

RESULTS PRESENTATION FOR Q3 OF 2018



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Basic economic and financial parameters – Q32018

Residential and commercial space developer

In the third quarter of 2018, construction of **12 investments** for a number of **4,213 units** with an area of over **196,000 m²** was carried out :

- ❑ **residential projects** with an area of over **158,000 m²**,
- ❑ **aparthotel-commercial projects** with an area of over **38,000 m²**.

22 investments for a number of **5.770 units** and an area of almost **421.000 m²** (including warehouse and aparthotel-commercial area of almost 176.000 m²) were prepared for launch:

- ❑ **in Warsaw and the surrounding area** for a number of **1.892 units** with a usable area of almost **144,000 m²** (including 60.000 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).

17 years of experience on the hotel market

Hotels and aparthotels manager

- ❑ **7 hotels and aparthotels built**
- ❑ **1 174 rooms and apartaments**
- ❑ **2 638 beds**
- ❑ **3 060 conference seats**
- ❑ **1 677 restaurant seats**
- ❑ **all hotels generate surplus cash flow**

Cummulatively for three quarters of 2018 the Company sold 968 units, including **183 commercial-aparthotel units**

Key events in Q3 2018

- ❑ Commencement of construction of the most profitable phase of the flagship investment – Bliska Wolat at Kasprzaka St. **Phase D, i.e. Bliska Wola Tower**, includes 1 500 residential and aparthotel units, with a **total area of almost 62,000 m²**.
- ❑ Commencement of construction of the next phase of **terraced houses near Ożarów Mazowiecki**, the next phase comprises of **30 houses**.
- ❑ Obtaining a final building permit for a construction of hotel and commercial complex with technical infrastructure, located at Spokojna St. in Gdynia (**257 units**).
- ❑ Obtaining a final occupancy permit for **Gdynia Bernardowo Park II** residential estate in Gdynia (**236 units**).
- ❑ Obtaining a final occupancy permit for 4 blocks of at **Zielona Dolina II phase II** residential estate in Białołęka in Warsaw (**104 units**).
- ❑ Obtaining a final occupancy permit for **Varsovia aparthotel** at Kasprzaka/Ordonia St. in Warsaw (**457 units**)



BLISKA WOLA TOWER



Villa Campina



BERNARDOWO APARTMENTS



ZIELONA DOLINA II



VARSOVIA

Key events in Q3 2018

- ▣ Continuation of other investments for a total of **2 601 units**:
 - ▣ **Bliska Wola - Phase E** in Warsaw at Kasprzaka St. – residential part for **671 units**,
 - ▣ **Hanza Tower** in Szczecin at Wyzwolenia Av. for **508 units**,
 - ▣ **Zielona Dolina II phase II** in Warsaw at Verdiego St. for **466 units**(whole investment - 570 units),
 - ▣ **Bliska Wola - Phase E (commercial-residential part)** in Warsaw at Kasprzaka St. for **433 units**,
 - ▣ **Nowe Tysiąclecie phase III** in Katowice at Tysiąclecia Av. for **346 units**,
 - ▣ **Wrzosowa Aleja** estates in Warsaw at Kartograficzna St. for **81 units**,
 - ▣ **Kamerata** estate in Gdynia at Sochaczewska for **55 units**,
 - ▣ **Alicja Houses rank D** near Ożarów Mazowiecki for **21 houses**,
 - ▣ **Alicja Houses rank E** near Ożarów Mazowiecki for **20 houses**.

- ▣ Further expansion of the land bank by the purchase of real estate on the outskirts of **Cracow** for **1769 units**.



Key events, marketing and sale policy in Q3 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 :

- ❑ Intensive advertising campaign of the DK Stage of the Bliska Wola (Tower) investment using all effective marketing communication channels
- ❑ Directing the message to investors expecting permanent and certain influence, both for Warsaw projects and investments in Szczecin and Katowice. Advertising offices, commercial units and apartments for investors
- ❑ Continuing promotion of ready flats and ones under constructions - 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.
- ❑ Preparation for introducing Bernadowo Apartments in Gdynia to sales.



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

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Related to utilising company's potential:

- ❑ The company has the potential to transfer premises for the next **3 years**– as at 30 September 2018 there were **4.300 not transferred units** sold or on offer :
 - ❑ **nearly 2.400 units** sold and not transferred,
 - ❑ **nearly 1.900 units** for sale.

- ❑ With almost **7,700 unsold units** (including 5,800 units 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 187 million)** and low net debt.
 - ❑ **Net debt to equity ratio– 28%**
 - ❑ **Net debt to equity ratio– 15% (excluding credits from KFM for TBS Marki Sp. z o.o. repaid by tenants in rent)**

Related to favourable external conditions :

- ❑ Increase in the average price of flats in the third quarter 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 aparthotels.
- ❑ Good situation on the labour market, declining unemployment and rising average salary.

*According to REAS analysts

**According to the National Bank of Poland

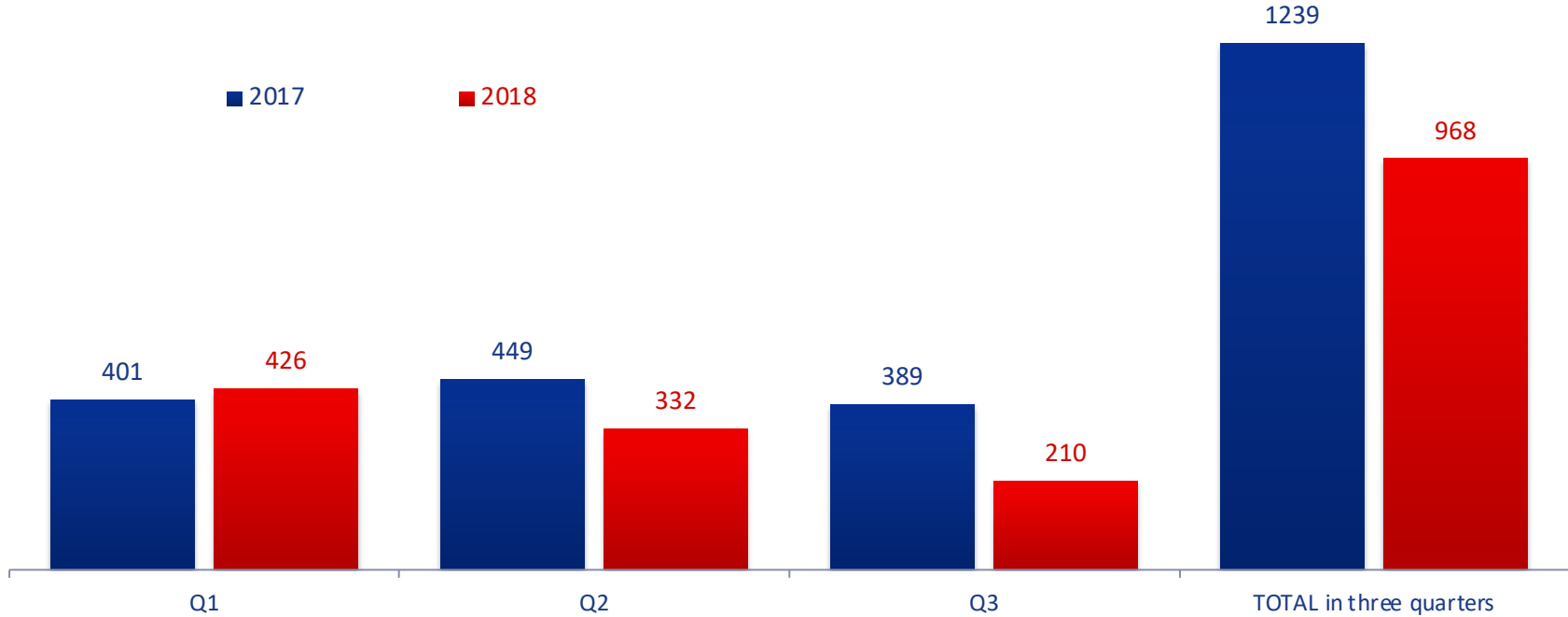
Factors affecting company's activity now and in the near future

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- ❑ 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 third quarter of 2018 by 19% 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 three quarters of 2018



■ In three quarters of 2018 the Company sold **968** units, including 183 office-aparthotel units.

Selected consolidated financial data for three quarters of 2018

Selected financial data	Three quarters of 2018	Three quarters of 2017	Change
Sales revenue	PLN 325,4m	PLN 227,7m	43%
Gross sales profit	PLN 58,9m	PLN 56,2m	5%
Gross sales margin	18,1 %	24,7 %	- 6,6 p.p.
Profit on operations	PLN 14,8m	PLN 14,3m	3%
Net profit	PLN 15,2m	PLN 3,1m	397%

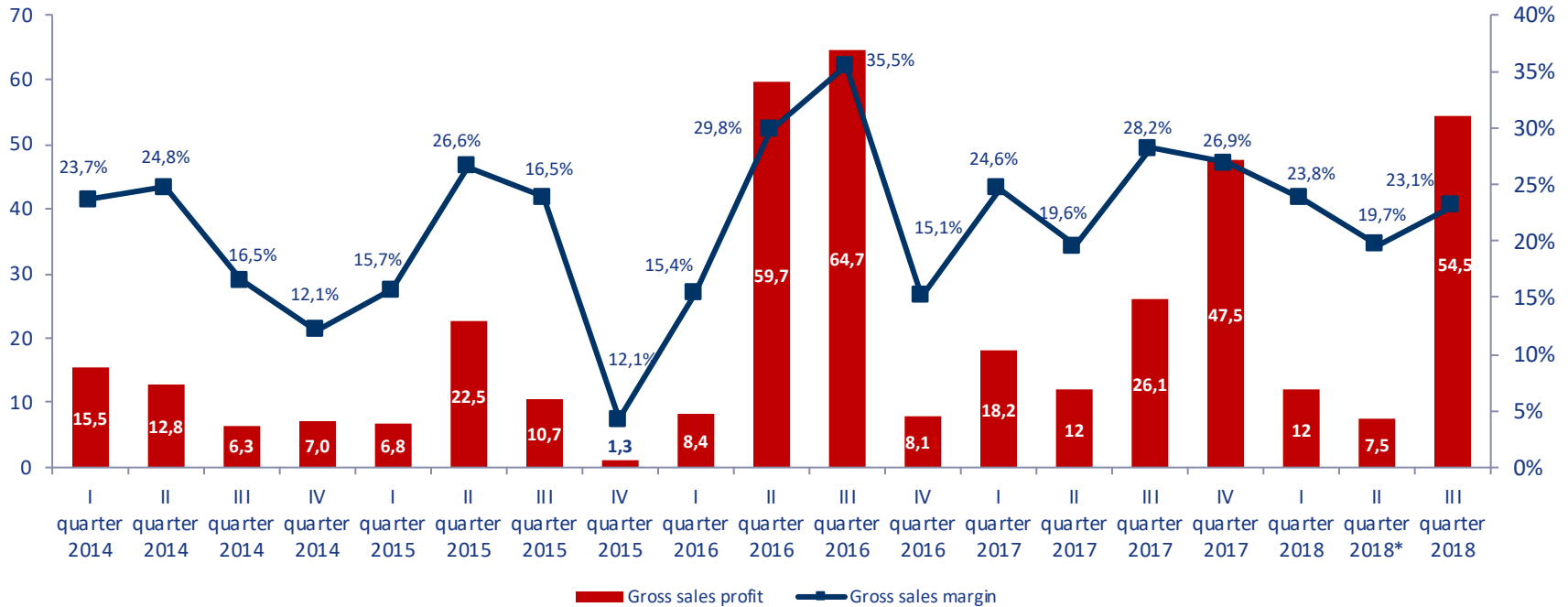
- The above result was adversely affected by a one-off transaction related to the sale of real estate in Wrocław. The company decided to sell the property due to the lack of compliance with the technical parameters of the property, promised in the original purchase agreement, which in the current shape prevented the implementation of a profitable investment. The sale of this property generated a loss of over PLN 15 million. It is worth mentioning that due to the not realising investments on the above mentioned real estate for reasons beyond the Company's control, the Company obtained a final court ruling awarding PLN 10,980,000 from a natural person - a guarantor of the Company's contractor..

Selected consolidated financial data for Q3 2018

Selected financial data	Q3 2018	Q3 2017	Change
Sales revenue	PLN 235,7m	PLN 92,4m	155%
Gross sales profit	PLN 54,5m	PLN 26,1m	109%
Gross sales margin	23,1%	28,2%	-5,1 p.p.
Profit on operations	PLN 39,5m	PLN 13,5m	192%
Net profit	PLN 36,6m	PLN 6,6m	455%

- ❑ Increase of sales revenue in Q3 2018 of 155% in relation to the corresponding period of previous year.
- ❑ Increase of net profit in the third quarter of 2018 in relation to the corresponding period of previous year, mainly due to transfer of premises from the investment of Bliska Wola CK and Gdynia Bernadowo Park II

Gross sales margin vs gross sales profit

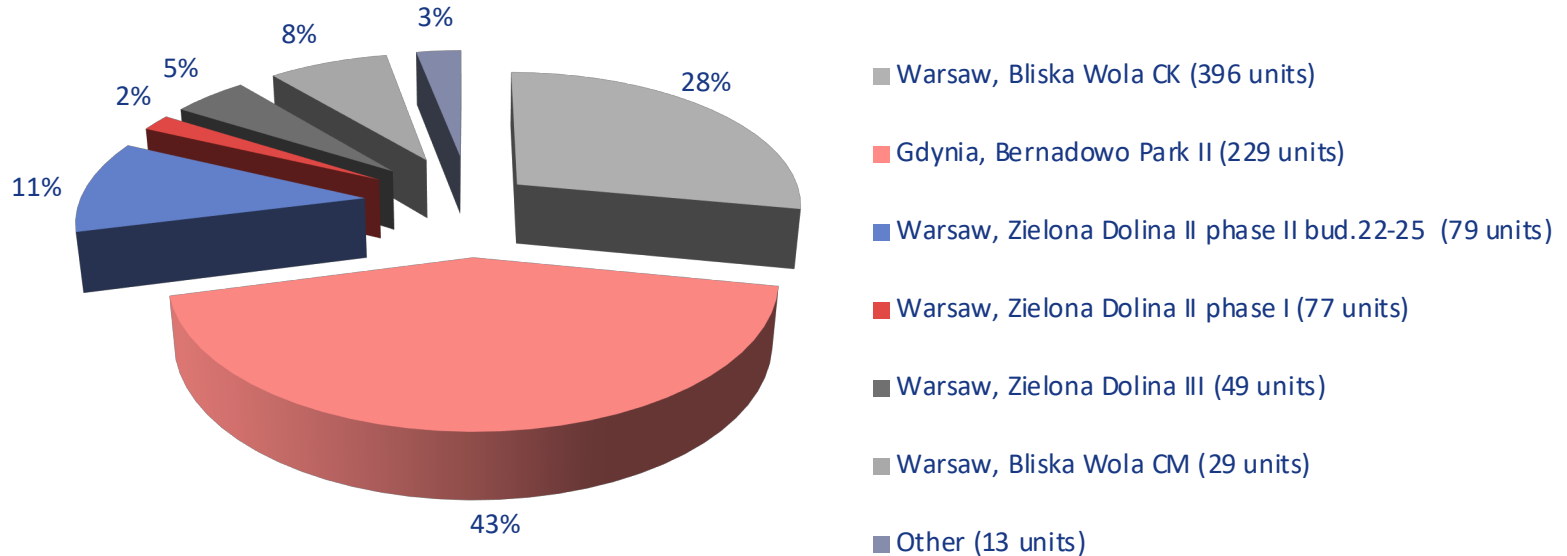


* For the second quarter of 2018, the margin was presented without considering the transaction of a one-off sale of the plot in Wrocław, as the transaction is not related to the typical current operations of the Company.

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

Gross profit realisation for three quarters of 2018

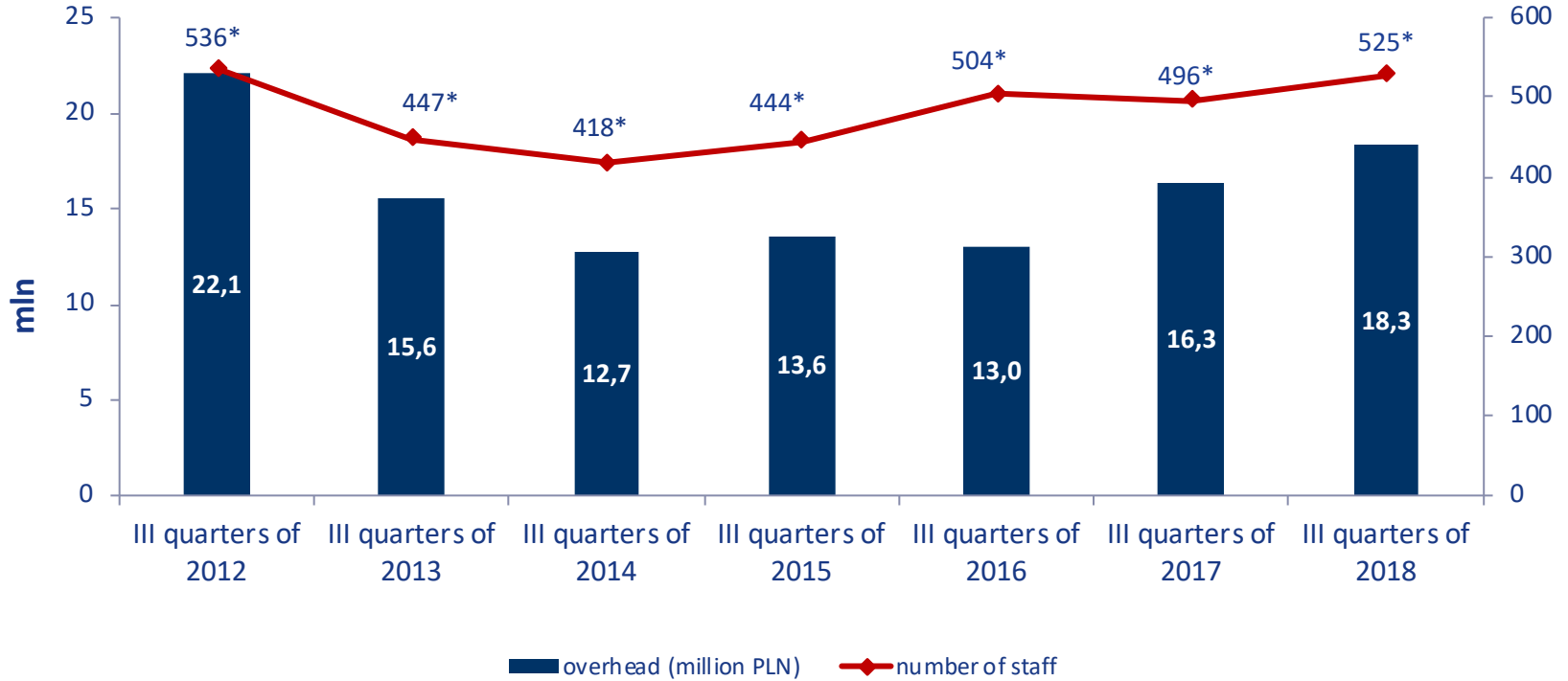
- The level of produced gross sales profit for three quarters of 2018 is **PLN 58,9 million**. The percentage participation of real estate development project in the recognised sales profit:



- Units recognised in the financial result for **Q3 2017 vs. Q3 2018**



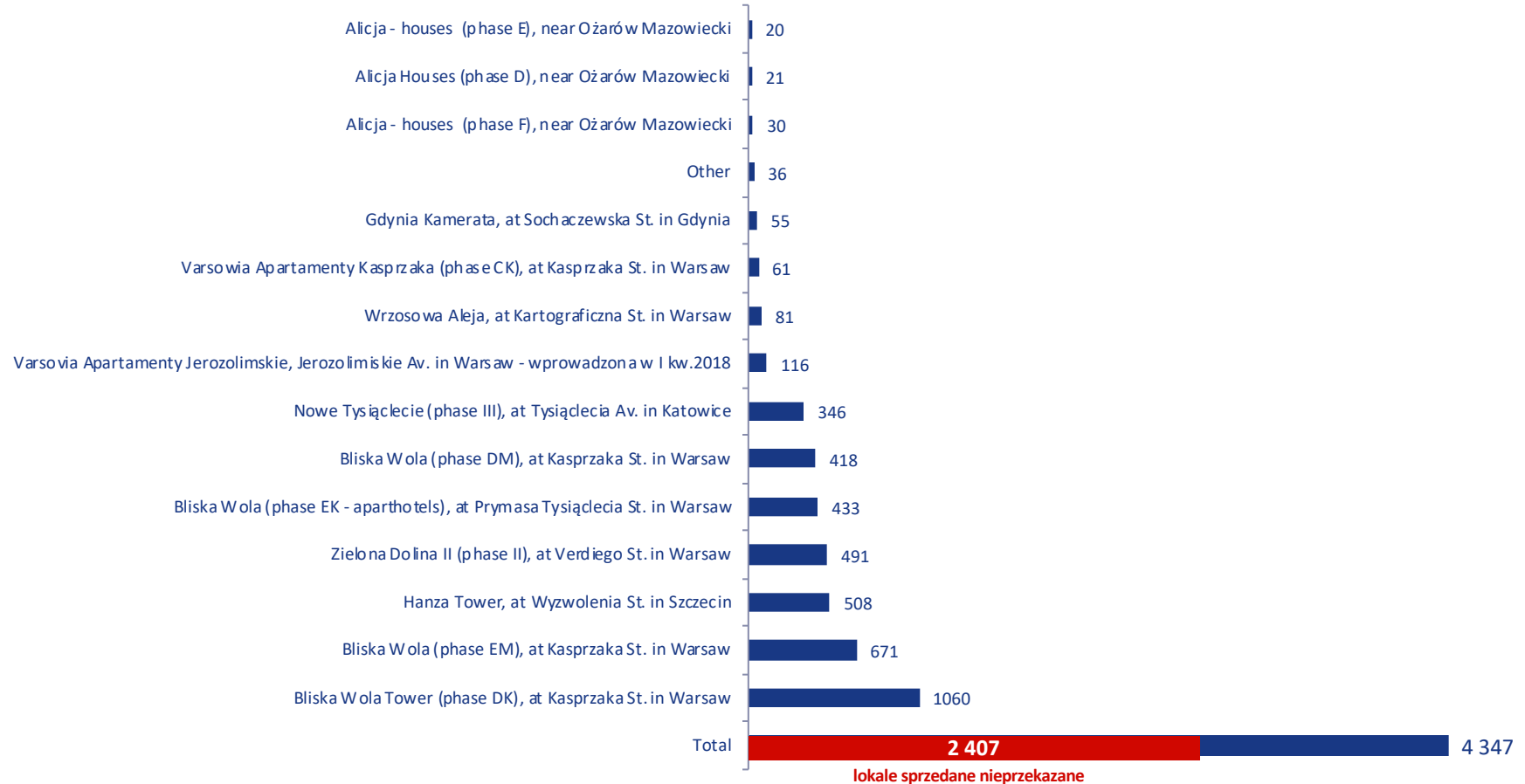
Overhead vs employment



□ Including employment in hotels and apart-hotels:

Period	III Q 2012	III Q 2013	III Q 2014	III Q 2015	III Q 2016	III Q 2017	III Q 2018
Number of staff	163	153	140	161	213	206	240

Units on offer to be recognised in next quarters – finished and ongoing investments



Ongoing investments in Q3 2018

□ In Q3 2018 the Group realized **12 investments** with a total usable area of **196 463 m²**

Investment	Units	Useable area	Aparthotel and commercial space	% of units sold	% of construction completion
Bliska Wola phase D (residential-aparthotel-commercial), Warsaw, Kasprzaka St.	1 060	25 417	17 151	11%	1%
Bliska Wola – Phase E - residential part, Warsaw, Kasprzaka St.	671	30 454		97%	84%
Zielona Dolina II phase II, Warsaw, Verdiego St.	570	25 311		76%	93%
Hanza Tower, Szczecin, Wyzwolenia St.	508	21 957	10 841	50%	34%
Bliska Wola – Phase E – commercial-residential part, Warsaw, Kasprzaka St.	433	4 549	10 089	96%	81%
Bliska Wola phase D (residential), Warsaw, Kasprzaka St.	418	19 178		75%	1%
Nowe Tysiąclecie phase III, Katowice, Tysiąclecia St.	346	18 261		36%	25%
Wrzosowa Aleja, Warsaw, Kartograficzna St.	81	2 958		22%	15%
Kamerata, Gdynia, Sochaczewska St.	55	3 420		100%	83%
Villa Campina Houses - Alicja (rank F), Ożarów Mazowiecki	30	2 857		0%	2%
Villa Campina Houses - Alicja (rank D), Ożarów Mazowiecki	21	2 017		100%	70%
Villa Campina Houses - Alicja (rank E), Ożarów Mazowiecki	20	2 003		40%	15%
Total	4 213	158 382	38 081		

Investments planned for launching as at 30 September 2018

- Based on its land bank, the Company plans to launch investments for a total of **5 770 units** and warehouse and commercial space of **421 344 m²**

Investment	Units	Useable area	Aparthotel and commercial space
Myślenice near Cracow	1 769	79 605	
Starowiejska St., Gdańsk- Letnica	600	31 000	
Waryńskiego St., Pruszków	475	19 000	
Poznańska St., Skórzewo near Poznan	280	14 000	
Radosława St., Nowogard	275	14 710	
Berensona St., Warsaw	264	11 855	
Bernadowo Apartments, Spokojna St., Gdynia	257		9 414
Varsovia Apartamenty Pileckiego St. – Aparthotel, Warsaw	239		8 497
Antoniewska St., Warsaw	221	13 763	
Houses phase VI and further, Ożarów Mazowiecki	150	15 675	
Wrzosowa Aleja, phase II, Warsaw	146	4 709	
Mikołaja Trąby St., Warsaw	140	5 847	
Odkryta St., phase II, Warsaw	104	4 581	
Aluzyjna St., phase II, Warsaw	68	3 670	
Wrzosowa Aleja III phase I, Warsaw	40	1 631	
Aluzyjna St., phase I, Warsaw	32	1 850	
Nowodworska St., Warsaw	13	1 180	
Harbour (warehouses), Szczecin			80 000
Wielopole/Dietla St., Cracow			10 899
Celna St., Szczecin*	623	18 862	14 796
Jesionowa/Partyzantów St.,Gdańsk*	74	3 800	
Małopole (warehouses), near Warsaw*			52 000
Razem	5 770	245 738	175 606

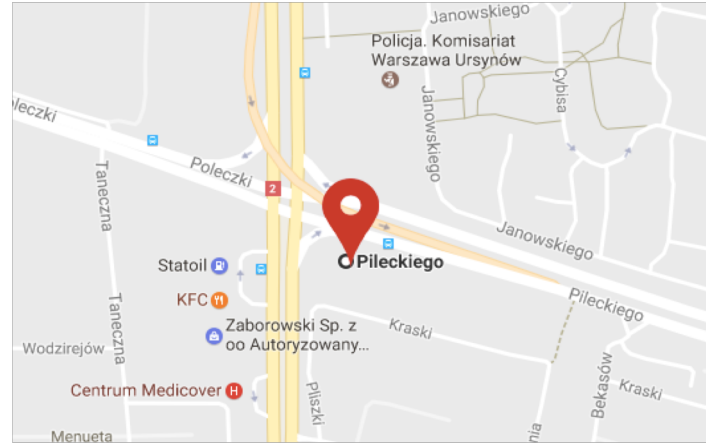
Attachments

Investments planned for launching 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 useable area (m ²)	8 497

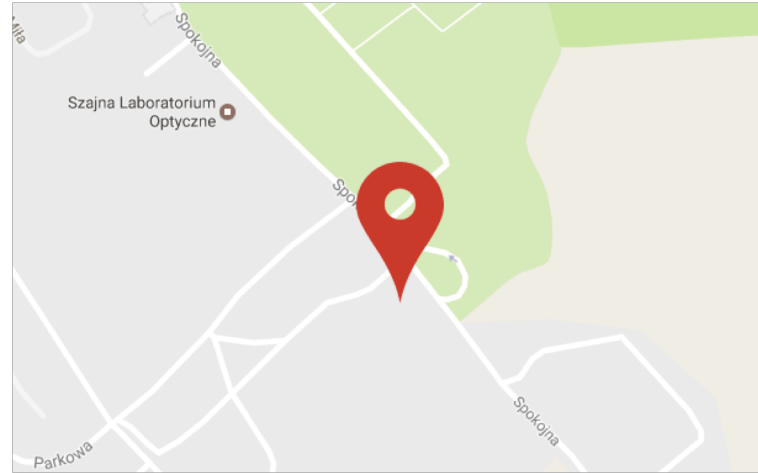
Characteristics

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



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

Investment	Gdynia, Bernadowo Apartments
Location	Gdynia, Spokojna St.
Number of units	257
Total useable area (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



Investments planned for launching in the next months: Warsaw at Mikołaja Trąby St.

Investment	Warsaw, Willa Wiślana
Location	Warsaw, Mikołaja Trąby St.
Number of units	140
Total useable area (m ²)	5 847 m ²

Characteristics

- ❑ low, prestigious housing
- ❑ location – Białołęka – the most dynamically developing district of Warsaw
- ❑ proximity of agglomeration amenities: schools, kindergartens, shopping centers
- ❑ quick access to the city centre





Thank you for your attention

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