



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

*Consolidated financial results for Q3 2016*

Presentation

Warsaw, November 15, 2016

## **1) PHN GROUP IN Q3 2016**

1. KEY ACHIEVEMENTS IN Q3 2016
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## **2) PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING**

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Presentation of consolidated financial results for Q3 2016:

## 1) PHN GROUP IN Q3 2016



POLSKI HOLDING  
NIERUCHOMOŚCI S.A.

## KEY ACHIEVEMENTS IN Q3 2016

### ► BUILDING VALUE



▪ RENTAL REVENUE [PLN million]:	<b>113.6</b>	30.09.2015: <b>92.9</b>	▲ <b>22.3%</b>
▪ GROUP ASSETS [PLN million]:	<b>2,651.5</b>	30.09.2015: <b>2,497.7</b>	▲ <b>6.1%</b>
▪ NET ASSETS OF THE GROUP [PLN million]:	<b>2,007.2</b>	30.09.2015: <b>2,001.1</b>	▲ <b>0.3%</b>

### ► IMPROVING ECONOMIC EFFICIENCY



▪ EBITDA [PLN million]:	<b>38.8</b>	30.09.2015: <b>33.3</b>	▲ <b>16.5%</b>
▪ ADJUSTED EBITDA [PLN million]:	<b>38.9</b>	30.09.2015: <b>22.5</b>	▲ <b>72.9%</b>
▪ ADMINISTRATIVE EXPENSES [PLN million]:	<b>23.1</b>	30.09.2015: <b>25.3</b>	▼ <b>- 8.7%</b>

### ► CHANGES IN THE REAL ESTATE PORTFOLIO



▪ REAL ESTATE PORTFOLIO [number]:	<b>141</b>	30.09.2015: <b>141</b>	<b>no change</b>
▪ GROSS LEASABLE AREA [sq.m.]:	<b>326,186</b>	30.09.2015: <b>346,733</b>	▼ <b>- 5.9%</b>
▪ PROPERTIES WITH DEFECTS [number]:	<b>18</b>	30.09.2015: <b>19</b>	▼ <b>- 5.3%</b>

### ► OTHER KEY ACHIEVEMENTS



▪ A-CLASS SPACE [sq.m.]:	<b>69,890</b>	30.09.2015: <b>44,441</b>	▲ <b>57.3%</b>
▪ DIVIDEND PER SHARE [PLN]:	<b>0.42</b>	Dividend 2014: <b>1.30</b>	▼ <b>- 67.7%</b>
▪ LTV RATIO [%]:	<b>20.8</b>	30.09.2015: <b>14.0</b>	▲ <b>48.6%</b>



## KEY EVENTS IN Q3 2016 AND AFTER THE BALANCE SHEET DATE

1. 09.2016

### Entering into cooperation with ENEA

Polski Holding Nieruchomości and Enea entered into a partnership under which Enea will sell electricity to properties being part of the PHN Group. The cooperation will bring benefits to both parties: PHN will be able to purchase electricity at lower rates, and Enea will acquire a large and reliable client. The companies signed an electricity sale contract for a term of more than three years, i.e. until December 31, 2019. It is estimated that it will enable PHN Group to achieve aggregate savings of approximately PLN 5.5 million during the term of the contract. The companies signed their agreement at the Polish National Foundation pavilion during the Economic Forum in Krynica.

3. 10.2016

### PHN will continue the Yacht Park project in Gdynia on its own

Polski Holding Nieruchomości S.A. Group will implement Yacht Park, a unique development project in Poland and Europe situated by the Molo Rybackie pier in Gdynia, on its own. Under the project, PHN will build a luxurious residential complex, a modern marina and a promenade with boutiques and restaurants. An agreement was signed in October under which PHN Group purchased from mLocum S.A. shares in the company Apartamenty Molo Rybackie Sp. z o.o. implementing the Yacht Park project. Construction works are planned to start in 2017, and the project will be completed in 2019.

5. 10.2016

### PHN S.A. has been awarded in the 11th Edition of The Best Annual Report 2015 competition

In this edition of "The Best Annual Report 2015", Polski Holding Nieruchomości S.A. received two distinctions: for the greatest improvement in the Management Board's report on the activities of the Company and the greatest improvement in the quality of the marketing report. It is already for the 11th time that the Accounting and Tax Institute invited companies to "The Best Annual Report" competition, aimed at creating established standards of preparing annual reports in line with IFRS and IAS, and in accordance with applicable formal requirements, recommendations of international institutions and best practices in this field.

2. 10.2016

### Consent of Office of Competition and Consumer Protection for establishing a joint entrepreneur implementing a project in Wrocław

The Office of Competition and Consumer Protection issued a consent for concentration consisting in establishing a joint entrepreneur by Polski Holding Nieruchomości S.A. and KGHM TFI S.A. The new company will implement an office project in Wrocław. The obtained consent will enable the new company to implement an investment in the center of Wrocław, at al. Jana Pawła II, consisting in building two modern A-class office buildings with complementary retail and service function, with a total area of ca. 33,000 sq.m. Under the project, two independent office and service buildings will be constructed: Building "A" with an area of over 10,000 sq.m. and Building "B" with an area of over 20,000 sq.m. The design has been developed by the Medusagroup architectural studio.

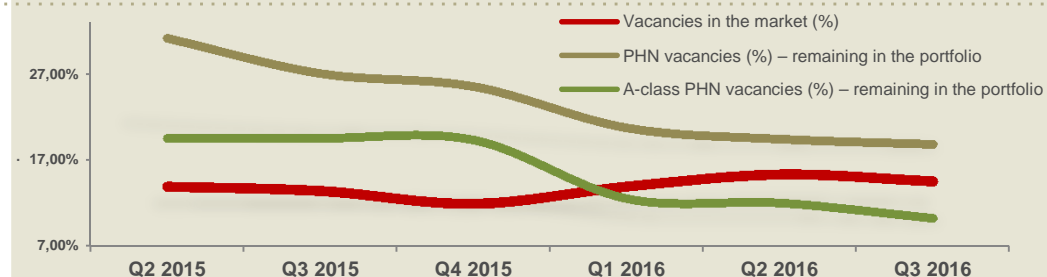
4. 10.2016

### PHN comes in first in the "Turbines of Polish Economy 2016" ranking prepared by "Gazeta Finansowa" weekly

Polski Holding Nieruchomości S.A. has been recognized in the "Turbines of Polish Economy 2016" ranking, published by "Gazeta Finansowa" weekly. "Turbines of Polish Economy 2016" is a ranking of small and medium enterprises, created based on revenues. In this year's edition, Polski Holding Nieruchomości S.A. came in first among 150 SMEs, with H1 2016 revenue of PLN 88.6 million, which means an increase of over 21% compared to PLN 73.0 million year-on-year.

6. 10.2016

### Decreasing the vacancy ratio at PHN Group







Presentation of consolidated financial results for Q3 2016:

## 2) PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING



# PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING, 30.09.2016<sup>1)</sup>

## REMAINING IN THE PORTFOLIO

- **TOTAL VALUE:** PLN 1,282.1m
- **NUMBER OF PROPERTIES:** 35
- **NOI Q3 2016:** PLN 48,753m (YIELD: 5.6%)
- **GLA:** 165,004 sq.m.; **LAND:** 85,191 sq.m.

OFFICE PROPERTIES (95.3%)

COMMERCIAL AND OTHER PROPERTIES (4.7%)

### ACQUISITIONS Q1–3 2016:

1 property with a total value of PLN 258.6m

COMMERCIAL 20 (77.0%)

RESIDENTIAL 32 (23.0%)

- **TOTAL VALUE:** PLN 833.2m
- **NUMBER OF PROPERTIES (PROJECTS):** 52
- **NOI Q3 2016:** PLN 4,242m (YIELD: 0.7%)
- **GLA:** 114,408 sq.m.; **LAND:** 3,653,244 sq.m.

## CONSTRUCTION PROJECTS

REMAINING IN THE PORTFOLIO  
# 35 (PLN 1,282.1m)

CONSTRUCTION PROJECTS  
# 52 (PLN 833.2m)

OPTIMIZATION  
# 30 (271,0 mln PLN)

FOR SALE  
(PLN 103.2m)  
#24

## OPTIMIZATION

- **TOTAL VALUE:** PLN 271.0m
- **NUMBER OF PROPERTIES:** 30
- **NOI Q3 2016:** PLN 4,366m (YIELD: 2.1%)
- **GLA:** 32,079 sq.m.; **LAND:** 2,127,478 sq.m.

OFFICE PROPERTIES (51.2%)

COMMERCIAL AND OTHER PROPERTIES (48.8%)

WHICH GENERATE RENTAL REVENUE (74.6%)

WHICH DO NOT GENERATE RENTAL REVENUE (25.4%)  
including agricultural land 100%

### DIVESTMENTS Q1–3 2016:

3 properties, parts of 5 properties: PLN 12.7m

- **TOTAL VALUE:** PLN 103.2m
- **NUMBER OF PROPERTIES:** 24
- **NOI Q3 2016:** PLN 1,426m (YIELD: 1.8%)
- **GLA:** 14,694 sq.m.; **LAND:** 922,941 sq.m.

## FOR SALE

<sup>1)</sup> Data on the diagram are presented according to fair value of properties as of September 30, 2016

# CONSTRUCTION PROJECTS – KEY INFORMATION

ITEM	PROJECT	FUNCTION	TARGET AREA [sq.m.]	START	COMPLETION	CAPEX [PLN million]
► PROJECTS – COMPLETED AND IN PROGRESS						
1.	■ DOMANIEWSKA OFFICE HUB	A-class office building	GLA: 26,200	Q1 2014	Q3 2015	177
2.	■ WROCŁAW INDUSTRIAL PARK	Warehouse complex	GLA: 40,000	Q1 2014 (2nd stage)	Q2 2016 (2nd stage)	the partner bears the costs
3.	■ PARZNIĘW LOGISTICS CENTER	Warehouse complex in 4 stages	GLA: 95,000 (4 stages)	2017 (1st stage)	2019 (1st stage)	71 (1st stage)
4.	■ YACHT PARK	Offices/Apartments/Retail	GLA: 71,000 / usable area: 122,000	Q2 2016 (1st stage)	Q1 2018 (1st stage)	1,250
5.	■ PRYMASA TYSIĄCLECIA I	Residential and office complex	Usable area: 12,500 (1st stage)	2016/2017 (1st stage)	2018/2019 (1st stage)	62 (1st stage)
► PROJECTS UNDER PREPARATION						
6.	■ INTRACO CITY	A-class office building	GLA: 10,000	2017/2018	2019/2020	71
7.	■ PHN TOWER	A-class high-rise office building	GLA: 40,000	2017	2021	400
8.	■ HOTEL PROJECT al. Wilanowska	Hotel	GLA: 23,000	2018	2020	107 (1st stage)
9.	■ LEWANDÓW – COMMERCIAL PROJECT	Retail complex	GLA: 40,000	2017	2018	185
10.	■ LEWANDÓW I	Residential complex	GLA: 9,700 (1st stage)	2017	2019	39 (1st stage)
11.	■ INSTALATORÓW 7C	Apartment complex	Usable area: 4,000	2017	2019	18
12.	■ WAREHOUSE PROJECT	Warehouses	GLA potential: 250 ha	-	-	-
► PLANNED PROJECTS						
13.	■ RETKINIA – COMMERCIAL PROJECT	Retail complex	GLA: 45,000	N/A	N/A	250
14.	■ BARTYCKA – COMMERCIAL PROJECT	Retail complex	GLA: 19,000	2017	2018	105



# KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

1

## DOMANIEWSKA OFFICE HUB COMPLETED PROJECT



ul. RODZINY HISZPAŃSKICH 8

### KEY BENEFITS:

- Attractive location
- A-class office building

### BASIC PARAMETERS:

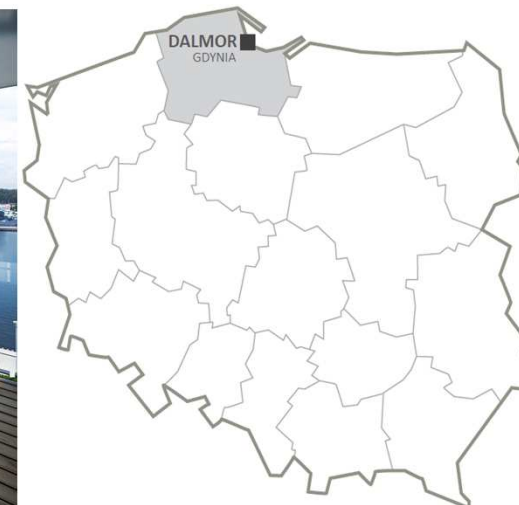
- GLA: 26,200 sq.m.
- Start: Q1 2014
- Completion: Q3 2015
- Capex: PLN 177m

### STATUS OF WORKS:

As of the end of Q3 2016, Domaniewska Office Hub's occupancy ratio amounted to ca. 73%. Currently, commercialization is being finalized and negotiations with potential tenants are at an advanced stage. Domaniewska Office Hub received the title of the best Construction of the Year 2015 in the 26th edition of the PZITB competition as well as the BREEAM Excellent certificate.

2

## YACHT PARK I PROJECT IN PROGRESS



ul. HRYNIEWICKIEGO 10, GDYNIA

### KEY BENEFITS:

- Excellent location
- Apartment complex with a marina

### BASIC PARAMETERS:

- Usable area: 12,000 sq.m. (1st stage)
- Start: 2016
- Completion: 2018
- Total Capex: PLN 84m

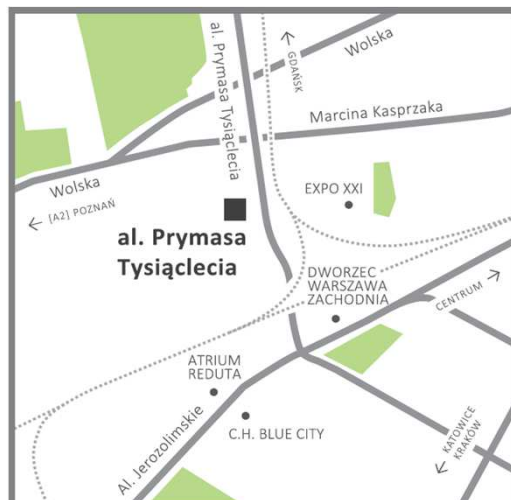
### STATUS OF WORKS:

In Q4 2016, PHN became the sole shareholder in special purpose vehicle Apartamenty Molo Rybackie Sp. z o.o., responsible for implementing the project. A competition is underway, with the participation of the Association of Polish Architects, for preparing an architectural and urban planning concept for the complex of office buildings as well as green areas.

# KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

3

## PRYMASA TYŚIĄCLECIA I PROJECT IN PROGRESS



### al. PRYMASA TYŚIĄCLECIA 83

#### KEY BENEFITS:

- Attractive location
- Residential and office complex

#### BASIC PARAMETERS:

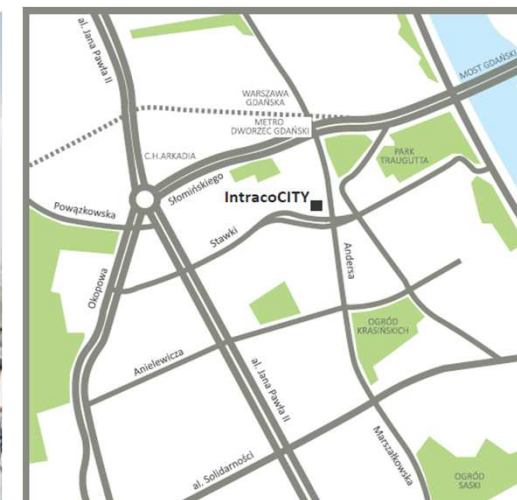
- Usable area: 12,500 sq.m. (1st stage)
- Start: 2016/2017
- Completion: 2018/2019
- Capex: PLN 62m

#### STATUS OF WORKS:

The project includes the construction of 466 modern apartments with usable area of 25,244 sq.m., a service area of 1,962 sq.m., and an office area of 14,900 sq.m. The process of selecting the General Contractor for the 1st stage of the residential part is currently underway. The sale of apartments is planned to start in Q1 2017.

4

## INTRACO CITY PROJECT UNDER PREPARATION



### ul. STAWKI 2

#### KEY BENEFITS:

- Excellent location
- A-class office building

#### BASIC PARAMETERS:

- GLA: 10,000 sq.m.
- Start: 2017/2018
- Completion: 2019/2020
- Capex: PLN 71m

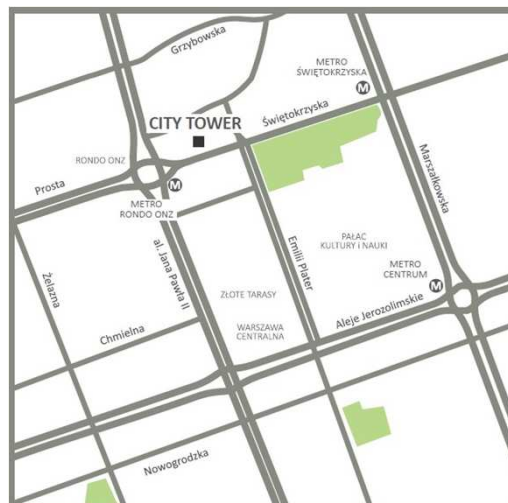
#### STATUS OF WORKS:

At the location of the existing car park in front of the Intraco office building, PHN plans to construct an A-class office building with GLA of ca. 10,000 sq.m. Activities are currently underway in order to update the architectural concept and start the next level of works.



# KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

## 5 PHN TOWER PROJECT UNDER PREPARATION



ul. ŚWIĘTOKRZYSKA 36

### KEY BENEFITS:

- Attractive location
- A-class office building

### BASIC PARAMETERS:

- GLA: 40,000 sq.m.
- Start: 2017
- Completion: 2021
- Capex: PLN 400m

### STATUS OF WORKS:

PHN plans to build a **state-of-the-art A-class office building**. PHN has obtained a final permit for the demolition of the existing building. Obtaining the decision about the building permit is expected in Q1 2017. **A procedure is currently in progress in order to select the contractor for demolition of the existing buildings.**

## 6 HOTEL PROJECT (WILANOWSKA 372) PROJECT UNDER PREPARATION



al. WILANOWSKA 372

### KEY BENEFITS:

- Attractive location
- A complex of hotel and office buildings

### BASIC PARAMETERS:

- GLA: 23,000 sq.m. (Hotel: 12,800 sq.m.)
- Start: 2018
- Completion: 2020
- Capex: PLN 107m (1st stage)

### STATUS OF WORKS:

PHN Group signed a franchise agreement with "Marriott International". The hotel part of the project assumes the combination of two brands of the Marriott International hotel network – the designer concept MOXY and the apartment part RESIDENCE INN. The hotel is planned to start operation in Q1 2020.

# KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

## 7 LEWANDÓW – COMMERCIAL PROJECT

PROJECT UNDER PREPARATION

**LEWANDÓW**  
**RETAIL**  
**HUB**



### LEWANDÓW

#### KEY BENEFITS:

- **Attractive location**
- Retail complex

#### BASIC PARAMETERS:

- **GLA:** 40,000 sq.m.
- **Start:** 2017
- **Completion:** 2018
- **Capex:** PLN 185m

#### STATUS OF WORKS:

On some parts of land with the total area of ca. 25.4 ha, PHN Group plans the construction of commercial and service buildings, with a total GLA of ca. 25,000 sq.m. The Group is also conducting negotiations regarding the development of the remaining parts of the property with chain operators from the commercial and retail sector.

## 8 LEWANDÓW I

PROJECT UNDER PREPARATION



### LEWANDÓW

#### KEY BENEFITS:

- **Attractive location**
- State-of-the-art multi-family residential complex

#### BASIC PARAMETERS:

- **GLA:** 9,700 sq.m. (1st stage)
- **Start:** 2017
- **Completion:** 2019
- **Capex:** PLN 39m

#### STATUS OF WORKS:

The Group plans the construction of a residential estate consisting of multi-family buildings with a total usable area of ca. 29,550 sq.m. (ca. 511 apartments) in three stages. Documentation has been prepared for the purpose of filing an application for a building permit for the **1st stage, including the construction of 174 apartments**. The sale is planned to start in Q3 2017.





Presentation of consolidated financial results for Q3 2016:

### 3) PHN GROUP'S FINANCIAL RESULTS



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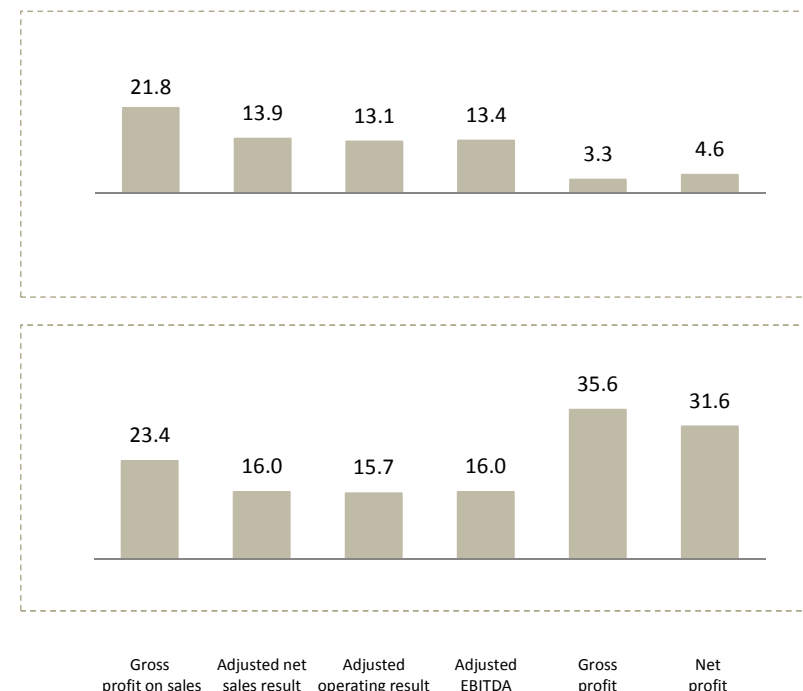
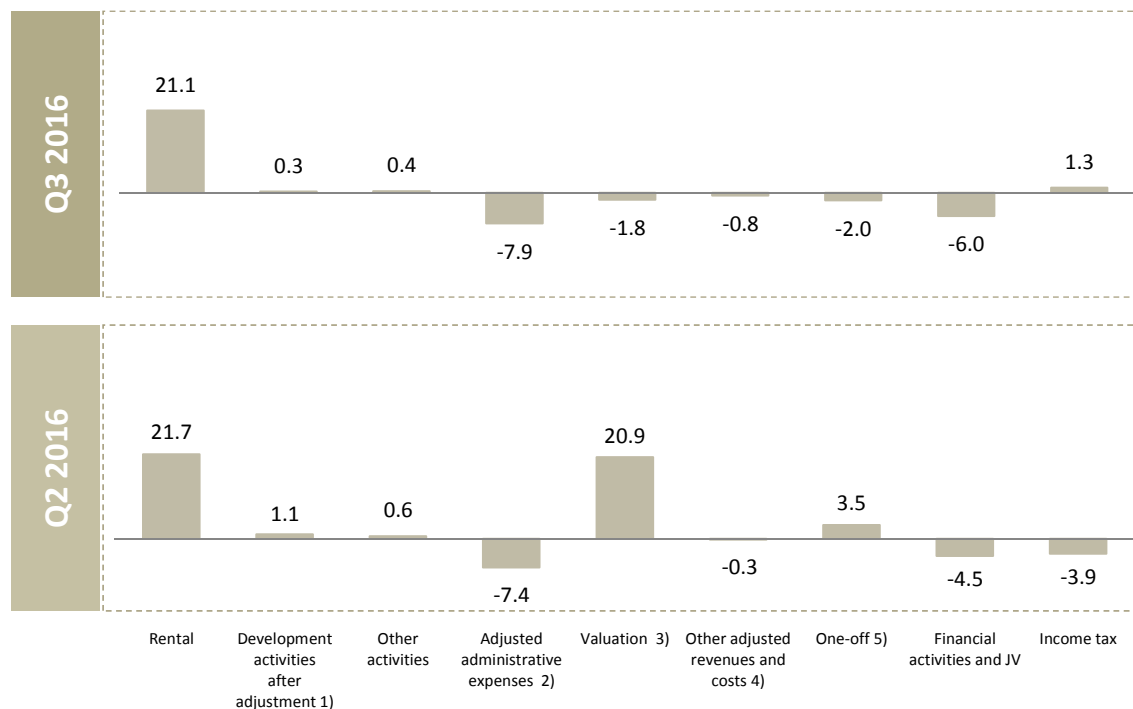


# SELECTED PROFIT AND LOSS STATEMENT ITEMS



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[PLN million]



- ✓ Lower result on rental mainly due to higher one-off revenue in Q2.
- Lower number of final agreements signed (Q3: 4, Q2: 16) and lower current sales of apartments (Q3: 3, Q2: 7) results from the fact that the portfolio of apartments on the Parzniew estate is running out.
- Lower result on other activities mainly as a result of seasonal nature of hotel operations.
- Higher administrative and sales expenses due to intensified marketing and advertising efforts.
- Change in property valuation by -PLN 13.3m mainly as a result of change in the EUR/PLN exchange rate (in the case of properties valued in EUR), including PLN 11.4m compensated by change in value of foreign currency loans for financing properties as part of hedge accounting, result on sale of investment properties PLN 0.1m.

- Lower other revenues and costs mainly as a result of impact of releasing some of the provisions in Q2.
- One-off events in Q3 included mainly additional provisions for warranty repairs and damages in construction activities and claim for benefits from leased real estate; in Q2 they included mainly changes in the legal status of properties – obtaining a legal title to properties which were formerly not classified under assets.
- Lower result on financial activities and JV mainly as a result of valuation of financial instruments and exchange rate differences.

1) adjusted by the provision for warranty repairs and damages in construction activities (Q3: PLN 0.4m, Q2: PLN 0.0m)

2) adjusted by Group restructuring costs (Q3: PLN 0.0m, Q2: PLN 0.6m)

3) change in the fair value of investment properties (Q3: -PLN 1.9m, Q2: PLN 20.9m) and result on disposal (Q3: PLN 0.1m, Q2: PLN 0.0m)

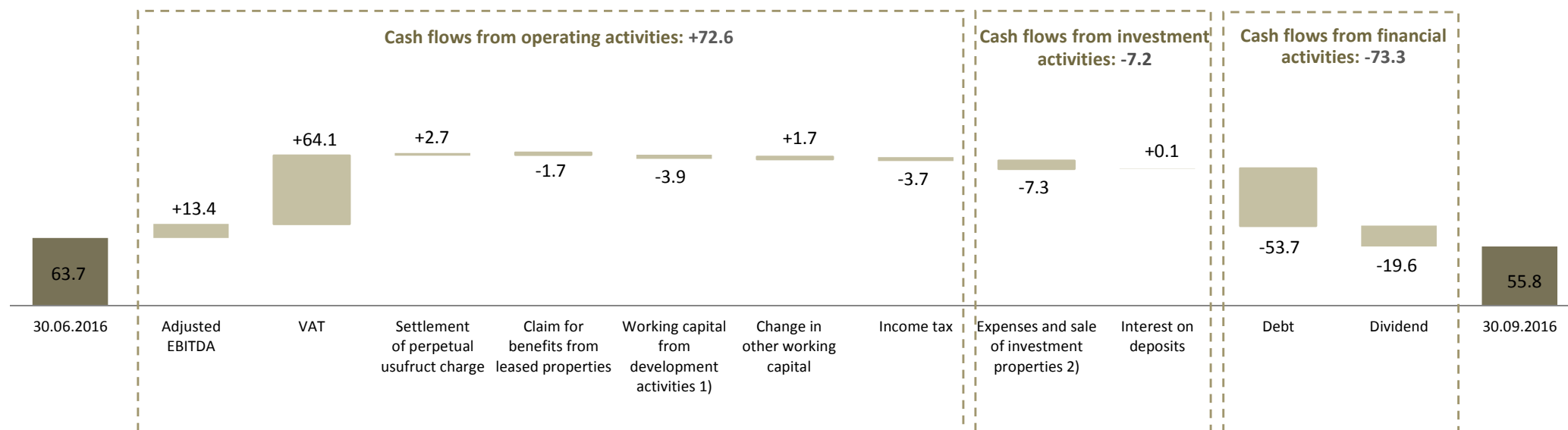
4) adjusted by change in the provision for claims from previous years (Q3: PLN 0.5m, Q2: -PLN 1.3m), the provision for warranty repairs and damages in construction activities (Q3: PLN 1.1m, Q2: PLN 0.0m), changes in the legal status of properties (Q3: PLN 0.0m, Q2: -PLN 2.8m)

5) one-off events by which items 1, 2, 4 were adjusted



# CASH FLOWS

[PLN million]



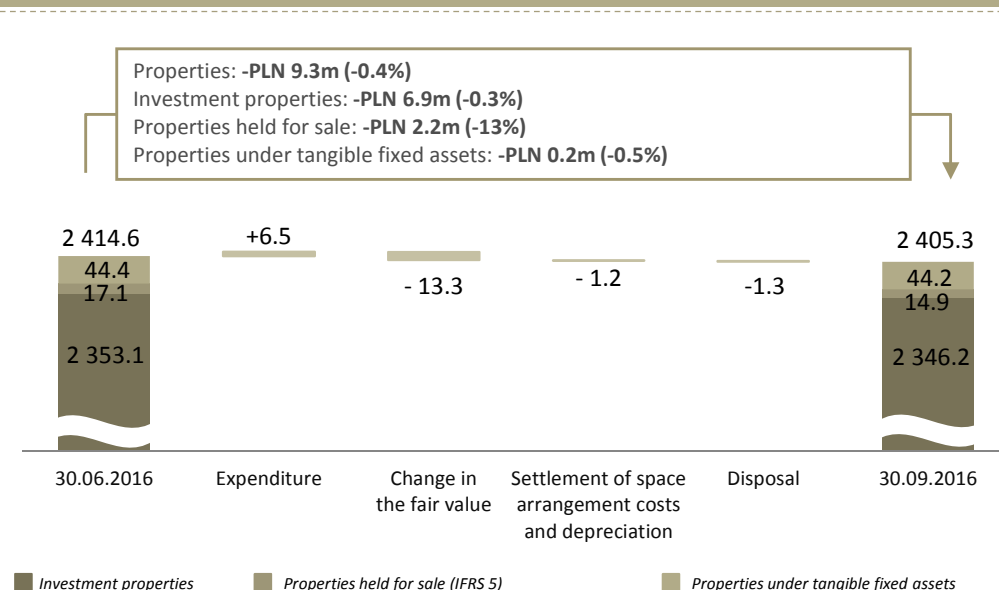
1) increase/decrease in liabilities, receivables, and inventory on construction operations  
2) net expenses and sale of investment properties

- Decrease in cash by PLN 7.9m (-12%).
- Positive effect of:
  - operating results measured by adjusted EBITDA (PLN 13.4m)
  - receiving reimbursement of VAT on the purchase of Alchemia II property and transaction of reallocating properties within the Group (PLN 64.1m),
  - settlement of charges for perpetual usufruct of land made in advance (PLN 2.7m),
  - interest on deposits (PLN 0.1m),
  - change in other working capital (PLN 1.7m).
- Negative effect of:
  - payment of claims for benefits from leased real estate (PLN 1.7m),
  - cash flows from construction activities resulting from expenses and increase in liabilities (-PLN 3.0m),
  - payment of current income tax (PLN 3.7m),
  - expenditure on properties (PLN 6.2m), return of property purchase downpayments as a result of rescinding preliminary agreements for the sale of properties, partly offset by revenue from selling properties (PLN 1.1m),
  - payment of financial debt (PLN 56.3m) partly compensated by increase of debt due to financing the Domaniewska project by a loan (PLN 2.6m).
  - dividend payment (PLN 19.6m).

# PROPERTIES

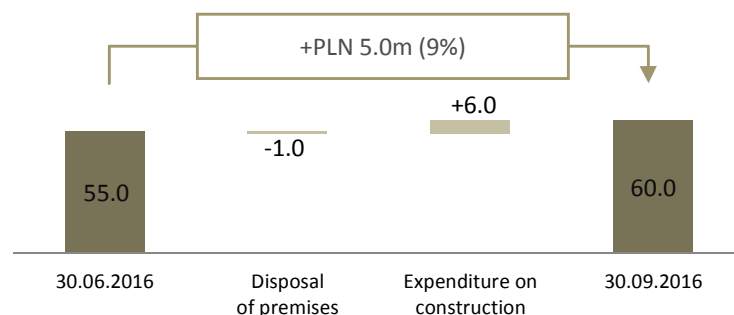
[PLN million]

## ► INVESTMENT PROPERTIES, PROPERTIES HELD FOR SALE (IFRS 5) AND PROPERTIES UNDER TANGIBLE FIXED ASSETS



- PLN 0.4m in expenses related to completing the implementation of a commercial development project (Domaniewska), PLN 4.3m in expenses related to retrofitting and interior design of real estate, and PLN 1.8m in expenses related to preparation of commercial construction projects.
- -PLN 13.3m change in the fair value of investment properties mainly as a result of changes in the EUR/PLN exchange rate (properties valued in EUR).
- -PLN 1.0m settlement of space arrangement costs and -PLN 0.2m depreciation of properties under tangible fixed assets.
- Disposal of property at ul. Jana Paska in Warsaw and of part of the property in Wincentów.

## ► INVENTORIES RELATED TO PROPERTY DEVELOPMENT



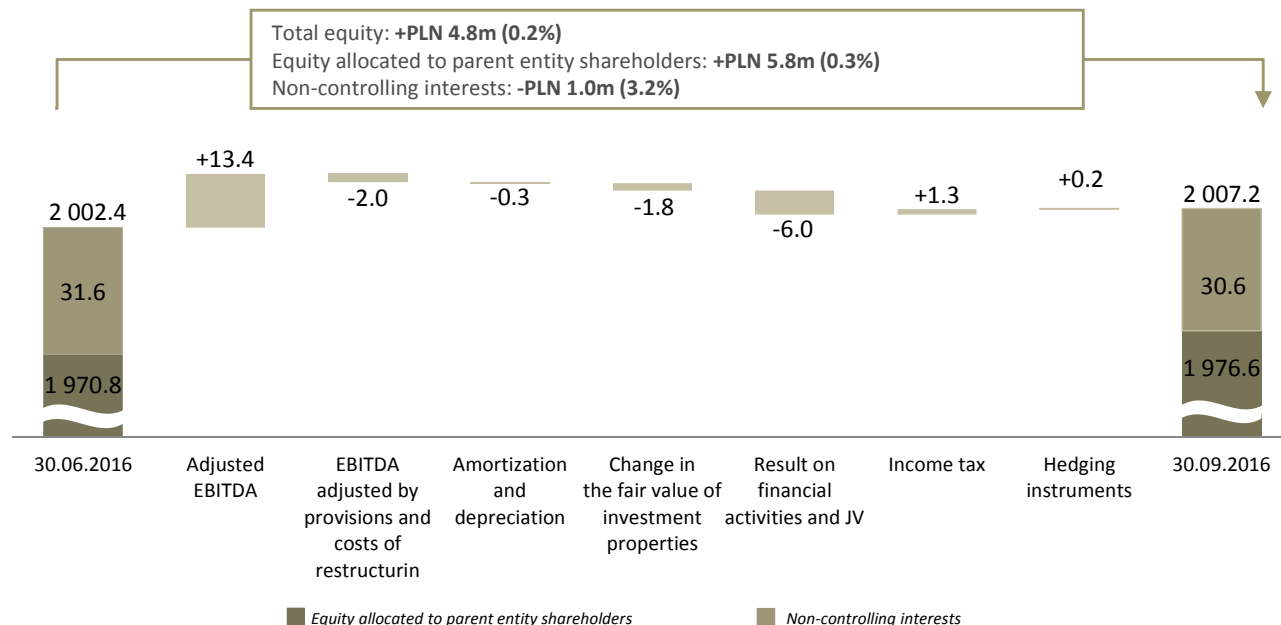
- Sale of apartments, recognized due to the conclusion of final agreements for apartment title transfer (Q3 2016: 4, Q2 2016: 16).
- PLN 6.0m in expenditure related to new projects, mainly the Prymasa Tysiąclecia project.
- As at September 30, 2016, there were 7 apartments built in inventory; all of them had developer sales contracts in place.



# EQUITY AND DEBT

[PLN million]

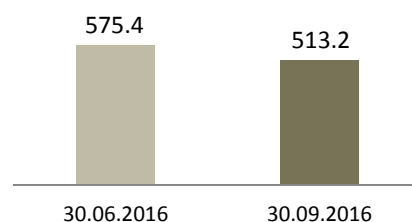
## ► Equity



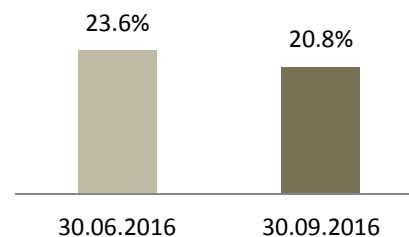
- Increase in equity allocated to parent entity shareholders as a result of net profit earned (PLN 4.6m), hedging instruments valuation (PLN 0.2m) and change in the ownership structure as a result of issuing PHN shares for shares taken up in subsidiaries (PLN 1.0m)
- Decrease in non-controlling interests as a result of changes in ownership structure (-PLN 1.0m)

## ► Debt and LTV

**Debt**  
[PLN million]



**LTV (loan-to-value ratio)**  
[%]

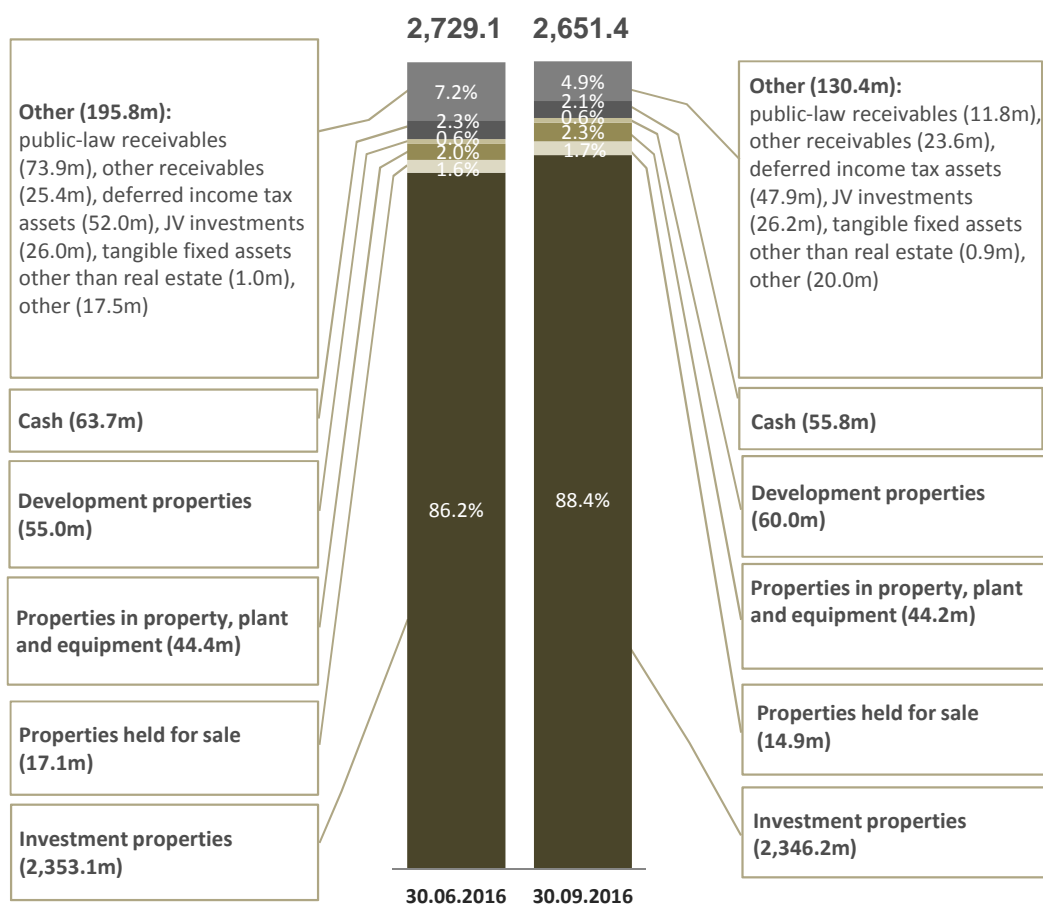


- Debt due to loans PLN 513.0m, including 83% in EUR (PLN 425.1m) and 17% in PLN (PLN 87.9m), and car fleet leases PLN 0.2m.
- Bank loans for financing Alchemia II, Andersia Business Centre, Domaniewska and Kaskada properties
- Decrease in debt by PLN 62.2m, mainly as a result of payment of loan for financing VAT on property purchase, and as a result of changes in the EUR/PLN exchange rate.

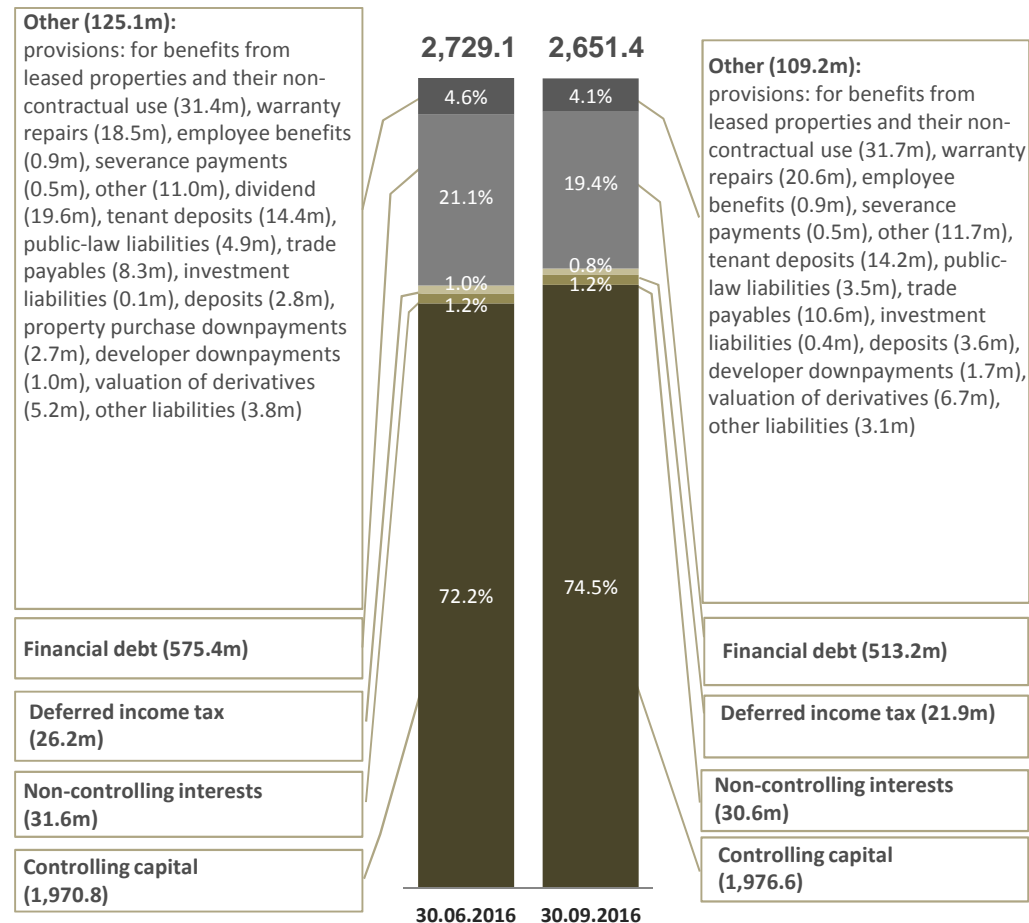
# STRUCTURE OF ASSETS AND LIABILITIES

[PLN million]

## ► ASSETS



## ► LIABILITIES



- Decrease in the total value of properties by PLN 4.3m, mainly due to movement in value (-PLN 14.5,) and sale (-PLN 2.3m), partly compensated by expenses (PLN 12.5m).
- Decrease in liabilities mainly as a result of dividend payment (PLN 19.6m).

- Decrease in debt by PLN 62.2m to 19% of assets mainly as a result of payment of loan for financing VAT on property purchase, and movement in value of foreign currency loans financing properties – as a result of changes in the EUR/PLN exchange rate.





**POLSKI HOLDING  
NIERUCHOMOŚCI S.A.**

# Thank you

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Presentation of consolidated financial results for Q3 2016:

## 4) ADDITIONAL INFORMATION



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## ► WARSAW OFFICE MARKET

■ **ABSORPTION** Q3 2016 [sq.m.]: **64,100** ▼ Q2 2016: 141,200

■ **NEW SPACE** Q3 2016 [sq.m.]: **28,700** ▼ Q1 2016: 237,000

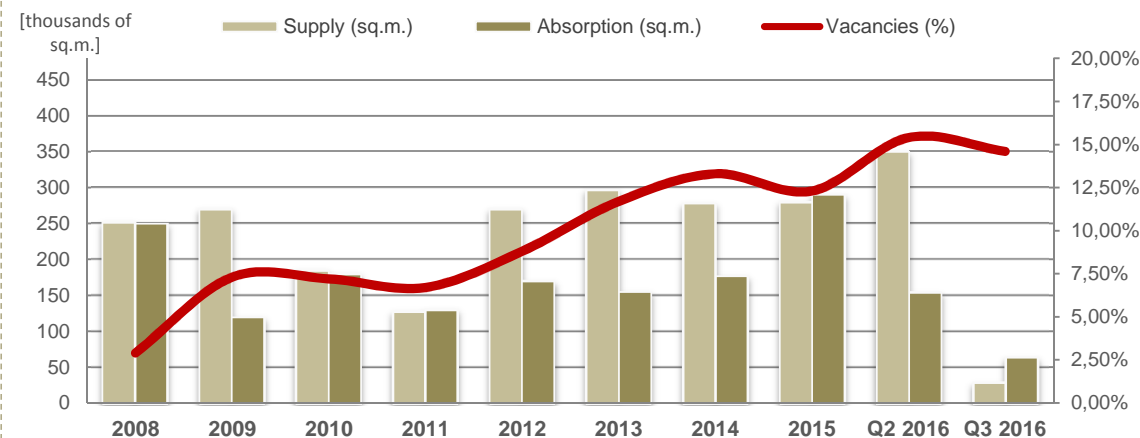
■ **TOTAL RESOURCES** Q3 2016 [millions of sq.m.]: **5.02** ▲ Q2 2016: 4.98

■ **VACANCIES** Q2 2016 [sq.m.]: **732,497** ▼ Q2 2016: 768,213

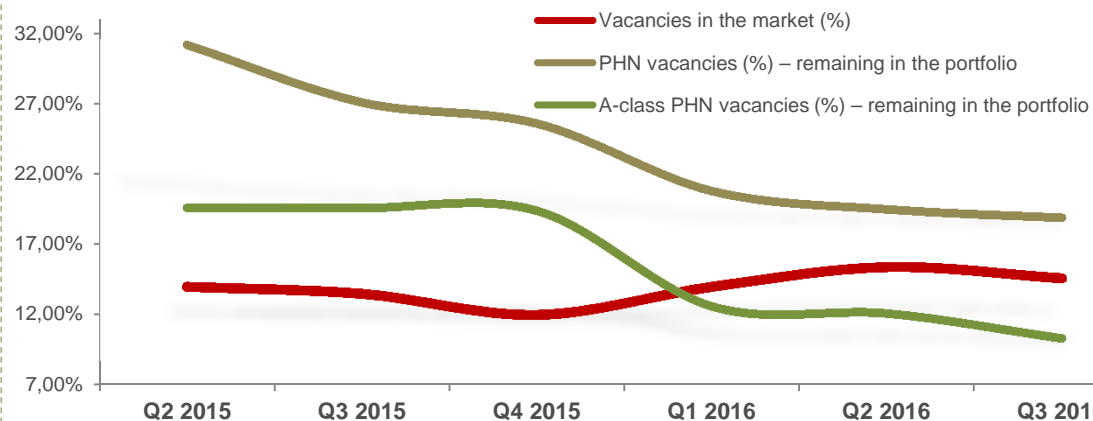
■ **VACANCY RATIO** Q3 2016 [%]: **14.6** ▼ Q2 2016: 15.4

■ **PRE LET Q3 2016** [(%) / NEW SPACE]: **14** ▲ Q2 2016: 11

## ► ABSORPTION OF NEW SPACE AND THE VACANCY RATIO



## ► VACANCIES IN THE MARKET vs. VACANCIES AT PHN



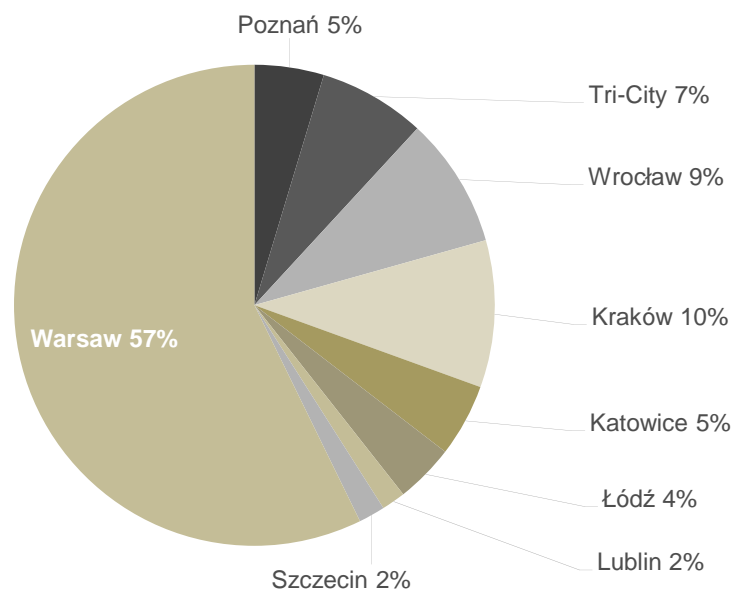
\* Source: Own materials based on data from CBRE Sp. z o.o. website and JLL, Rynek Biurowy 3 kw. 2016 (Office market in Q3 2016)



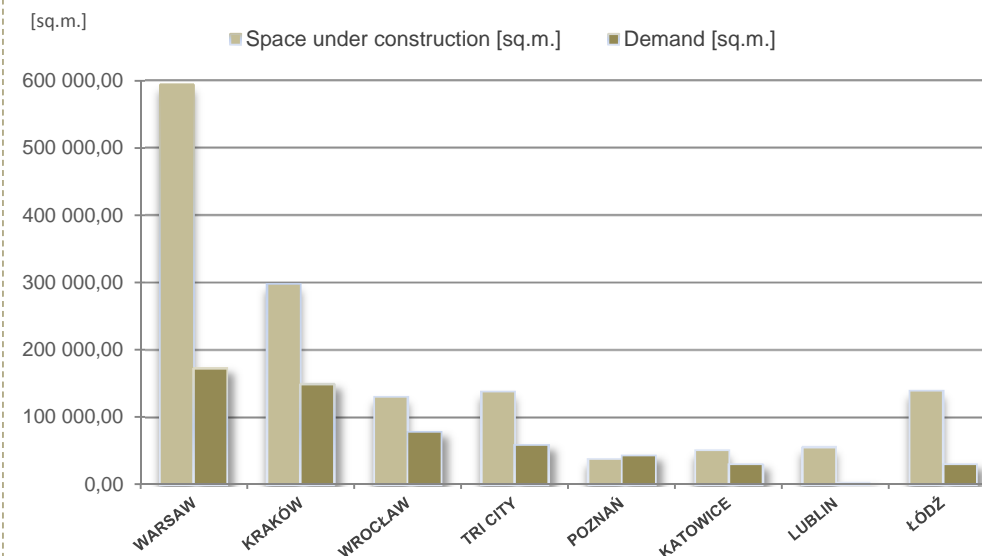
# POLISH OFFICE MARKET

CITY	OFFICE SPACE RESOURCES [sq.m.]	SPACE UNDER CONSTRUCTION [sq.m.]	DEMAND [sq.m.]	RENTAL RATES [EUR/sq.m./month] (asking/effective)
WARSAW	5,017,100	593,800	173,000	14.5–23.0 / 11.0–18.0
KRAKÓW	867,500	298,200	149,700	14.0 / 12.0
WROCLAW	770,700	131,300	78,800	12.5 / 10
TRI-CITY	629,300	132,100	59,700	13.5 / 10.5
POZNAŃ	409,000	38,800	43,500	14.0 / 10.5
KATOWICE	428,900	51,900	30,800	13.0 / 10.0
LUBLIN	140,400	56,400	3,600	10.5 / 8.5
ŁÓDŹ	347,200	140,200	31,000	13.5 / 10.5

## ► MODERN OFFICE SPACE



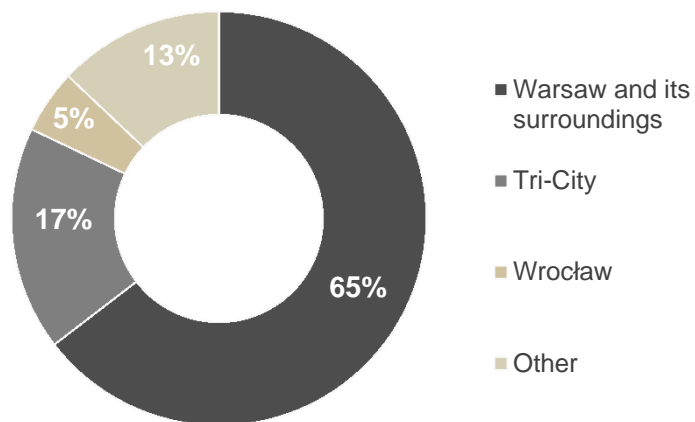
## ► SPACE UNDER CONSTRUCTION AND DEMAND



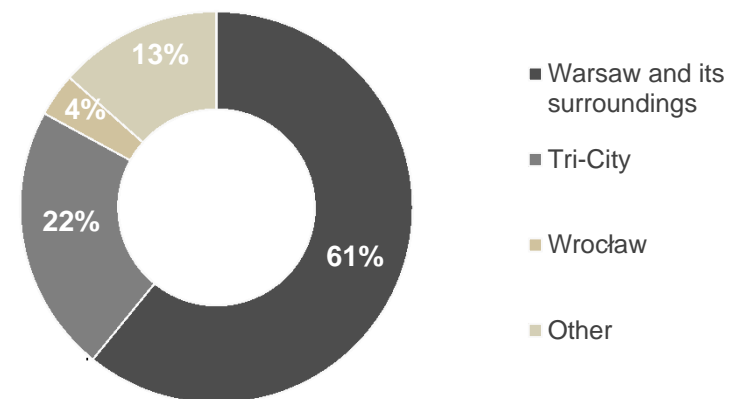
\* Source: CBRE, Warszawski Rynek Biurowy, 3. kwartał 2016 (Warsaw Office Market in Q3 2016); JLL, Rynek Biurowy 3 kw. 2016 (Office Market in Q3 2016)

# REAL ESTATE PORTFOLIO STRUCTURE AS AT SEPTEMBER 30, 2016

## ► GEOGRAPHIC STRUCTURE OF THE REAL ESTATE PORTFOLIO [% of fair value]



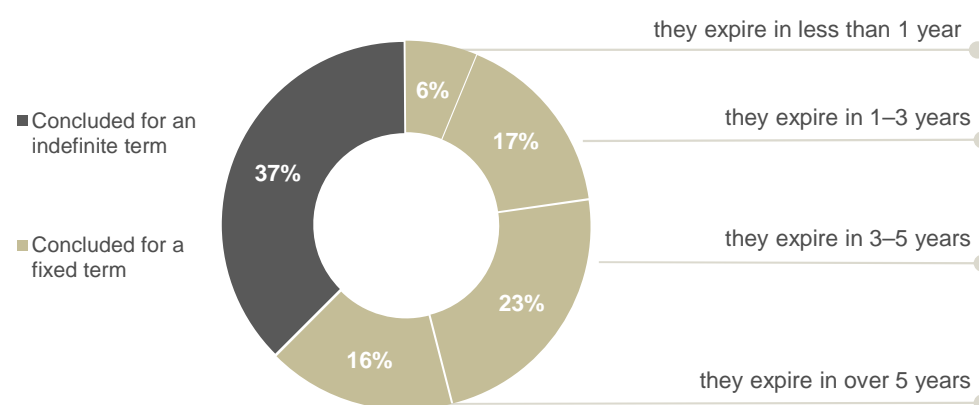
## ► GEOGRAPHIC STRUCTURE OF SEGMENTS: REMAINING AND PROJECTS [% of fair value]



## ► OCCUPANCY RATIO OF PROPERTIES REMAINING IN THE PORTFOLIO [% of area]



## ► TENANTS STRUCTURE BY CONTRACT TERM [% GLA]





# CONTINUED OPERATIONS – RESULT

[PLN million]

	Q3 2016	Q2 2016
Sales revenue	43.0	48.0
Operating expenses	(21.6)	(24.6)
<b>Gross profit /(loss) on sales</b>	<b>21.4</b>	<b>23.4</b>
<i>Provision for guarantee repairs and damages in property development</i>	0.4	-
<b>Adjusted gross profit /(loss) on sales</b>	<b>21.8</b>	<b>23.4</b>
Administrative and selling expenses	(7.9)	(8.0)
<i>One-off costs (Group restructuring)</i>	-	0.6
Adjusted administrative and selling expenses	(7.9)	(7.4)
<b>Net profit/(loss) on sales</b>	<b>14.3</b>	<b>15.4</b>
<b>Adjusted net profit/(loss) on sales</b>	<b>13.9</b>	<b>16.0</b>
Change in the fair value of investment properties and gain/loss on disposal	(1.8)	20.9
Other revenues	1.7	5.6
Other expenses	(4.1)	(1.8)
<b>Operating profit/ (loss)</b>	<b>9.3</b>	<b>40.1</b>
<i>Change in the fair value of investment properties and gain/loss on disposal</i>	1.8	(20.9)
<i>Change in the legal status of properties</i>	-	(2.8)
<i>Provision for guarantee repairs and damages in property development</i>	1.1	-
<i>Change in the provision for claims relating to previous years</i>	0.5	(1.3)
<b>Adjusted operating profit/ (loss)</b>	<b>13.1</b>	<b>15.7</b>
<i>Change in the fair value of investment properties and gain/loss on disposal</i>	1.8	(20.9)
<i>Change in the legal status of properties</i>	-	(2.8)
Amortization and depreciation	0.3	0.3
<b>EBITDA</b>	<b>11.4</b>	<b>16.7</b>
<i>Provision for guarantee repairs and damages in property development</i>	1.5	-
<i>One-off costs (Group restructuring)</i>	-	0.6
<i>Change in the provision for claims relating to previous years</i>	0.5	(1.3)
<b>Adjusted EBITDA</b>	<b>13.4</b>	<b>16.0</b>

- adjustments

## RENTAL – SEGMENT RESULT

[PLN million]

	Q3 2016	Q2 2016
Sales revenue	39.6	40.4
Operating expenses	(18.5)	(18.7)
<b>Gross profit / (loss) on sales</b>	<b>21.1</b>	<b>21.7</b>
Administrative and selling expenses	(5.9)	(6.4)
<i>One-off costs (Group restructuring)</i>	-	0.6
Adjusted administrative and selling expenses	(5.9)	(5.8)
<b>Net profit/(loss) on sales</b>	<b>15.2</b>	<b>15.3</b>
<b>Adjusted net profit/(loss) on sales</b>	<b>15.2</b>	<b>15.9</b>
Change in the fair value of investment properties and gain/(loss) on disposal	(1.8)	20.9
Other revenues	1.7	5.4
Other expenses	(2.9)	(1.8)
<b>Operating profit/ (loss)</b>	<b>12.2</b>	<b>39.8</b>
<i>Change in the fair value of investment properties and gain/(loss) on disposal</i>	1.8	(20.9)
<i>Change in the legal status of properties</i>	-	(2.8)
<i>Change in the provision for claims relating to previous years</i>	0.5	(1.3)
<b>Adjusted operating profit/ (loss)</b>	<b>14.5</b>	<b>15.4</b>
<i>Change in the fair value of investment properties and gain/(loss) on disposal</i>	1.8	(20.9)
<i>Change in the legal status of properties</i>	-	(2.8)
Amortization and depreciation	0.2	0.2
<b>EBITDA</b>	<b>14.2</b>	<b>16.3</b>
<i>One-off costs (Group restructuring)</i>	-	0.6
<i>Change in the provision for claims relating to previous years</i>	0.5	(1.3)
<b>Adjusted EBITDA</b>	<b>14.7</b>	<b>15.6</b>

- adjustments



## ► DEVELOPMENT – SEGMENT RESULT

[PLN million]

	Q3 2016	Q2 2016
Sales revenue	1.3	5.3
Operating expenses	(1.4)	(4.2)
<b>Gross profit /(loss) on sales</b>	<b>(0.1)</b>	<b>1.1</b>
<i>Provision for guarantee repairs and damages in property development</i>	<i>0.4</i>	<i>-</i>
<b>Adjusted gross profit /(loss) on sales</b>	<b>0.3</b>	<b>1.1</b>
Administrative and selling expenses	(0.6)	(0.7)
<b>Net profit/loss on sales</b>	<b>(0.7)</b>	<b>0.4</b>
<b>Adjusted net profit/(loss) on sales</b>	<b>(0.3)</b>	<b>0.4</b>
Other expenses	(1.2)	-
<b>Operating profit/ (loss)</b>	<b>(1.9)</b>	<b>0.4</b>
<i>Provision for guarantee repairs and damages in property development</i>	<i>1.1</i>	<i>-</i>
<b>Adjusted operating profit/ (loss)</b>	<b>(0.4)</b>	<b>0.4</b>
<b>EBITDA</b>	<b>(1.9)</b>	<b>0.4</b>
<i>Provision for guarantee repairs and damages in property development</i>	<i>1.5</i>	<i>-</i>
<b>Adjusted EBITDA</b>	<b>(0.4)</b>	<b>0.4</b>

- adjustments

## OTHER OPERATIONS AND UNALLOCATED ITEMS – RESULT

[PLN million]

### ► OTHER OPERATIONS – RESULT

	Q3 2016	Q2 2016
Sales revenue	2.1	2.3
Operating expenses	(1.7)	(1.7)
<b>Gross profit /(loss) on sales</b>	<b>0.4</b>	<b>0.6</b>
<b>Net profit/(loss) on sales</b>	<b>0.4</b>	<b>0.6</b>
<b>Operating profit/ (loss)</b>	<b>0.4</b>	<b>0.6</b>
Amortization and depreciation	0.1	0.1
<b>EBITDA</b>	<b>0.5</b>	<b>0.7</b>
<b>Adjusted EBITDA</b>	<b>0.5</b>	<b>0.7</b>

### ► UNALLOCATED ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2016	Q2 2016
Administrative and selling expenses	(1.4)	(0.9)
<b>Net profit/(loss) on sales</b>	<b>(1.4)</b>	<b>(0.9)</b>
Other revenues	-	0.2
<b>Operating profit/ (loss)</b>	<b>(1.4)</b>	<b>(0.7)</b>
<b>EBITDA</b>	<b>(1.4)</b>	<b>(0.7)</b>
<b>Adjusted EBITDA</b>	<b>(1.4)</b>	<b>(0.7)</b>

- adjustments



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