

# RESULT PRESENTATION FOR 1ST HALF OF 2017



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# Basic economic and financial parameters as at 30 June 2017

## Group's potential

- ❑ Development of the owned bank land, including **4 427 units under construction** and **3 180 units in plans**
- ❑ Current land bank 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 June 30, 2017, Company has **2,391 units sold and not transferred**, **1,821 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 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
- ❑ Company offers both popular and premium segments

# Key events in H1 2017

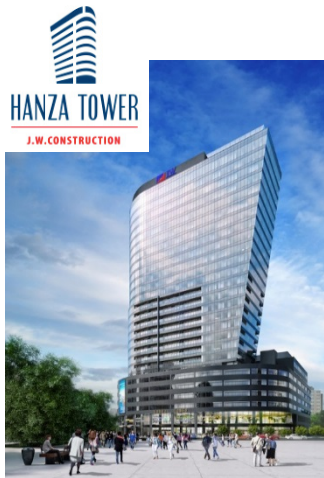
Good ongoing sales rate – a **16% increase** comparing to the previous year: **850 units in H1 2017** comparing to 733 in the same period of 2016

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**

Obtaining construction permit for **Lewandów IV housing estate (Wrzosowa Aleja) in Warsaw Białołęka district for 81 units**



# Key events in H1 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)

Completion of **Zielona Dolina II phase I in Warsaw** for **321 units** (in the course of obtaining an occupancy permit)

Completion of the reconstruction of **Varsovia Apartamenty aparthotel** for **116 units** at **Jerozolimskie Avenue in Warsaw**, and its opening

Continuation of the realization of remaining investments for **2 979 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 457 units

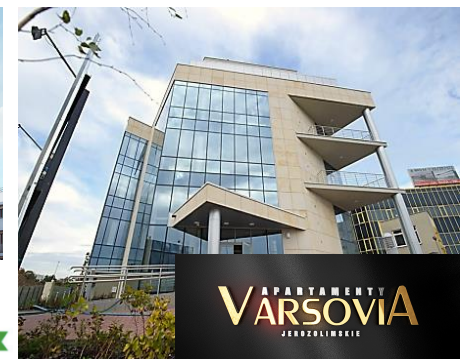
Bliska Wola - Phase E in Warsaw - Wola Invest for 413 units

Bernadowo Park phase II in Gdynia for 236 units

Kamerata in Gdyni for 55 units

Zielona Dolina III in Warsaw for 54 units

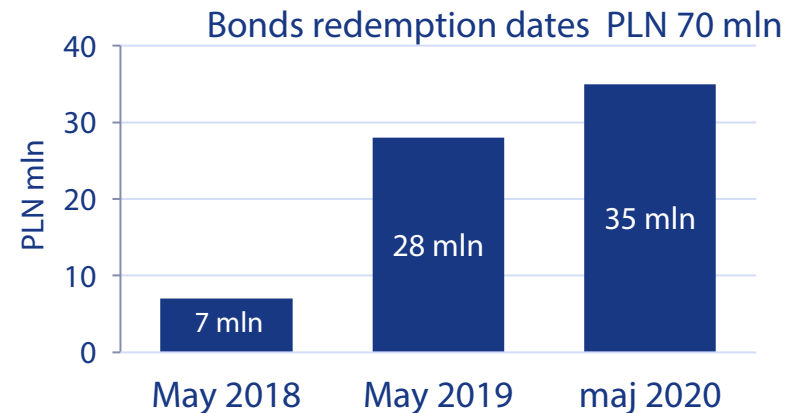
Villa Campina in Ożarów Mazowiecki – 42 houses



# Key events in H1 2017

## ❑ Bond issuance for the purpose of land purchase:

- ❑ Value- PLN 70 mln
- ❑ Series - JWC0520
- ❑ Date – 31 May 2017
- ❑ Marurity:
  - ❑ PLN 7 mln in May 2018
  - ❑ PLN 28 mln in May 2019
  - ❑ PLN 35 mln in May 2020



## ❑ Activities aimed at extending the land bank:

- ❑ Won tender for the purchase of premises in Krakow at Wielopole 19-21 St., Dietla 86, 88 and 90 St. Price – PLN 44,1 mln net
- ❑ Preliminary agreement for the purchase of land in Gdańsk at Starowiejska 67 St. with a total area of 0,9693 ha. Price - PLN 20,5 mln
- ❑ Preliminary agreement for the purchase of premises in Gdańsk at Jesionowa St. with a total area of 0,3136 ha. Price – PLN 6,5 mln
- ❑ Search for other areas suitable for investments in the largest Polish cities

# Most important events and marketing and sales policy in H1 2017

- ❑ Advertising campaign for sale of the Hanza Tower project - 31 storey (with garages) apartment building in Szczecin. Due to its location, architecture, height and multifunctionality, the building will become a showcase of Szczecin. The promotion is conducted under the slogan "Live on the highest level". Radosław Majdan has become the project ambassador
- ❑ Sale and advertising campaign for the new phase of Villa Campina houses
- ❑ Preparation for opening of Varsovia Apartamenty Jerozolimskie aparthotel

Ultimately the network will include:

Varsovia Apartamenty Jerozolimskie (Jerozolimskie Invest) – completed

Varsovia Apartamenty Kasprzaka (Wola Invest) – in construction

Varsovia Apartamenty Pileckiego – in preparation

We are planning to build an aparthotel in Gdynia at a later date

- ❑ Message to investors who expect constant and secure income. Emphasis on the promotion of the sale of aparthotel units and Premium Apartments in the campaign of Bliska WOLA "Live or make money on rent". In addition, the promotion of the purchase of "small office" offices for own purposes or rent



**SPRAWDŹ**

**ZAMIESZKAJ NA  
NAJWYŻSZYM POZIOMIE!**  
**DZIEŃ OTWARTY 27 MAJA**

*Radosław Majdan*



# Most important events and marketing and sales policy in H1 2017

Award for Nowe Tysiąclecie - I place in Family Friendly Estate category and "Golden investment" title in competition organised by Dziennik Zachodni

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, Now 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





# Factors affecting Company's activity in H1 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 30 June 2017 there were **4500 not transferred units**
- ❑ With more than **5,000 unsold units** (more than 1,800 on offer and more than 3,300 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 161 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 half of 2017 almost 23% more apartments were sold than in the same period last year.
- ❑ The increase in the average price of flats in the second quarter by 5.9% 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

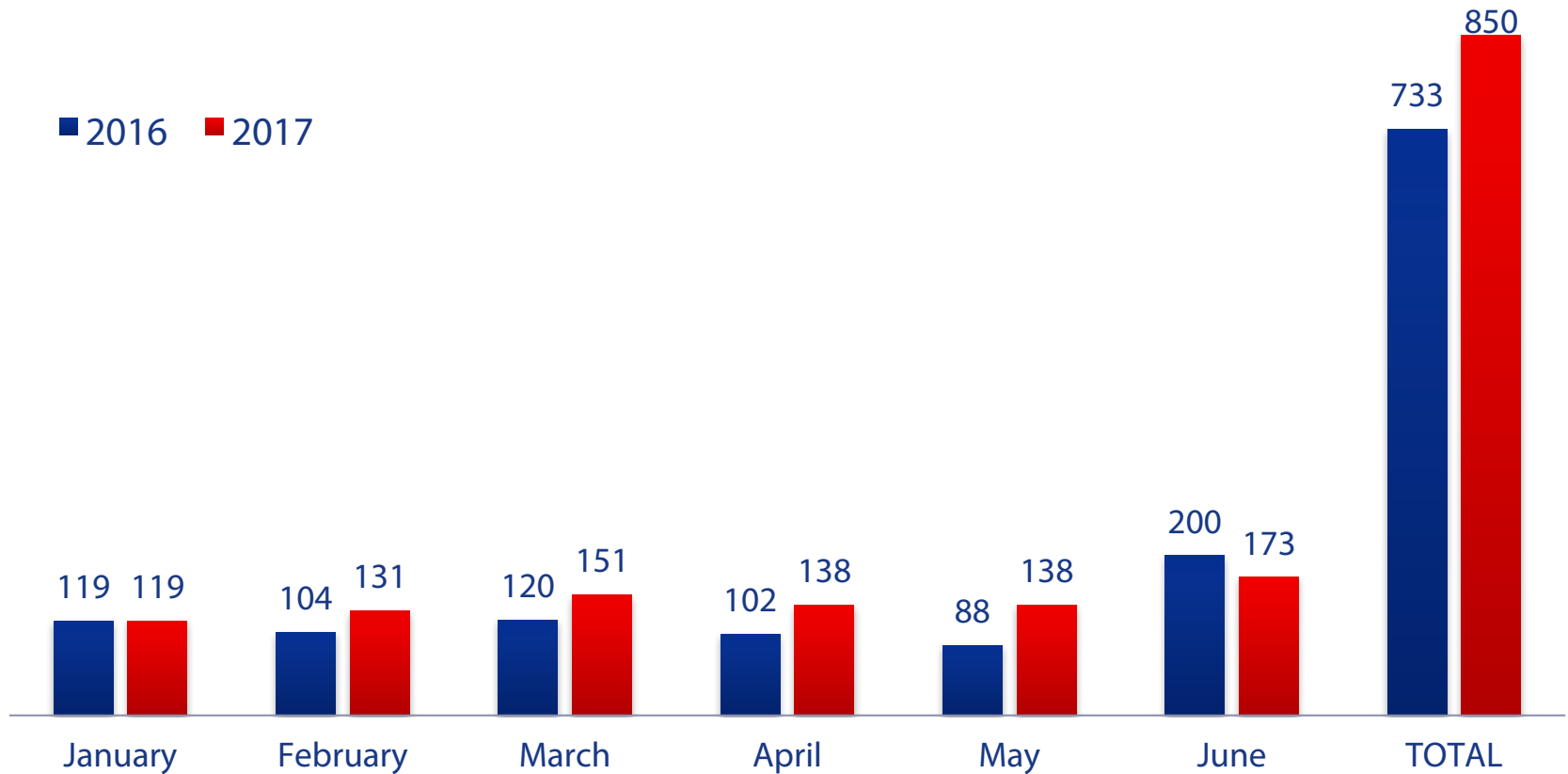
\*According to REAS analysts

## Factors affecting Company's activity in H1 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 H1 2017



□ In H1 2017 the Company sold **850 units**, which is **16%** more than in the same period last year

## Selected consolidated financial data for H1 2017

Selected financial data	H1 2017	H1 2016	Change
Sales revenue	135,3 mln zł	255 mln zł	-46,9%
Gross sales profit	30,2 mln zł	68,1 mln zł	-55,7%
Gross sales margin	22 %	27 %	- 5 p.p.
Profit on operations	0,8 mln zł	37,5 mln zł	-97,8%
Net profit	-3,5 mln zł	26,1 mln zł	-

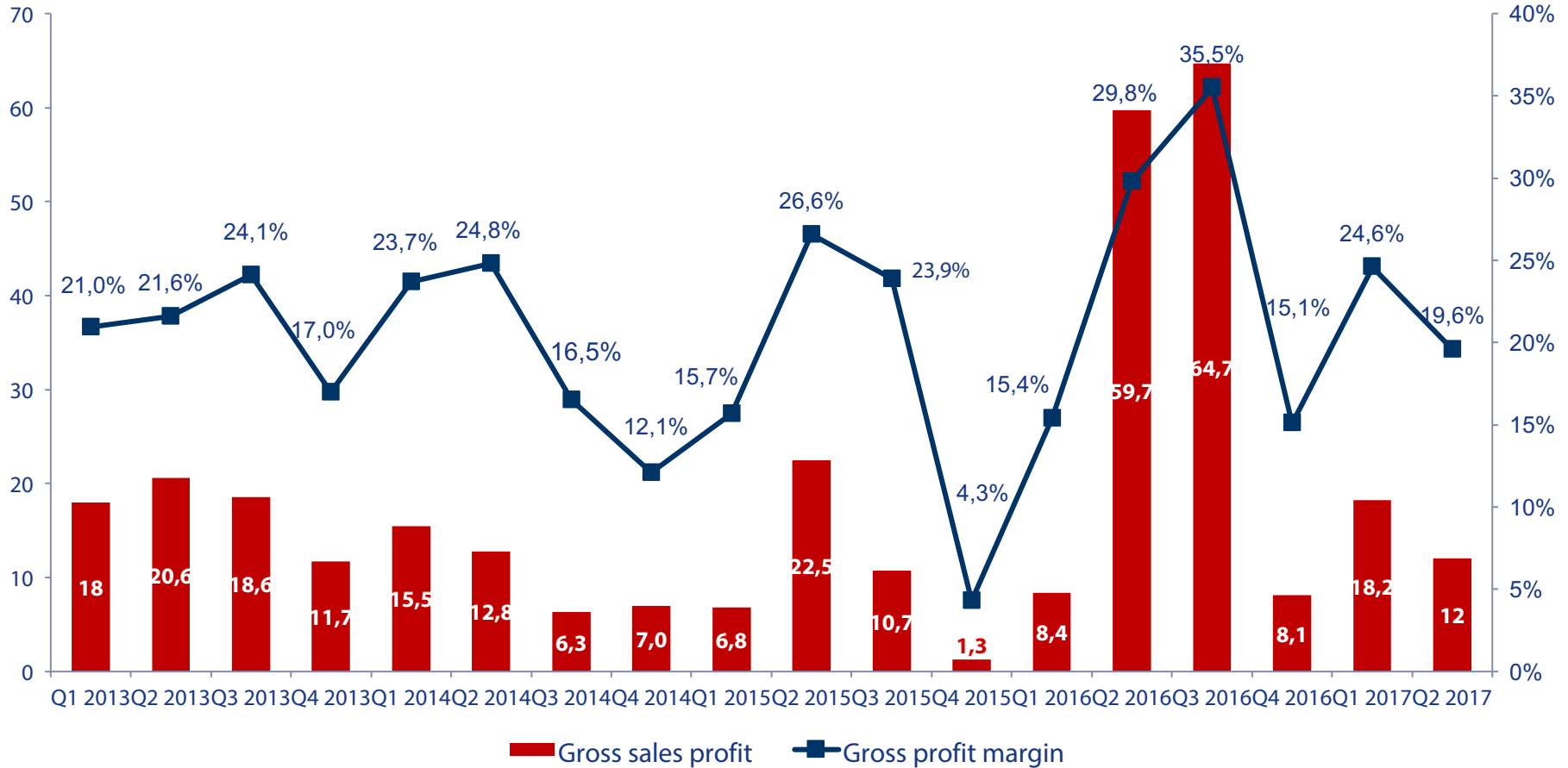
- The decrease of sales revenue in the first half of 2017 by 46.9% as compared to the same period of the previous year and the net loss was caused by the possibility of transferring only a small number of units from already completed construction sites

## Selected consolidated financial data for Q2 2017

Selected financial data	Q2 2017	Q2 2016	Change
Sales revenue	61,3 mln zł	200,3 mln zł	-69,4%
Gross sales profit	12 mln zł	59,7 mln zł	-79,9%
Gross sales margin	20%	30%	-10 p.p.
Profit on operations	-5,7 mln zł	44,8 mln zł	-
Net profit	- 5,6 mln zł	35,7 mln zł	-

- ❑ Decrease of gross margin on sales in the second quarter of 2017 is due to recognition of revenues mainly from the less profitable Katowice investment
- ❑ The decrease of sales revenue in the second quarter of 2017 by 69.4% as compared to the same period of the previous year and the net loss was caused by the possibility of transferring only a small number of units from already completed construction sites

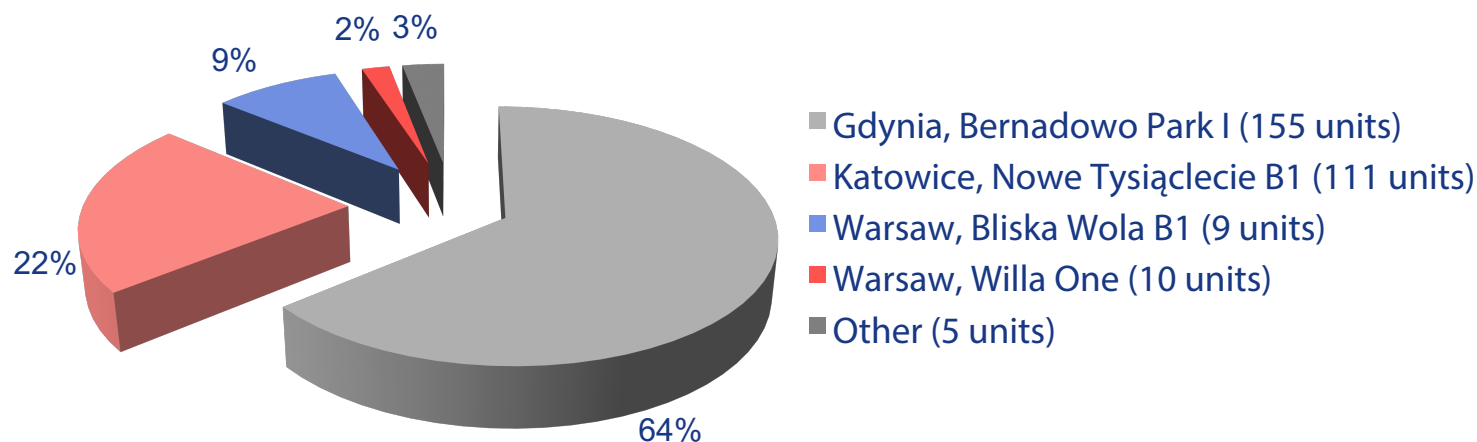
# Gross sales margin vs gross sales profit



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

## Gross profit realisation for H1 2017

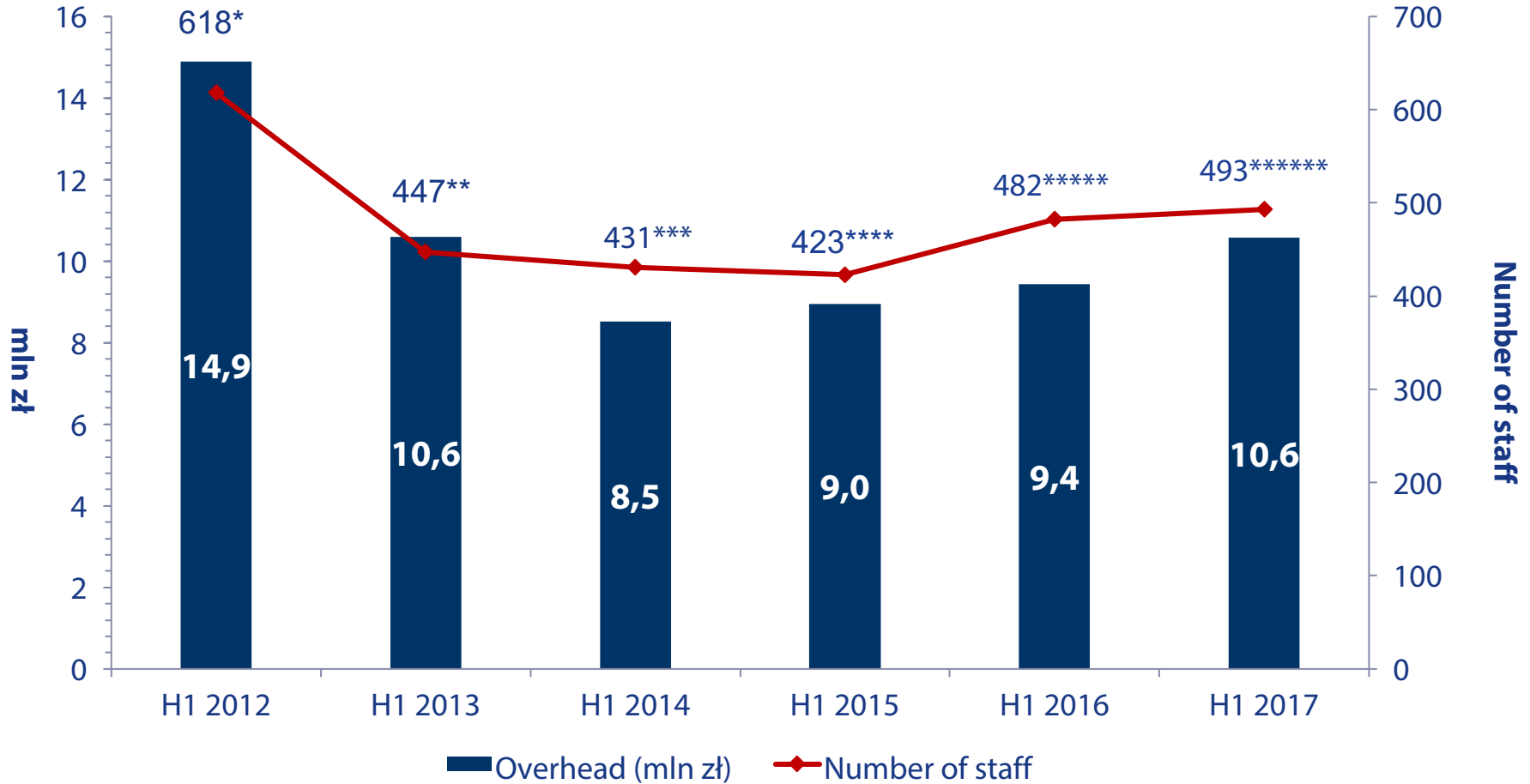
The level of produced gross sales profit for H1 2017 is **PLN 30,2 million**. The percentage participation of real estate development project in the recognised sales profit:



### Units recognised in the financial result for H1 2017 vs. H1 2016



# Overhead vs employment



■ Including employment in hotels:

\* 131 people

\*\* 130 people

\*\*\* 131 people

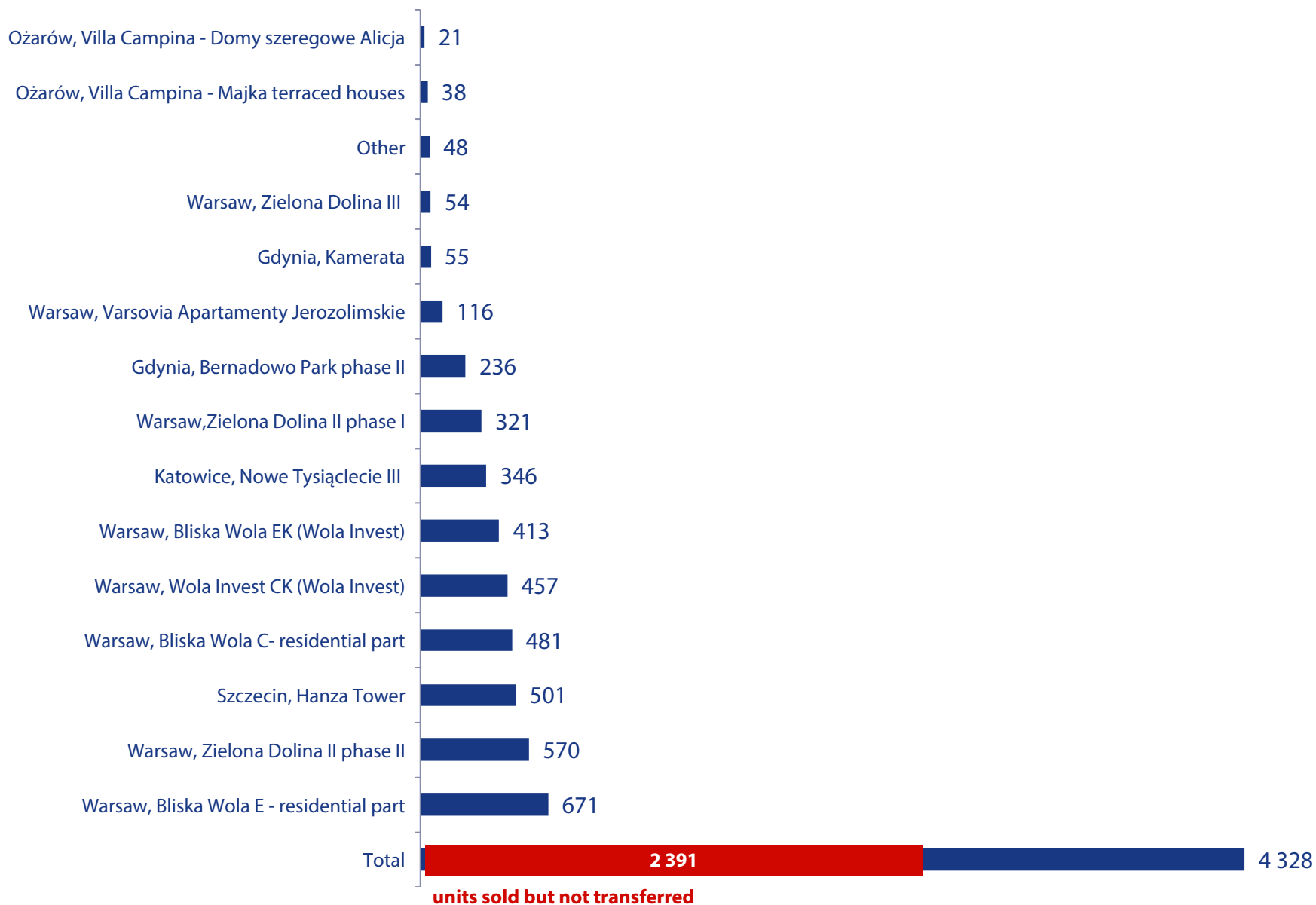
\*\*\*\* 131 people

\*\*\*\*\* 198 people

\*\*\*\*\* 214 people



## Units on offer to be recognised in next quarters



# Ongoing investments in H1 2017

□ In H1 2017, the Group realized **16 investments** with the total useable area of **207 189 m<sup>2</sup>**

Investment	Units	Useable area	Aparthotel and commercial space	% of units sold	% of construction completion
Bliska Wola - Phase E – residential part, Warsaw	671	30 563	-	84%	15%
Zielona Dolina II phase II, Warsaw	570	25 360	-	17%	46%
Hanza Tower, Szczecin	501	21 952	10 721	18%	15%
Bliska Wola - Phase C – residential part, Warsaw	481	21 375		99%	95%
Bliska Wola - Phase C - Wola Invest, Warsaw	457	-	14 559	99%	68%
Bliska Wola - Phase E - Wola Invest, Warsaw	413*	4 549	10 050	45%	9%
Nowe Tysiąclecie Phase III, Katowice	346	18 264		13%	1%
Zielona Dolina II Phase I, Warsaw	321	12 809		69%	99%
Bernadowo Park Phase II, Gdynia	236	13 180		51%	54%
Nowe Tysiąclecie, Phase B1, Katowice	122	7 128		99%	100%
Varsovia Apartamenty Jerozolimskie, Warsaw	116	-	3 437	Nie wprowadzono do oferty	100%
Kamerata, Gdynia	55	3 420		80%	27%
Zielona Dolina III, Warsaw	54	2 269		43%	77%
Villa Campina – houses, Ożarów	42	4 588		88%	97%
Willa One, Warsaw	21	957		52%	100%
Villa Campina – Alicja Houses, Ożarów	21	2 008		71%	6%
<b>Total</b>	<b>4 427</b>	<b>168 422</b>	<b>38 767</b>		

\* including: 110 flats and 303 aparthotel or commercial space units

## Investments planned for launching as at June 30, 2017

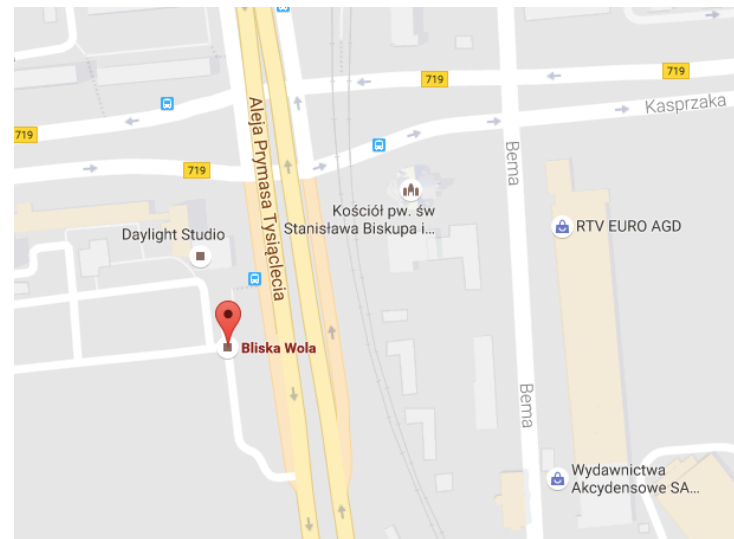
- Company, based on its land inventory, plans to launch investments for **3 180 units with surface of 150 741 m<sup>2</sup>**

Investment	Total number of units	Useable area (m <sup>2</sup> )	Commercial area (m <sup>2</sup> )
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 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	
Lewandów Park IV, Warsaw	81	2 990	
Aluzyjna St., phase II, Warsaw	68	3 670	
Lewandów Park III phase I, Warsaw	40	1 631	
Aluzyjna St., phase I, Warsaw	32	1 850	
Houses Villa Campina, phase V, Ożarów	30	2 878	
Houses Villa Campina, phase IV, Ożarów	20	1 980	
Nowodworska St., Warsaw	13	1 180	
	<b>3 180</b>	<b>116 316</b>	<b>34 425</b>

# 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



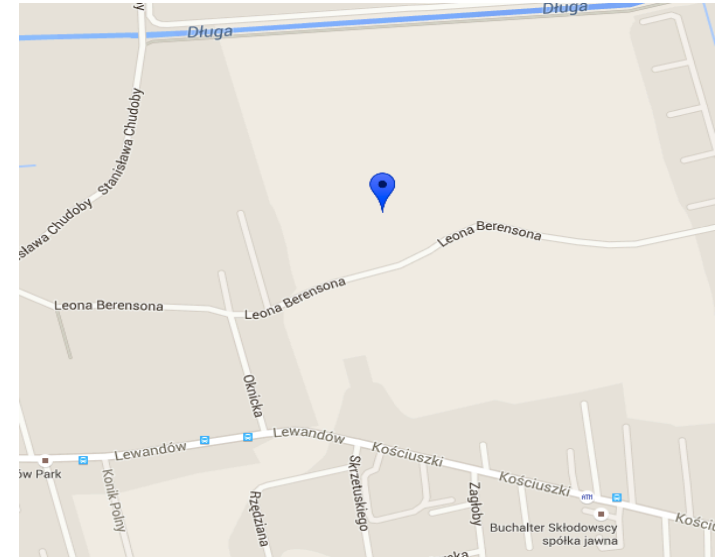
### Characteristics

- ❑ 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,
- ❑ 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



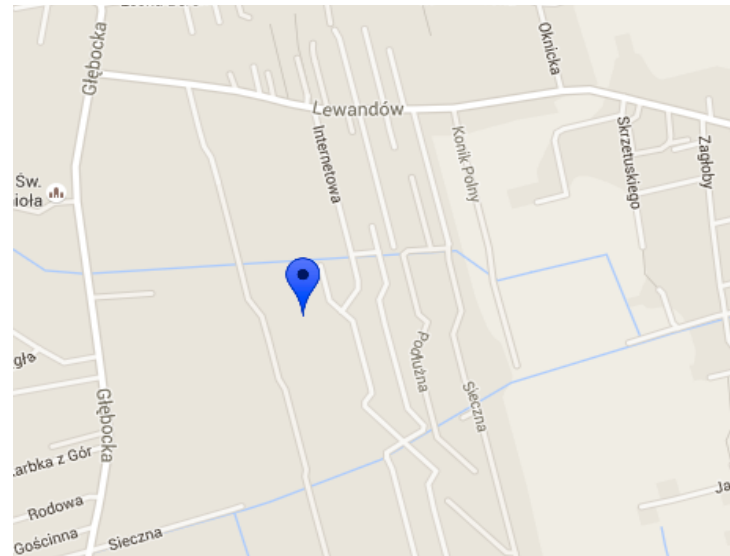
### Characteristics

- ❑ 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: school, kindergartens and shopping malls
- ❑ fast 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 – 40 Lewandów Park III phase II – 146 Lewandów Park IV – 81
Useable area (m <sup>2</sup> )	9 330



### 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 houses	13
Useable area (m <sup>2</sup> )	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



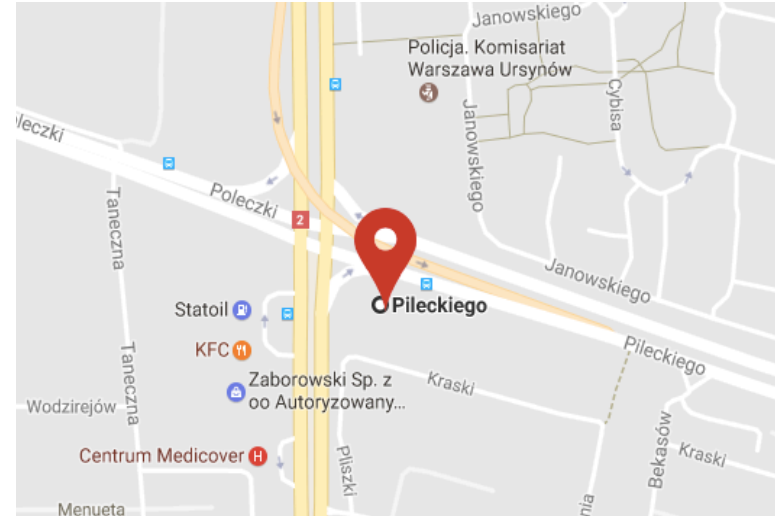


# Investments planned for launch in the next months: Varsovia Apartamenty at Pileckiego St. in Warsaw

Investment	Warsaw, Aparthotel Pileckiego
Location	Warsaw, Pileckiego St.
Number of aparthotel units	224
Number of bussiness premises	15
Total useable area	8 016 m <sup>2</sup>

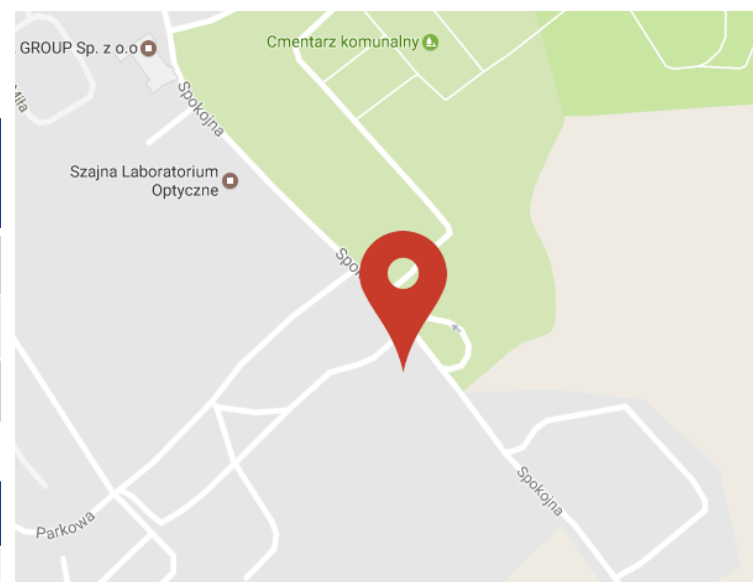
## Characteristics

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	9 000 m <sup>2</sup>



### 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 building with a grey and white facade and blue-tinted windows. The building features prominent balconies and is set against a clear blue sky with light clouds. In the foreground, there is a paved walkway, some greenery, and a fenced-in area.

**Thank you for your attention**

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