

- ▣ The level of produced gross sales profit for H1 2018 is **PLN 19,6* million**.
 The percentage participation of real estate development project in the recognised sales profit:

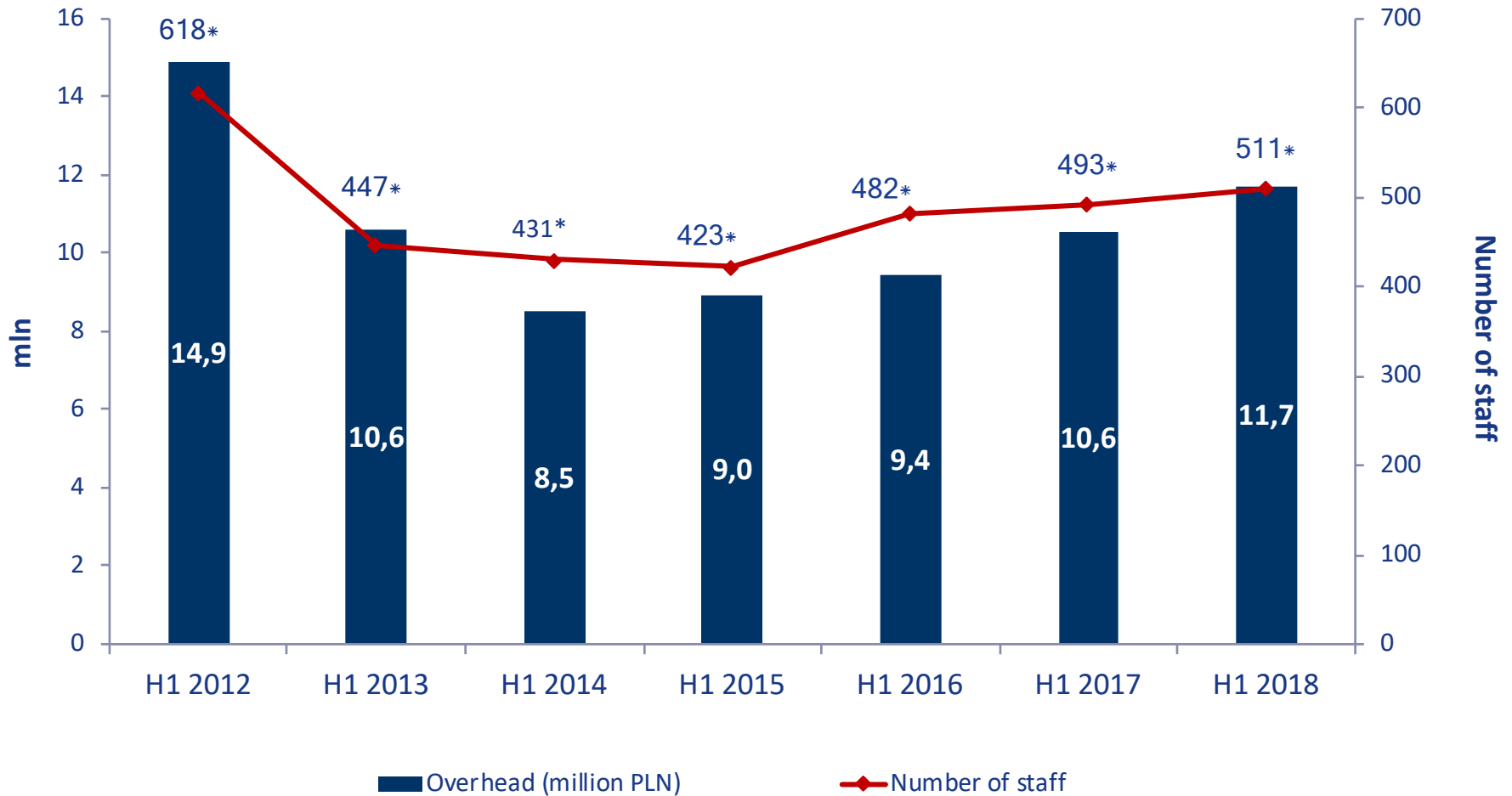


*Gross profit on sales excluding a one-off sale of a plot of land in Wrocław

- ▣ Units recognised in the financial result for **H1 2017** vs. **H1 2018**



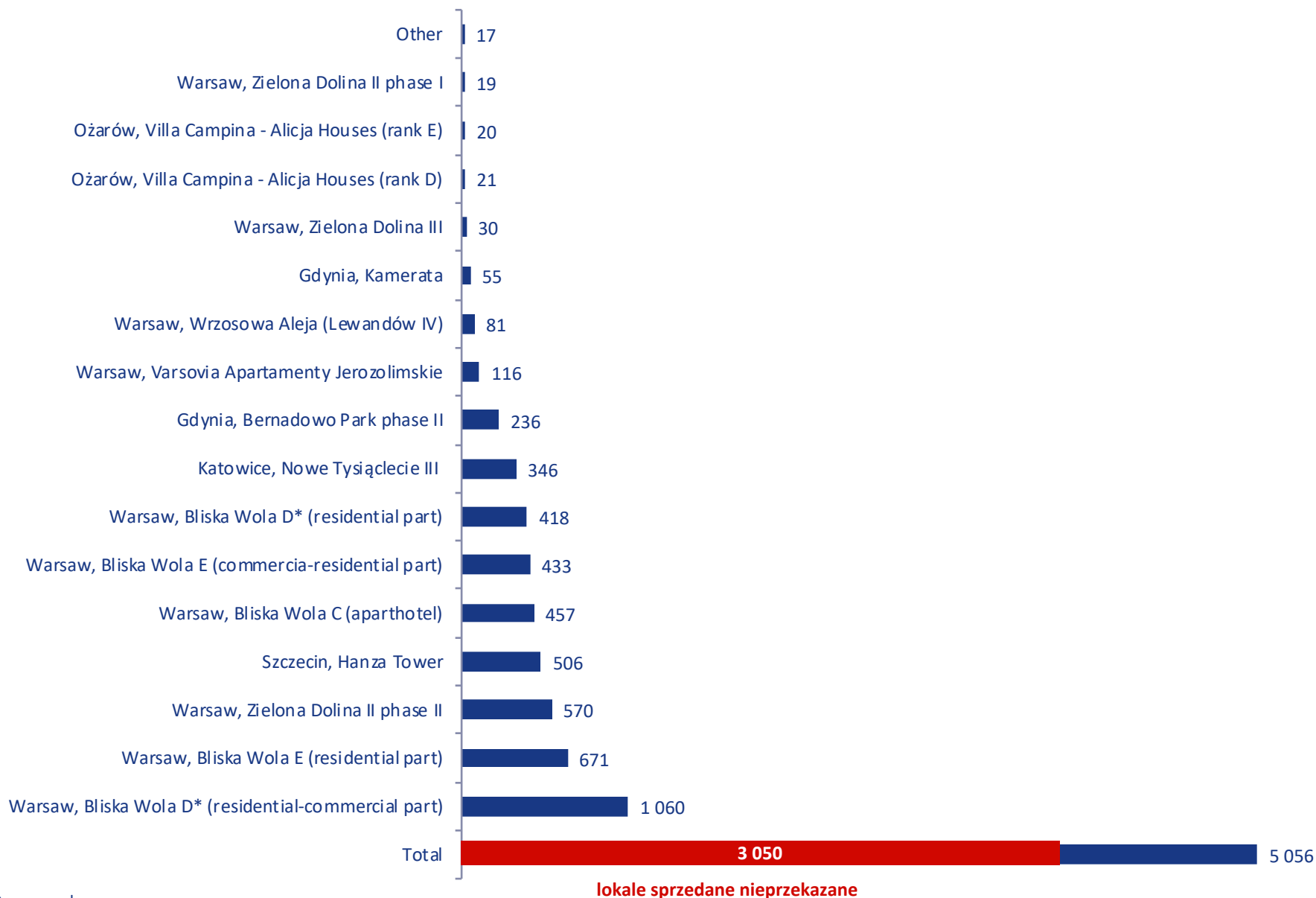
Overhead vs employment



□ Including employment in hotels and apart-hotels:

Period	I H 2012	I H 2013	I H 2014	I H 2015	I H 2016	I H 2017	I H 2018
Number of staff	131	130	131	131	198	214	240

Units on offer to be recognised in next quarters



Ongoing investments in H1 2018

- In H1 2018 the Group realized **12 investments** for **3 450 units** and the total usable area of **161 768 m²**

Investment	Units	Usable area	Aparthotel and commercial space	% of units sold	% of construction completion
Bliska Wola - Phase E – residential part, Warsaw	671	30 454		97%	68%
Zielona Dolina II phase II, Warsaw	570	25 311		63%	88%
Hanza Tower, Szczecin	506	21 957	10 857	45%	27%
Bliska Wola - Phase C – aparthotel part, Warsaw	457		14 501	97%	100%
Bliska Wola - Phase E – commercial-residential part, Warsaw	433	4 549	10 089	97%	62%
Nowe Tysiąclecie phase III, Katowice	346	18 261		34%	23%
Bernadowo Park phase II, Gdynia	236	13 144		100%	99%
Wrzosowa Aleja, Warsaw	81	2 958		17%	1%
Kamerata, Gdynia	55	3 420		100%	72%
Zielona Dolina III, Warsaw,	54	2 247		96%	100%
Villa Campina Houses - Alicja (rank D), Ożarów	21	2 017		100%	60%
Villa Campina Houses - Alicja (rank E), Ożarów	20	2 003		35%	2%
Total	3 450	126 320	35 448		

Inwestycje planowane do uruchomienia na dzień 30.06.2018



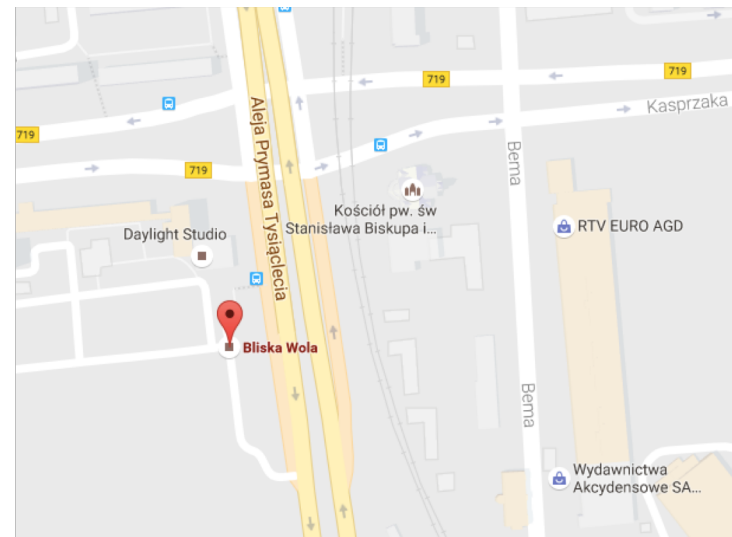
- ☐ Spółka, na bazie posiadanego banku ziemi, planuje uruchomienie realizacji **7 278 lokali** oraz powierzchni magazynowo-komercyjnej łącznie o powierzchni **485 897 m²**

Nazwa projektu	Liczba lokali ogółem	PUM/PU(m ²)	Powierzchnia apartotelowo-komercyjna (m ²)
Myślenice k. Krakowa ¹⁾	1 769	79 605	
Bliska Wola etap D (mieszkaniowo-aparthotelowo-komercyjny), Warszawa ²⁾	1 060	25 417	17 101
ul. Celna, Szczecin ³⁾	623	18 862	14 796
ul. Starowiejska, Gdańsk- Letnica	600	31 000	
ul. Waryńskiego, Pruszków	475	19 000	
Bliska Wola etap D (mieszkaniowy), Warszawa ²⁾	418	19 178	
ul. Poznańska, Skórzewo k. Poznania	280	14 000	
ul. Radosława, Nowogard	275	14 710	
ul. Berensona, Warszawa	264	11 855	
Varsovia Apartamenty ul. Pileckiego – Aparthotel, Warszawa	239		8 497
ul. Antoniewska, Warszawa	221	13 763	
ul. Spokojna – apartotel, Gdynia	257		9 414
Domy etap VI i dalsze, Ożarów	150	15 675	
Lewandów Park III etap II, Warszawa	146	4 709	
ul. Mikołaja Trąby, Warszawa	140	5 847	
ul. Odkryta, etap II, Warszawa	104	4 581	
ul. Jesionowa/Partyzantów,Gdańsk ³⁾	74	3 800	
ul. Aluzyjna, etap II, Warszawa	68	3 670	
Lewandów Park III etap I, Warszawa	40	1 631	
ul. Aluzyjna, etap I, Warszawa	32	1 850	
Domy Villa Campina, etap V, Ożarów	30	2 857	
ul. Nowodworska, Warszawa	13	1 180	
Port (magazyny), Szczecin			80 000
Małopole (magazyny), k.Warszawy ³⁾			52 000
ul. Wielopole/ul. Dietla, Kraków			10 899
	7 278	293 190	192 707

Attachments

Investments planned for launching as at 30 June 2018: Warsaw, Bliska Wola, Phase D – residential and aparthotel units

Investment	Warsaw, Bliska Wola
Location	Warsaw, Wola
Number of units	1 478
Usable area	44 595
Useable are of aparthotel units,	17 101



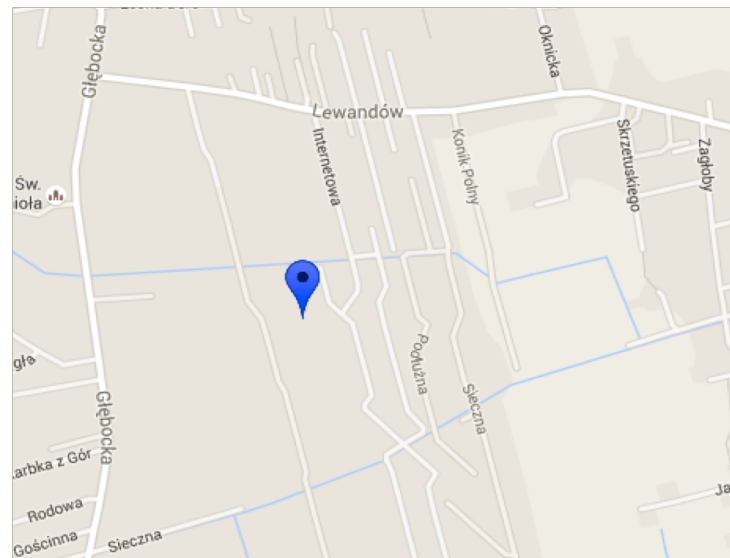
Characteristics

- 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
- building permit obtained



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

Investment	Warsaw, Lewandów Park (Wrzosowa Aleja)
Location	Warsaw, Lewandów St.
Number of units	Lewandów Park III etap I – 40 Lewandów Park III etap II – 146
Usable area (in m ²)	6 340



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.

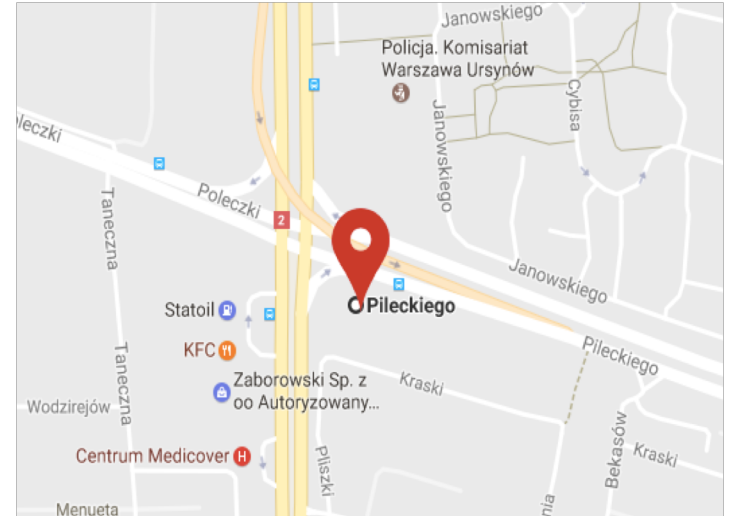


Investment planned for launch in the next months: Aparthotel at Pileckiego St. in Warsaw

Investment	Warsaw, Aparthotel Pileckiego
Location	Warsaw, Pileckiego St.
Number of aparthotel units	224
Number of business premises	15
Total usable area (in m2)	8 497

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

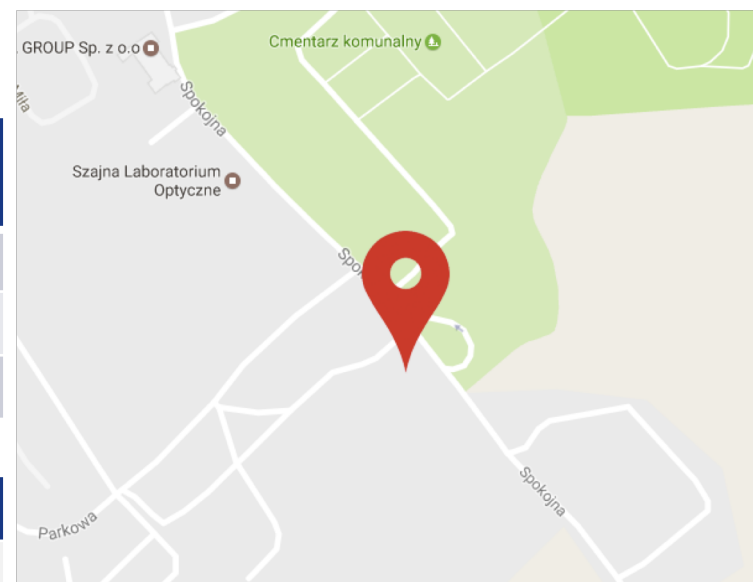


Investment planned for launch in the next months: Aparthotel at Spokojna St. in Gdynia

Investment	Gdynia, Aparthotel Spokojna
Location	Gdynia, Spokojna St.
Number of units	257
Usable area (in m ²)	9 414 m ²

Characteristics

- ▣ compact mini-apartments from 20m²
- ▣ Amenities for prospect residents including reception, service points
- ▣ recreational areas of the Tri-City Landscape Park in the vicinity
- ▣ attractive location





Thank you for your attention

INVESTOR RELATIONS:

Małgorzata Szwarc-Sroka

J.W. Construction Holding S.A. Supervisory Board Member

Monika Matejuk

Aleksander Oksiuta

e-mail: relacje.inwestorskie@jwc.pl