

PRESENTATION OF RESULTS FOR H1 OF 2015



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Most important events in H1 of 2015

- ❑ Very good sales dynamics – a **46%** increase in comparison to the same period last year,,
- ❑ High sales results of the Bliska Wola investment, phases B1 and B2 located in Warsaw by Kasprzaka street – **almost 90% of sold apartments within 10 months**,
- ❑ **Bliska Wola, phase A** investment with 156 units located at Kasprzka street in Warsaw was finished and a final and binding certificate of occupancy for the investment was obtained,
- ❑ Starting construction works in the following investments:
 - ❑ **Bernadowo Park** located in Gdynia at Lesna street, in phase I, there are 196 units (this investment has an escrow account and is financed by a bank),
 - ❑ **Nowe Tysiąclecie**, located in Katowice at Tysiąclecia street, in phase B1, there are 122 units (this investment has an escrow account and is financed by a bank).

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TYSIĄCLECIE**



Most important events in H1 of 2015

- ❑ **Receiving a building permit for the construction of the following communities:**
 - ❑ **Bliska Wola, phase C** for 481 living units and business premises in Warsaw at Kasprzaka street,
 - ❑ **Bliska Wola, phase C** for 416 aparthotel units in Warsaw at Kasprzaka street,
 - ❑ **Zielona Dolina II** for 864 units in Warsaw at Zdziarska street,
 - ❑ **Willa One** for 21 units in Warsaw at Marcina z Wrocimowic street in Warsaw,
 - ❑ **Kamerata** for 55 units in Gdynia at Sochaczewska/Płocka streets.

- ❑ **Full payment of investment credits:** The company has fully paid off 3 working capital loans and 2 investment credits granted for co-financing of the Oaza Piątkowo investment in Poznan and the Rezydencja Redłowo investment in Gdynia.



Most important events in H1 of 2015

- ❑ Realization of other investments in accordance with the Polish Real Estate Development Act with open-ended and close-ended escrow accounts:
 - ❑ JW Group sp. z o.o. 1 SKA (Bliska Wola, phase1 with 156 units, Warsaw),
 - ❑ Bliska Wola 1 sp. z o.o. (Bliska Wola, phase B1 with 673 units, Warsaw),
 - ❑ Bliska Wola 2 sp. z o.o. (Bliska Wola phaseB2 with 291 units, Warsaw),
 - ❑ Nowe Tysiąclecie sp. z o.o. (Nowe Tysiąclecie community, phase A1 with 149 units, Katowice),
 - ❑ Łódź Invest sp. z o.o. (Centrum III community, with 96 units, Lodz),
 - ❑ J.W. Construction Holding S.A. (Villa Campina, a community of single-family homes).

- ❑ Final construction stage of Stara Dana hotel in Szczecin; this investment is carried out by Dana Invest sp. z o.o.

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CENTRUM



Most important marketing events in H1 of 2015

- ❑ **Sales of new apartments have started** with the advertising campaign of next phases of such communities as Nowe Tysiąclecie, Zielona Dolina (presale of apartments)) and the Willa One project,
- ❑ **J.W. Construction Holding S.A.** continues to be a sponsor of the AZS Politechnika Warszawska volleybal team,
- ❑ **J.W. Construction** was awarded the title of **QI ORDER Laureate** awarded by **Najwyższa Jakość Quality International 2014**, the Apartment of the year **2014/2015** certificate for the **Oaza Piątkowo** (Poznan) and **Osiedle Centrum** communities
- ❑ **SPA Prestige Awards 2014/2015:**
 - ❑ Czarny Potok Resort & SPA was a 2nd place laureate in the category of Best Family SPA, ,
 - ❑ Czarny Potok Resort & SPA on the list of 10 best SPA & Wellness hotels in Poland.



Factors influencing Company activity in H1 of 2015

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Related to the utilization of Company potential:

- ❑ **Growing amount of useable area under construction** based on possessed inventory and the addition of apartments in new locations to the available offer,
- ❑ **High number of cash** in accounts (almost 97 million) and very good cash flows,
- ❑ **Continuation of processes related to the preparation of key investments** based on possessed land inventory in the coming periods,
- ❑ **Conducting marketing and sales activities** having a significant impact on the increased sales.

Related to positive external factors:

- ❑ **Availability of mortgage credits is expected to grow** in the perspective of the nearest changes to the current law,
- ❑ **Positive changes in the government buy-down program known as Apartments for the young** that positively influence the sales of apartments offered by J.W. Construction Holding S.A., and the planned changes to the current law will increase the levels of apartments subsidies for large families.
- ❑ **Stable prices** of construction material and services.

Factors influencing Company activity in H1 of 2015

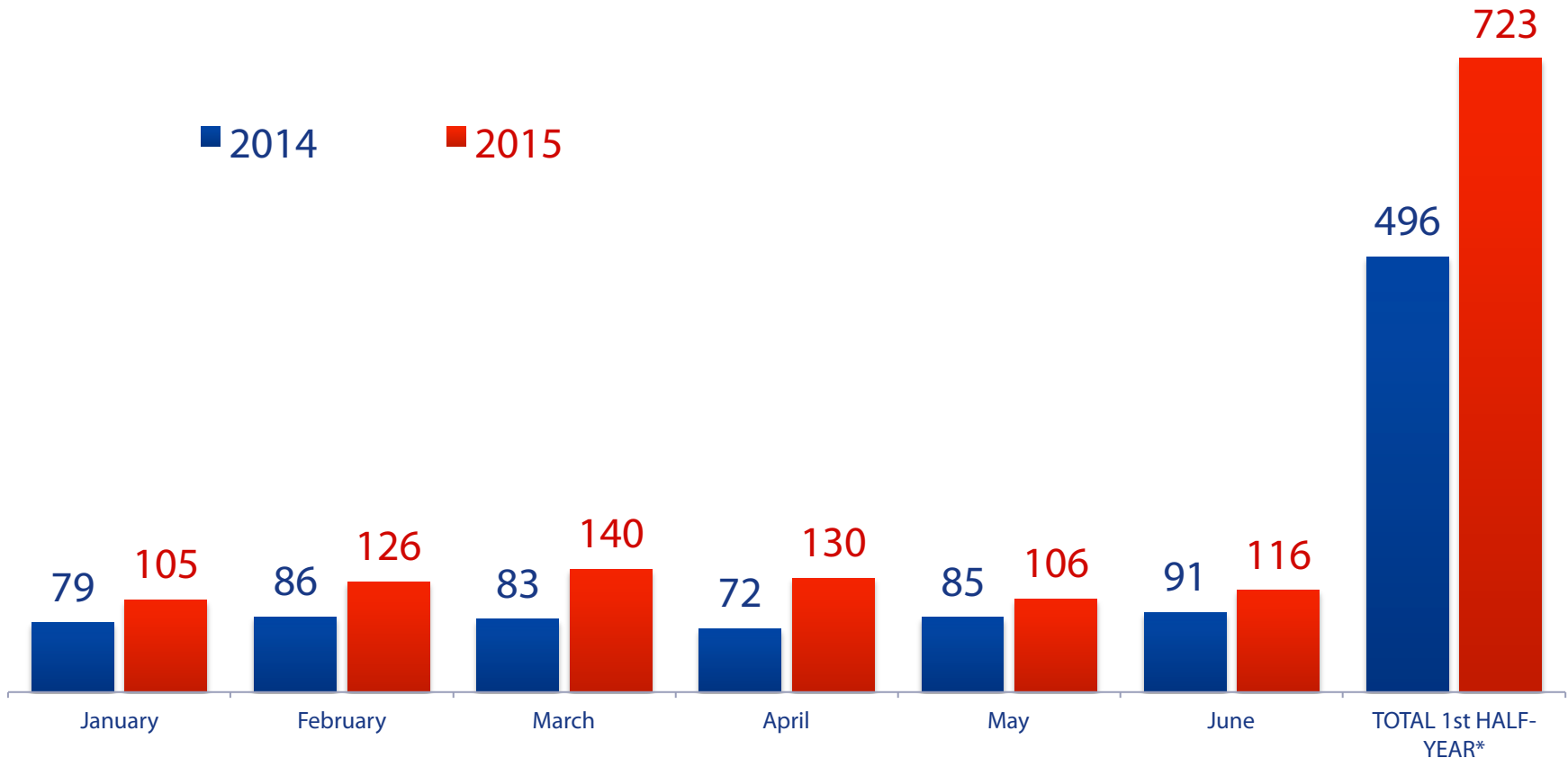
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- ❑ **Polish Act on Real Estate Development introducing escrow accounts** – still hinders quick proceedings in the scope of obtaining necessary funds and causes financial costs to grow,
- ❑ Real estate development industry is seen by financial institutions as a **high-risk industry**,
- ❑ Extending of the Apartments for the Young buy-down program in accordance with the planned amendment of the law,
- ❑ **Long process** leading to obtaining necessary administrative decisions for current and prospect projects,
- ❑ Lack of noticeable effects of the apartment rental fund.

Strategy aimed at releasing Company potential

- ❑ Selling off ready available apartments by the end of 2015,
- ❑ Realization of a previously adopted strategy related to initiating construction on land inventory possessed by Company for more than **4,700 units**, which allows for faster cash flows in accordance with relevant time schedules,
- ❑ Intensified work with an eye to completing project documentation and obtaining building permits,
- ❑ Expansion to other parts of Poland – preparations for launching new projects in Trójmiasto (Gdansk, Gdynia, Sopot), Lodz and Katowice,
- ❑ Active sales of non-interest bearing assets,
- ❑ Selective acquisition of new locations.,
- ❑ Extending the company portfolio by the addition of apart-hotel units in some new locations.

Sales of apartments in H1



- J.W. Construction Holding S.A. sold **723** units in H1 of 2015 in comparison to 496 units in the year before, which means a **46%** growth over the year,
- An important factor influencing the sales figure of H1 is the fact that new locations have been added to the current offer.

* Data concerning the sales volume include sold units in the Oxygen investments (5 units in H1'2015, 45 units in H1'2014)

Selected consolidated financial data for H1 of 2015

| Selected financial data | H1 of 2015 | H1 of 2014 | Change |
|---------------------------------|------------|-------------|---------------------|
| Sales revenue | PLN 127,5m | PLN 116,9 m | 9% |
| Gross sales profit | PLN 29,3 m | PLN 28,3 m | 4% |
| Gross sales margin | 23% | 24% | -1 percentage point |
| Profit from business operations | PLN 14,3 m | PLN 23,2 m | -38% |
| Net profit | PLN 5,10 m | PLN 5,95 m | -14% |

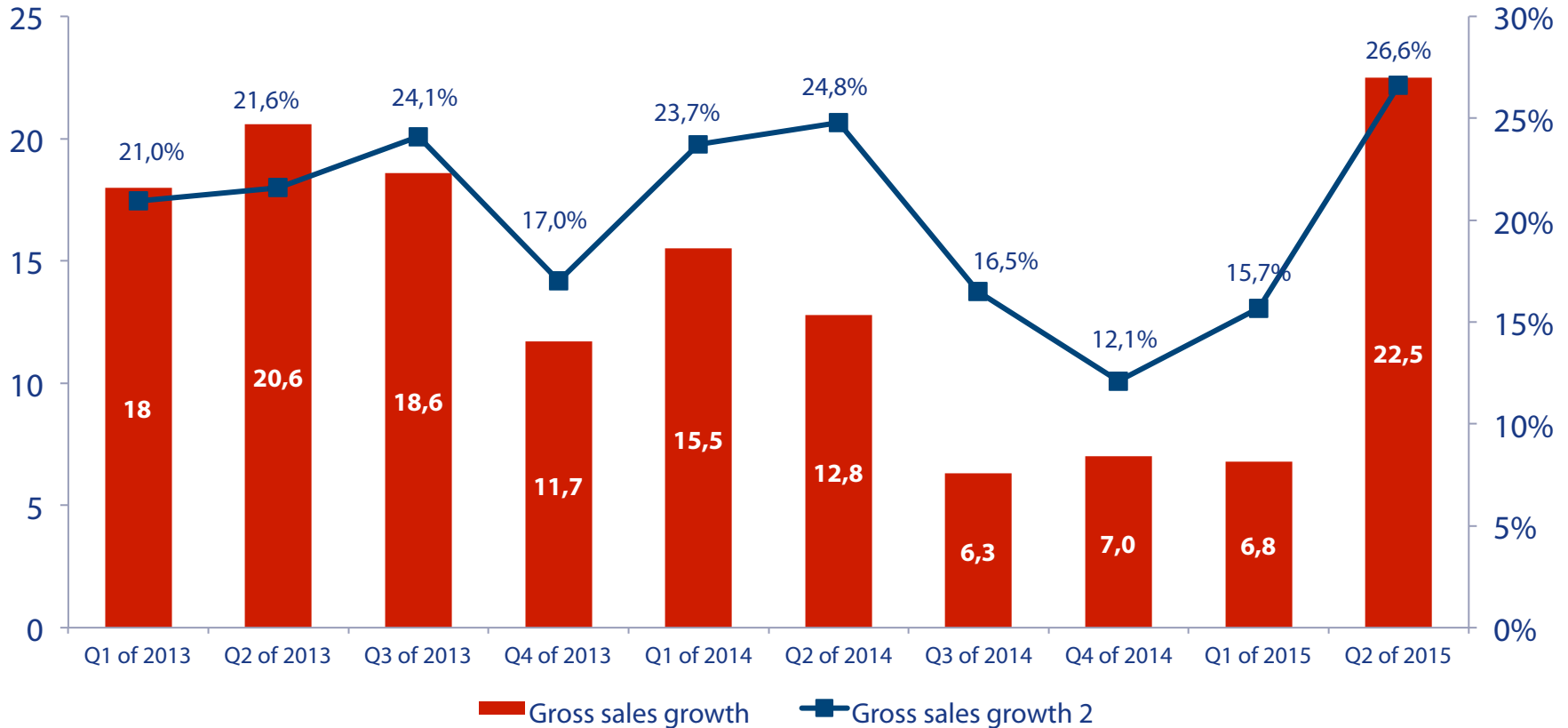
- ❑ Sales revenue went up by 9% in H1 of 2015 in comparison with the same period of last year,
- ❑ Net profit decreased by in Q1 of 2015 by 14% in comparison with the same period of last year.

Selected consolidated financial data for Q2 of 2015

| Selected financial data | Q2 of 2015 | Q2 of 2014 | Change between the quarters |
|---------------------------------|------------|------------|-----------------------------|
| Sales revenue | 84,5 m | 51,6 m | 64% |
| Gross sales profit | 22,5 m | 12,8 m | 76% |
| Gross sales margin | 27% | 25% | + 2 percentage points |
| Profit from business operations | 7,2 m | 10,1 m | -28% |
| Net profit | 3,48 m | 0,76 m | 356% |

- ❑ Sales revenue went up by 64% in Q2 of 2015 in comparison with the same period of last year.
- ❑ Net profit went up almost 4.5 times in Q2 of 2015 in comparison with the same period of last year.

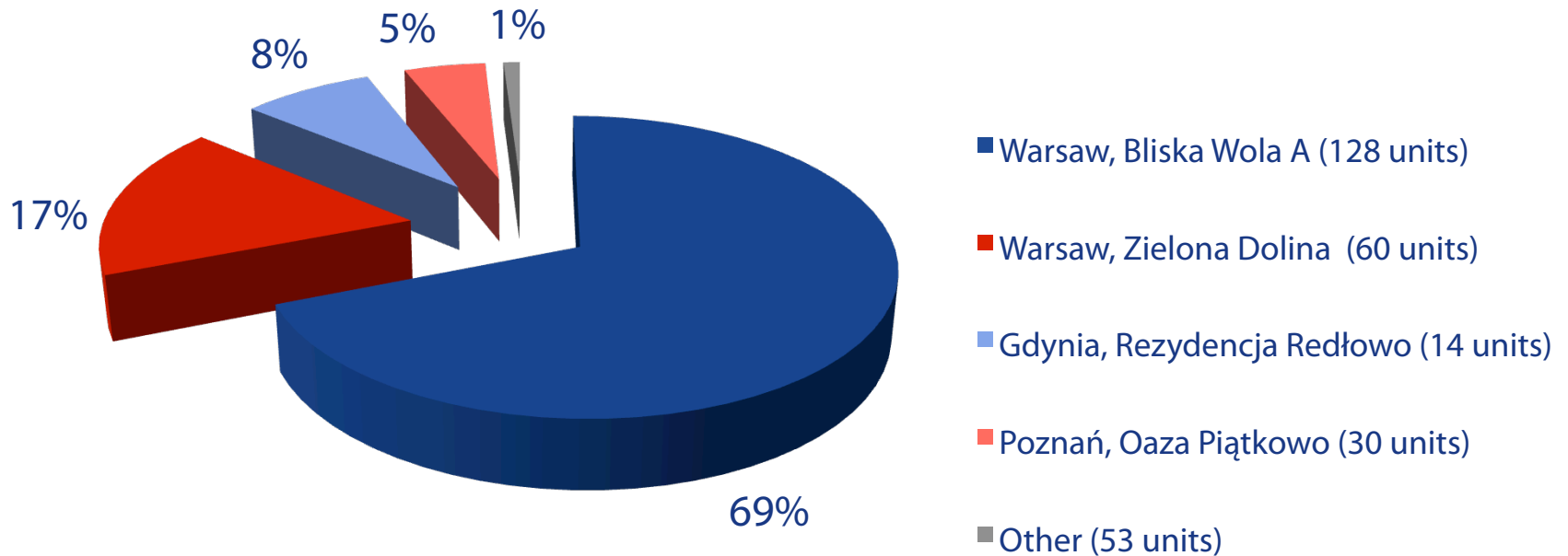
Gross margin from sales vs gross profit from sales



- Gross sales margin in Q2 is caused by the fact that units in the Bliska Wola Phase A investment were taken into account.
- Gross sales margin remains at a stable level of **approx. 20%** for long time.

Realization of gross sales profit for Q1 of 2015

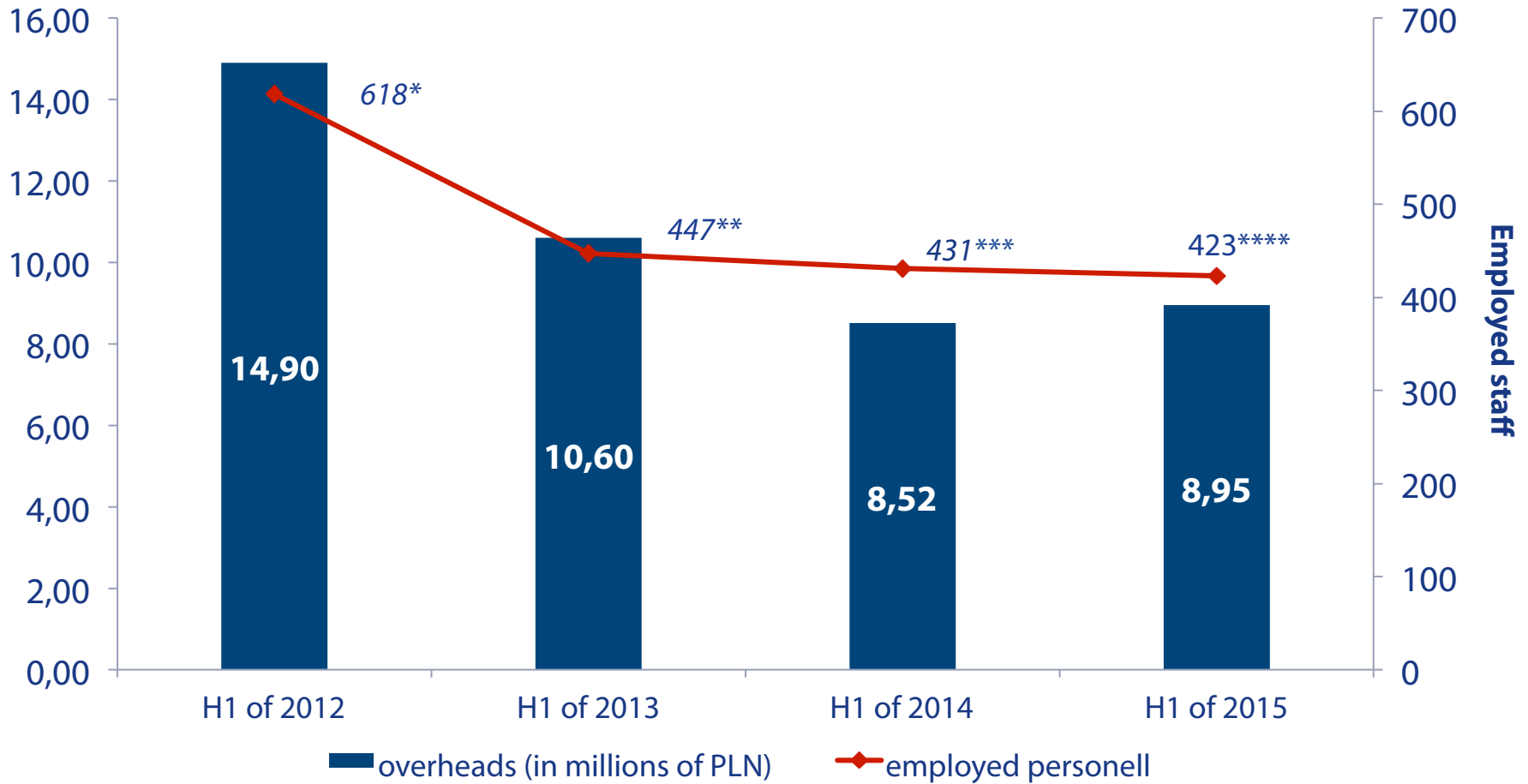
- The gross profit from sales in H1 of 2015 is PLN 29,3m.
 Percentage contribution of real estate development projects considered in the profit comprised the following:



- Units considered in the result for **H1 of 2015** vs. **H1 of 2014**



Overheads vs. employment



Includes hotel staff:

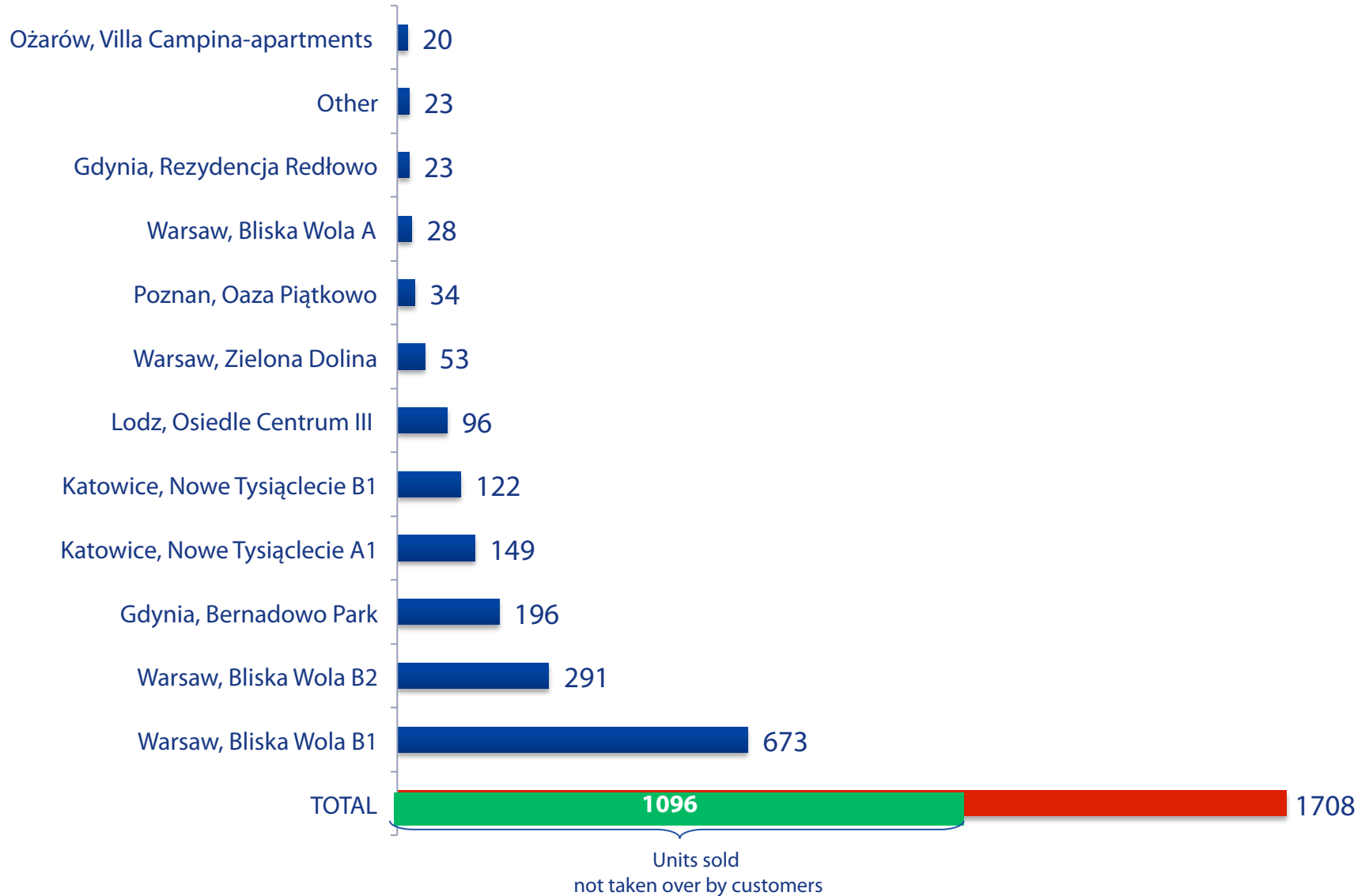
* 131 persons

** 130 persons

*** 131 persons

**** 131 persons

Apartments (in units) available for sale to be considered in the next quarters



Investments completed in H1 of 2015.

- In H1 of 2015, Company Group completed 7 residential investments with 1,683 units and the area of 81,437 sq. M. as well as single-family homes.

| Residential investments | Number of units | Useable area (in sq. m.) |
|--|-----------------|--------------------------|
| Bliska Wola – Phase B1, Warsaw– Bliska Wola 1 Sp. z o.o. | 673 | 30,368 |
| Bliska Wola – Phase B2, Warsaw– Bliska Wola 2 Sp. z o.o. | 291 | 12,960 |
| Gdynia, Bernadowo Park , phase 1 – J.W. Construction Holding SA | 196 | 11,471 |
| Bliska Wola – phase A, Warsaw – J.W. Group Sp. z o.o. 1 SKA | 156 | 7,716 |
| Nowe Tysiąclecie, Katowice, phase A1 – Nowe Tysiąclecie Sp. z o.o. | 149 | 7,085 |
| Nowe Tysiąclecie, Katowice, phase B1 – Nowe Tysiąclecie Sp. z o.o. | 122 | 6,951 |
| Osiedle Centrum III, Łódź – Łódź Invest Sp. z o.o. | 96 | 4,886 |
| Villa Campina – single-family homes, Ożarów Mazowiecki | 7 | 1,211 |
| TOTAL | 1 690 | 82,648 |

- Apart from residential investments, Company also conducted Stara Dana (hotel premises) in Szczecin with the planned net area of 5,077 sq. m.

Investments planned for launching *(as of June 30, 2015)*

- Based on possessed land inventory, the company plans to start the construction of over **4,743** units:

Investments in Warsaw and the surrounding area

| Investment | Number of units | Useable area | Inwestycja | Number of units | Useable area |
|---|-----------------|----------------------|---|-----------------|--------------|
| Warsaw, Bliska Wola phase C* | 481 | 21 392 sq. m. | Warsaw, Aluzyjna street I | 32 | 1 850 sq. m. |
| Warsaw, Bliska Wola phase C - aparthotel* | 416 | 14 694 sq. m. | Warsaw, Aluzyjna street II | 68 | 3 670 sq. m. |
| Warsaw Bliska Wola phase D | 527 | 24 200 sq. m. | Warsaw, Odkryta street II | 82 | 4 158 sq. m. |
| Warsaw, Bliska Wola phase E | 733 | 33 000 sq. m. | Warsaw, Osada Wiślana* | 21 | 958 sq. m. |
| Warsaw, Zielona Dolina II Phase I* | 321 | 12 771 sq. m. | Warsaw, Zielona Dolina Phase 3* | 54 | 2 248 sq. m. |
| Warsaw, Zielona Dolina II Phase 2* | 543 | 25 424 sq. m. | Warsaw, Nowodworska street * | 12 | 1 903 sq. m. |
| Warsaw, Berensona street* | 290 | 15 250 sq. m. | Ożarów, Villa Campina – single-family homes | 31 | 4 983 sq. m. |
| Warsaw, Antoniewska street | 221 | 13 763 sq. m. | Warsaw, Lewandów Park I /16* | 27 | 1 115 sq. m. |
| Warsaw, Lewandów Park IV* | 108 | 3 830 sq. m. | Warsaw, Lewandów Park III* | 211 | 7 875 sq. m. |
| Total | 4 178 | 193,084 sq.m. | | | |

* Investment planned for launching in 2015.

Investments planned for launching *(as of June 30, 2015)*

Investments outside Warsaw

| Investment | Number of units | Useable area |
|---------------------------------------|-----------------|---------------------|
| Katowice, Nowe Tysiąclecie, Phase 3 | 329 | 16,175 sq. m. |
| Gdynia, Bernadowo Park phase 2 | 236 | 13,500 sq. m. |
| Total: | 565 | 29,675sq. m. |



Sales and marketing policy in H1 of 2015

- ❑ Concentration on promotional campaigns related to starting of apartments sales in new projects and completed apartments meeting the government buy-down program requirements (Mieszkania dla Młodych),
- ❑ Individual approach to Customers – flexibility in the scope of price negotiations depending on payment schedules and amounts of given installments,
- ❑ Promotion of investments during local business events including local real estate trade shows as well as organization of Open Days at sales offices,
- ❑ **Effective cross-marketing** – co-operation with the Hotel 500 hotel chain and Czarny Potok Resort & Spa in the scope of cross-marketing activities.



BERNADOWO PARK
MOSZCZANKA ODYŃK-BERNADOWO

Unikatowe osiedle z prywatnym parkiem

SPRAWDŹ





ZIELONA DOLINA II
• TWOJE OSIEDLE •

Piknik 20-21.06 !
Przedsprzedaż mieszkań od **129 000 zł!**

SPRAWDŹ



Projects planned for launching within the next 12 months:: Warsaw, Zielona Dolina II i III

| Project | Warsaw, Zielona Dolina II and III |
|-------------------------------|--|
| Location | Warsaw, Białołęka |
| Number of units | 918 (321 units were launched in July) |
| Useable area in square meters | 40,443 |

Characteristics

- ❑ Green surrounding area,
- ❑ Recreational terrains,
- ❑ Good connection with the city center,
- ❑ 1-,2-, and 3-room apartments,
- ❑ Easy-to-arrange floor plans,
- ❑ Playing grounds,
- ❑ Fenced and guarded community.



Projects planned for launching within the next 12 months:: Warsaw, Bliska Wola, Phase C – residential units and aparthotel

| Project | Bliska Wola |
|---|---------------|
| Location | Warsaw, Wola |
| Number of residential units | 481 |
| Useable area of residential units (in sq. m.) | 21,392 |
| Aparthotel – number of units | 416 |
| Useable area (in sq. m.) | 14,694 |



| Characteristics |
|---|
| <ul style="list-style-type: none"> ❑ perfect location – only 3 km from the very city center, ❑ good access to the rich city transport infrastructure – Rondo Daszyńskiego subway station ❑ recreational areas within the community, ❑ interesting, modern architecture of the buildings, ❑ competitive prices of apartments. |



Projects planned for launching within the next 12 months:: Warsaw, Berensona street

| Project | Warsaw, Berensona street |
|--------------------------|--------------------------|
| Location | Warsaw, Berensona street |
| Number of apartments | 290 |
| Useable area (in sq. m.) | 15 250 |

Characteristics

- ❑ There are 12 buildings in the project,
- ❑ Low, prestigious architecture,
- ❑ Located in Białołęka, a the fastest developing district in Warsaw,
- ❑ Safe playing grounds within the community,
- ❑ Proximity of amenities, such as school, kindergartens, shopping centers,
- ❑ Quick access to city center,



Projects planned for launching with the next 12 months: Warsaw, Lewandów Park I/16, III, IV

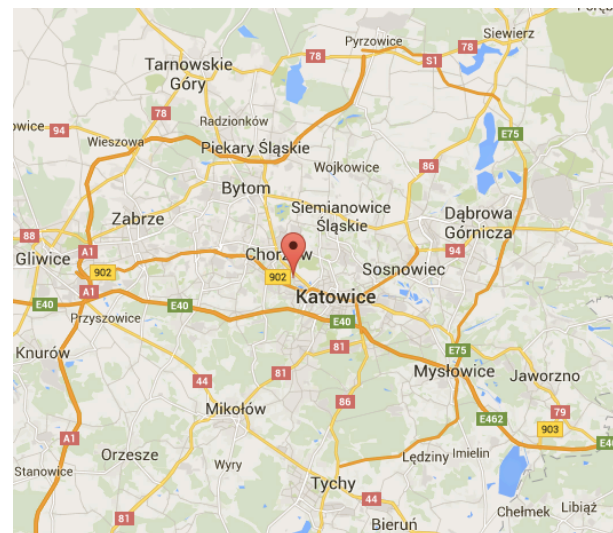
| Project | Warsaw, Lewandów Park |
|---|-------------------------|
| Location | Warsaw, Lewandów street |
| Number of residential units | 346 |
| Useable area of residential units (in sq. m.) | 12,820 |
| Characteristics | |



- ❑ low, prestigious architecture,
- ❑ safe playing grounds within the community,
- ❑ Quick drive to Warsaw's city center and relaxation areas, such as Zalew Zegrzyński (Zegrze Lake),
- ❑ friendly location in Białąka, a district that is most often chosen by people looking for their first apartment,
- ❑ proximity of grand city amenities, such as shopping centers, schools, cinemas and restaurants.

Projects planned for launching within the next 12 months: Katowice, Nowe Tysiąclecie, phase 3

| Project | Katowice, Tysiąclecia street |
|---|------------------------------|
| Location | Katowice, ul. Tysiąclecia |
| Number of apartments | 329 |
| Useable area (in sq. m.) | 16,175 |
| Characteristics | |
| <ul style="list-style-type: none"> ❑ ultimately the project involves 5 17-storey buildings for residential and business purposes, ❑ attractive location allows for comfortable and quick access to city center, ❑ in the local development plan there are multiple trees and shrubs, ❑ broadspectrum of floor plans, ❑ close proximity of green areas including Park Śląski. (largest town park in Europe) | |



PRESENTATION OF RESULTS FOR H1 OF 2015

Thank you for your attention

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