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Despite difficult market and macroeconomic conditions, the PHN Group generated consolidated sales revenue of PLN 137.3 million in the first quarter of this year, which means an increase by 26% year on year. This is the result of a consistently implemented policy of diversification of activities. Thanks to it as well as strict cost control, adjusted EBITDA amounted to PLN 19.9 million.

In Q1 2023, consolidated sales revenue of the PHN Group, achieved in segments of, among others, rental, development and construction services, increased by 26% to PLN 137.3 million, compared to the same period of 2022. Thanks to cost control, the Group generated PLN 10.1 million EBITDA profit, which is a great success in turbulent market conditions. Due to the increase in debt financing costs caused by high interest rates and the change in the fair value of investment properties, in Q1 2023, the PHN Group recorded a net loss on continuing operations of PLN 8.5 million.

“Over the three years now, we have been facing major challenges posed to the real estate industry by the COVID-19 pandemic, or in 2022 by Russia’s aggression against Ukraine, with all the consequences, such as energy crisis, inflation or turmoil on currency markets. However, despite these numerous difficulties, in the first quarter of 2023 we managed to increase revenue and improve the result in our key segment, i.e. rental. Other segments, i.e. development and construction activities, also recorded growth, thanks to which our core business remains profitable,” said Marcin Mazurek, President of the Management Board of Polski Holding Nieruchomości.

The PHN Group’s portfolio comprises more than 150 standalone real property assets with a market value of approx. PLN 3.7 billion, which makes it one of the industry leaders in Poland. Revenue growth and improved results were recorded

in all prospective segments, i.e. rental of office and warehouse space.

“The increase in debt servicing costs is a consequence of high inflation, whereas the change in fair value results from an increase in interest rates in the eurozone and greater risk aversion among investors interested in purchasing real estate, as assumed by the appraiser. The market sees a chance for the first rate cuts in the next few quarters, and economic growth forecasts are being raised for the EU, including for Poland, by more and more rating agencies and financial institutions, which should also translate into improved sentiment on the real estate market. A certain challenge may be posed by the strengthening of the zloty against the euro,” explained **Marcin Mazurek**, President of the Management Board of Polski Holding Nieruchomości.

“As can be seen from the EBITDA profit, thanks to diversified operations, we have solid foundations that financial investors appreciate. The day before yesterday, we closed the issue of corporate bonds worth PLN 220 million, borrowing money for three years on very good terms, e.g. margin. The obtained funds will allow us to finance the investments started and prepare further ones. Our projects, such as SKYSAWA or Yacht Park, show that it is worth trusting us,” added **Marcin Mazurek**.

In the office segment, it was possible to increase revenue from all key assets, such as the INTRACO skyscraper in Warsaw or Alchemia II in Gdańsk, mainly thanks to the signing of new contracts, which additionally gives the prospect of maintaining results in the future. At the same time, the PHN Group was finalizing the fit-out of a part of the SKYSAWA A-class office complex in Warsaw, located in the very centre of the capital, with a total of approx. 35,000 sqm of GLA. This prestigious, award-winning office building, recently named leader by the Association of Polish Architects in the “Development and Certified Buildings” ranking, has been fully leased by PKO Bank Polski, the largest Polish financial institution, which will create its new headquarters there. Currently, the acceptance of the 9-storey building A, with approx. 10,000 sqm of GLA, is underway, which will allow for posting revenue from the rental of these spaces in the second half of this year. Tower B, whose internal fit-out is already underway, should be commissioned in Q4 2023, which will have a positive impact on the results of the office segment. The PHN Group is actively looking for tenants for INTRACO Prime, its second new prestigious office building, located in Warsaw – Muranów district, next to the characteristic INTRACO high-rise building.

The warehouse space segment also recorded growth, after the expansion of the PHN Pruszków park had been completed at the beginning of 2023, carried out for

the needs of one of the key tenants – DPD Polska – which thus increased by nearly 30%, i.e. to approx. 18,000 sqm of space occupied in a facility located in Brwinów near Warsaw. Due to the huge interest in renting high-class warehouse space in attractive locations, near large cities and expressways, the PHN Group continues its activities aimed at developing its land through the construction of modern logistics parks. At the same time, preparatory works are underway before the start of construction of a logistics complex in Zgorzelec with a potential of approx. 220,000 sqm of modern warehouse space and complementary office space. It will be built by a joint venture of PHN and Hillwood – an American developer specializing in the construction and management of warehouse and industrial commercial real estate facilities.

The PHN Group also remained active in the residential segment, commissioning units in housing estates in Warsaw, namely Młoda Białołęka and INSTA 21. In an effort to secure revenue in future periods, the PHN Group continues the development of two housing complexes: Osiedle ŁAN in Wrocław and KOLEJ NA 19, a premium project with an excellent central location at ul. Kolejowa in Warsaw. The planned supply from both locations is 320 new apartments, which will be commissioned in 2024. PHN also has a land bank with potential for further projects.

The strategic goal of the PHN Group is to consistently grow the value of assets and further improve performance. The Group's office and residential buildings are characterised by high quality and good design. Thanks to the use of innovative and sustainable solutions, they are not only functional, but also energy-efficient, which places the company among the leaders of the real estate market in Poland. The projects implemented by the company are appreciated not only by international experts, but also by investors who co-finance the development of the portfolio through participation in bond issues.

Polski Holding Nieruchomości Group

The Polski Holding Nieruchomości Group is the leading managing investor in the commercial property market in Poland. It is one of the largest companies in the sector in terms of the market value of its portfolio, which includes more than 150 properties and ca. 600 ha of land across the country (e.g. in Warsaw, Poznań, Wrocław and the Tri-City). PHN has long experience both in real estate management and construction project implementation. The company has been

listed on the Warsaw Stock Exchange since February 2013.

Magdalena Kacprzak, Head of the Marketing, Strategy, Investor Relations and PR Office

Mob. +48 721 000 071; Phone: +48 22 850 91 34; E-mail:

magdalena.kacprzak@phnsa.pl ^[1]

Magdalena Kacprzak, Head of the Marketing, Strategy, Investor Relations and PR Office

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magdalena.kacprzak@phnsa.pl ^[1]

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[1] <mailto:magdalena.kacprzak@phnsa.pl>

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