



**POLSKI HOLDING
NIERUCHOMOŚCI S.A.**

Consolidated financial results for H1 2016

Presentation

Warsaw, August 31, 2016

1) PHN GROUP IN H1 2016

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Presentation of consolidated financial results for H1 2016:

1) PHN GROUP IN H1 2016



POLSKI HOLDING
NIERUCHOMOŚCI S.A.

KEY ACHIEVEMENTS IN H1 2016

► BUILDING VALUE



▪ RENTAL REVENUE [PLN million]:	74.0	30.06.2015: 60.4	▲ 23%
▪ GROUP ASSETS [PLN million]:	2,729.1	30.06.2015: 2,335.6	▲ 17%
▪ NET ASSETS OF THE GROUP [PLN million]:	2,002.4	30.06.2015: 1,961.4	▲ 2%

► IMPROVING ECONOMIC EFFICIENCY



▪ EBITDA [PLN million]:	27.4	30.06.2015: 22.8	▲ 20%
▪ ADJUSTED EBITDA [PLN million]:	25.5	30.06.2015: 12.6	▲ 102%
▪ ADMINISTRATIVE EXPENSES [PLN million]:	15.2	30.03.2015: 16.8	▼ - 10%

► CHANGES IN THE REAL ESTATE PORTFOLIO



▪ REAL ESTATE PORTFOLIO [number]:	142	30.06.2015: 142	no change
▪ GROSS LEASABLE AREA [sq.m.]:	326,661	30.06.2015: 332,000	▼ -1.6%
▪ PROPERTIES WITH DEFECTS [number]:	18	30.06.2015: 20	▼ - 14%

► OTHER KEY ACHIEVEMENTS



▪ A-CLASS SPACE [sq.m.]:	69,890	30.06.2015: 30,530	▲ 129%
▪ NEWLY ACQUIRED AREA [sq.m.]:	43,737	30.06.2015: 18,288*	▲ 139%
▪ LTV RATIO [%]:	23.4	30.06.2015: 5.4	▲ 333%

* Andersia Business Center and business premises in Kaskada City

KEY EVENTS IN H1 2016 AND AFTER THE BALANCE SHEET DATE

<p>1. 03.2016</p>	<p>2. 04.2016</p>
<p>Purchasing the ALCHEMIA II office building in Gdańsk</p> <p>On March 30, 2016, Polski Holding Nieruchomości S.A. finalized the transaction of purchasing an A-class office building in the Alchemia complex, situated in the center of Gdańsk at al. Grunwaldzka 409 from Torus Sp. z o.o. Thus, the Company purchased the most modern and multi-functional A-class property in the Tri-City, which has been recognized as the best new office building of the year 2015 in Poland at the Eurobuild Awards.</p> <p>The value of the transaction amounted to EUR 60.6 million. Main tenants include State Street investment bank, which has rented the entire Titanium tower, and Wipro IT Services and Alexander Mann Solutions (a global leader in recruitment process outsourcing), which both occupy the Ferrum tower. Alchemia is one of the few facilities in Poland to have achieved LEED Platinum certification (Leadership in Energy and Environmental Design).</p> <p>In order to purchase the ALCHEMIA II office building, PHN Group and ING Bank Śląski S.A. with its registered office in Katowice concluded an agreement for an investment loan of EUR 43.7 million as well as a loan in the PLN equivalent of EUR 12.0 million, based on the average exchange rate of the National Bank of Poland as at the date preceding the date on which the property was bought, in order to finance VAT on the purchase price.</p>	<p>Prizes for Domaniewska Office Hub office building</p> <p>Polski Holding Nieruchomości S.A. collected the BREEAM Excellent certificate for Domaniewska Office Hub, received in October 2015. The BREEAM plaque was officially handed over by Lenka Matejickowa – BREEAM International Assessor. BREEAM is the world's leading design method and a criterion for assessing sustainable construction projects. With a result of 74.19%, Domaniewska Office Hub came in second among Polish office buildings which received the final BREEAM certificate with an Excellent rating, thus overtaking 34 other projects. In the general classification of all types of buildings in Poland, Domaniewska Office Hub held the third place.</p> <p>Moreover, Domaniewska Office Hub received the first prize in the competition for the best Construction of the Year 2015, organized by the Polish Association of Civil Engineers and Technicians (PZITB) with the participation of the Ministry of Transport, Construction and Maritime Economy, and the General Office of Building Control. The award ceremony was held on May 24 at the office of the Central Technical Organization in Warsaw.</p>
<p>3. 04.2016</p>	<p>4. 06.2016</p>
<p>Applying for a building permit for the Yacht Park in Gdynia</p> <p>PHN Group applied for a permit for developing the Molo Rybackie pier at ul. Hryniewickiego in Gdynia, where it intends to construct the Yacht Park project. A luxurious residential complex, a modern marina and a promenade with boutiques and restaurants will create a place which is worth visiting. Yacht Park is a unique location in Poland and Europe.</p> <p>The Yacht Park project will consist of six 5-storey multi-family residential buildings which will occupy an area of 6,300 sq.m. The complex will include a total of 135 apartments with usable area of 12,000 sq.m., of which apartments will occupy ca. 9,600 sq.m. On the ground floors, there will be commercial and service facilities such as restaurants and boutiques. The project will also include constructing a marina with three piers.</p> <p>On May 19, 2016, PHN Group started to demolish the existing constructions on Molo Rybackie at ul. Arkadiusza Rybickiego in Gdynia with total usable area of over 11,000 sq.m. and total capacity of ca. 45,000 cubic meters.</p>	<p>Profit distribution and dividend payment for 2015</p> <p>On June 22, 2016, the Ordinary General Meeting of the Company, under resolution 7 on distribution of FY2015 profit and setting the dividend record date and dividend payment date, allocated a total amount of PLN 19,623,553.74, i.e. PLN 0.42 per share, for a dividend for shareholders. The dividend covers 46,722,747 shares of the Company. The decision is in line with the Management Board's recommendation. When making the decision on distribution of profit for 2015, the Management Board was guided by the intention to share the growth of the Company's value with its shareholders in the form of dividend, and took account of the Group's present financial standing and planned cash flows, including the expected investment plans and the possibility of obtaining financing for their implementation.</p> <p>The rest of the profit, in the amount of PLN 28,858,339.84 was transferred to supplementary capital and will be used, among others, for implementing the Company's new construction projects.</p> <p>Under the resolution, the Ordinary General Meeting of the Company set the dividend record date for August 17, 2016, and the dividend payment date for August 31, 2016.</p>

KEY EVENTS IN H1 2016 AND AFTER THE BALANCE SHEET DATE

5. 06.2016

Entering into cooperation with Polska Spółka Gazownictwa

Polski Holding Nieruchomości S.A. and Polska Spółka Gazownictwa Sp. z o.o. signed a letter of intent on entering into cooperation in order to support processes aimed at obtaining properties for the purposes of Polska Spółka Gazownictwa Sp. z o.o. and supporting properties of Polska Spółka Gazownictwa Sp. z o.o. by Polski Holding Nieruchomości S.A.

The letter of intent specifies that **the parties' intention is to obtain properties** for Polska Spółka Gazownictwa Sp. z o.o. in cooperation with an experienced partner – Polski Holding Nieruchomości S.A. The implementation of particular projects will be governed by separate agreements.

7. 07.2016

Entering into cooperation with KGHM TFI S.A.

On July 5, 2016, Polski Holding Nieruchomości and KGHM TFI signed a letter of intent on the possibility of entering into **cooperation in the area of implementing a joint project in the center of Wrocław**, 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.**, located in the very center of Wrocław at al. Jana Pawła II.

On August 22, 2016, PHN and the KGHM IV FIZAN Fund filed **an application with the Office of Competition and Consumer Protection for permit for establishing a joint entrepreneur** based on an existing subsidiary fully owned by the Fund – Cuprum Development sp. z o.o. (a JV company). Both entities (the Fund and PHN) will have the same share in the JV company.

9. 07.2016

PHN among 17 largest Polish companies establishing the Polish National Foundation

17 largest Polish enterprises have established **Polish National Foundation (Polska Fundacja Narodowa)**, whose task is to promote the Polish economy and shape a positive image of companies with the Treasury's stake and their investment projects in Poland and abroad. **Polish National Foundation has been founded by leading Polish corporations from key sectors of the economy:** power industry, transport, logistics, mining, metallurgy, fuels, insurance, chemical industry, financial sector, real estate, and lottery games.

The foundation, constituting a platform for cooperation between the largest companies with the Treasury's stake, will start operation in Q3 2016, and **will make it possible to implement previously unachievable projects on the Polish, European and global scale**, guaranteeing strong synergies.

6. 06.2016

Signing a lease agreement with OLPP for over 10% of space in INTRACO

On June 28, 2016, Polski Holding Nieruchomości S.A. and "Operator Logistyczny Paliw Płynnych" sp. z o.o. (OLPP) signed **an agreement on leasing space in Intraco City** – one of PHN's key office buildings, located near Warsaw's business center. OLPP will move in to Intraco City starting from October 1 and will occupy **ca. 2,500 sq.m. of office area. (a 5-year agreement)**. An agreement on leasing office space in Intraco City was also signed by PERN S.A., which will occupy ca. 170 sq.m.

In this way, PHN implements the **plans of the new Management Board, announced in March this year, on intensifying sales and gradually increasing leased spaces.**

8. 07.2016

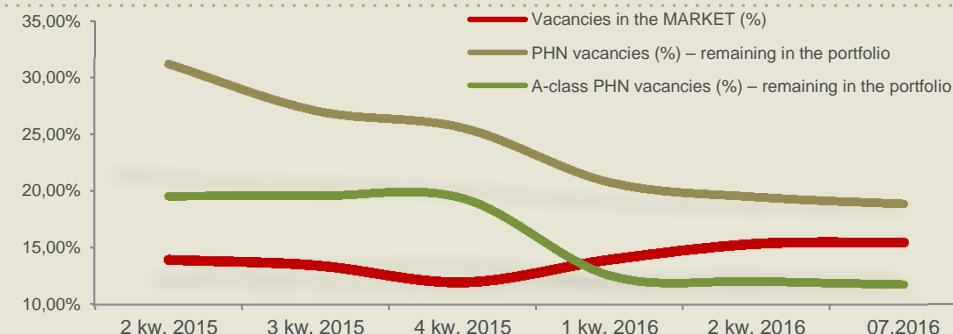
First charity regatta "PHN-GDYNIA VIP RACING 2016"

On July 9, 2016, the first charity regatta of Polski Holding Nieruchomości S.A. "PHN-GDYNIA VIP RACING 2016" were held, **attended by representatives of leading Polish companies**. The "PHN-GDYNIA VIP RACING 2016" regatta was combined with a charity action in which each team made a donation to the "Bursztynowa Przystań" Children's Hospice, with a total amounting to PLN 75,000.

The regatta **was under the honorary patronage of the Ministry of Treasury**, which, combined with the honorary patronage of the President of Gdynia and the patronage of Pomorski Związek Żeglarski (Pomeranian Sailing Association), will give the event an exceptional character. The event's partners were Hotel Courtyard by Marriott Gdynia Waterfront, Premium Yachting, D.A.D., importers Maserati Pietrzak and Ferrari Katowice, and Polskie Radio S.A.

10. 07.2016

Decreasing the vacancy ratio at PHN Group



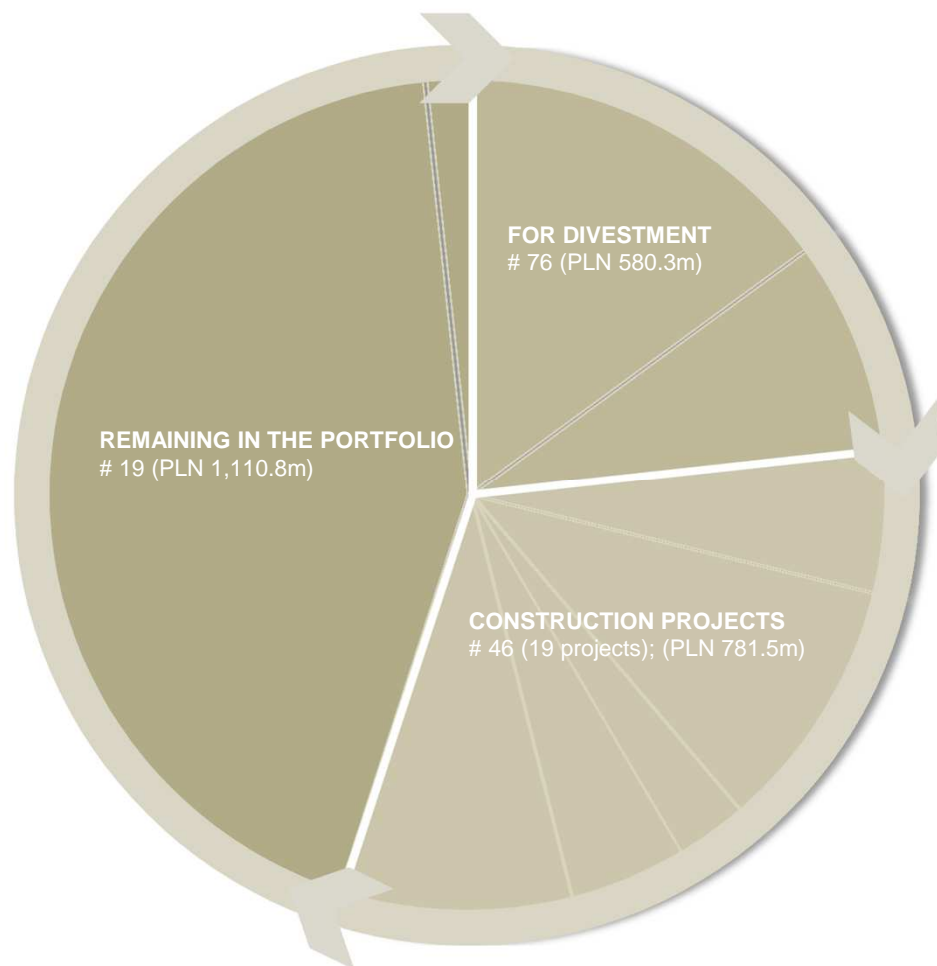


Presentation of consolidated financial results for H1 2016:

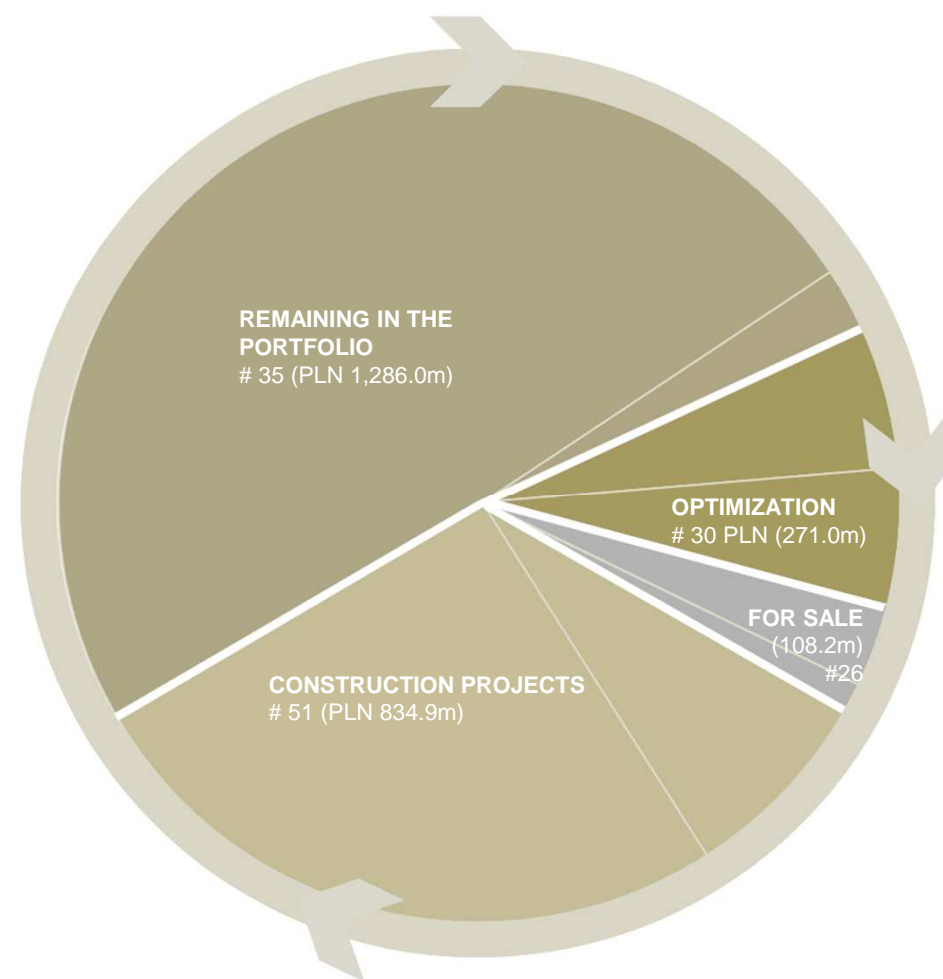
2) PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING

PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING¹⁾

SEGMENTATION AS OF MARCH 31, 2016



NEW SEGMENTATION AS OF JUNE 30, 2016



¹⁾ Data on the diagram are presented according to fair value of properties as of March 31, 2016 and June 30, 2016

PHN GROUP'S REAL ESTATE PORTFOLIO – CAPITAL RECYCLING, JUNE 30, 2016¹⁾

REMAINING IN THE PORTFOLIO

- **TOTAL VALUE:** PLN 1,286.0m
- **NUMBER OF PROPERTIES:** 35
- **NOI H1 2016:** PLN 30,611m (**YIELD:** 5.6%)
- **GLA:** 164,567 sq.m.; **LAND:** 85,191 sq.m.

OFFICE PROPERTIES (95.30%)

COMMERCIAL AND OTHER PROPERTIES (4.70%)

ACQUISITIONS H1 2016:

1 property with a total value of PLN 258.6m

COMMERCIAL 20 (77.00%)

RESIDENTIAL 31 (23.00%)

- **TOTAL VALUE:** PLN 834.9m
- **NUMBER OF PROPERTIES (PROJECTS):** 51
- **NOI H1 2016:** PLN 2,983m (**YIELD:** 0.7%)
- **GLA:** 115,907 sq.m.; **LAND:** 3,653,812 sq.m.

CONSTRUCTION PROJECTS

REMAINING IN THE
PORTFOLIO
35 (PLN 1,286.0m)

CONSTRUCTION PROJECTS
51 (PLN 834.9m)

OPTIMIZATION
30 (PLN 271.0m)

FOR SALE
(PLN 108.2m)
#26

OPTIMIZATION

- **TOTAL VALUE:** PLN 271.0m
- **NUMBER OF PROPERTIES:** 30
- **NOI H1 2016:** PLN 3,003m (**YIELD:** 2.2%)
- **GLA:** 32,079 sq.m.; **LAND:** 2,127,478 sq.m.

OFFICE PROPERTIES (51.17%)

COMMERCIAL AND OTHER PROPERTIES (48.83%)

WHICH GENERATE RENTAL REVENUE (74.64%)

WHICH DO NOT GENERATE RENTAL REVENUE (25.36%)
including agricultural land 96%

DIVESTMENTS H1 2016:

2 properties, parts of 4 properties: PLN 11.4m

- **TOTAL VALUE:** PLN 108.2m
- **NUMBER OF PROPERTIES:** 26
- **NOI H1 2016:** PLN 0.85m (**YIELD:** 1.6%)
- **GLA:** 15,606 sq.m.; **LAND:** 923,555 sq.m.

FOR SALE

¹⁾ Data on the diagram are presented according to fair value of properties as of June 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)	costs borne by the partner
3.	■ PARZNIĘW LOGISTICS CENTER	Warehouse complex in 4 stages	GLA: 100,000 (4 stages)	Q2 2016 (1st stage)	Q4 2016 (1st stage)	165
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 83	Residential and office complex	Usable area: 22,500	Q4 2016	2020	187
► PROJECTS UNDER PREPARATION						
6.	■ INTRACO CITY	A-class office building	GLA: 10,000	Q2 2018	2020	71
7.	■ CITY TOWER	A-class office building	GLA: 40,000	2017	2021	400
8.	■ ALEJA WILANOWSKA 372	Commercial buildings complex	GLA: 23,000 (13,000 / 10,000)	Q1 2018	2020	200
9.	■ LEWANDÓW RETAIL HUB	Retail complex	GLA: 25,000	Q2 2017	2020	165
10.	■ LEWANDÓW (residential project)	Residential estate	GLA: 32,000	Q2 2017	Q3 2019	123
11.	■ INSTALATORÓW 7C	Residential estate	Usable area: 4,000	2017	2019	18
12.	■ WAREHOUSE PROJECT	Warehouses	GLA potential: 250 ha	-	-	-
► PLANNED PROJECTS						
13.	■ RETKINIA RETAIL HUB	Retail and residential complex	GLA: 45,000 / usable area: 280,000	2017 (1st stage)	2020 (1st stage)	1,350
14.	■ BARTYCKA RETAIL HUB	Residential and retail complex	Usable area: 40,000 / GLA: 19,000	2018	2021	290
15.	■ WILANÓW RESIDENTIAL ESTATE	Residential estate	Usable area: 52,000	2018	2024	250
16.	■ JANA PAWŁA II 34	Residential estate	Usable area: 4,100	2017	2019	20

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 H1 2016, Domaniewska Office Hub's occupancy ratio amounted to ca. 73%. **Commercialization is currently being finalized** and negotiations with potential tenants are at an advanced stage. **DOH 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 PROJECT IN PROGRESS



ul. HRYNIEWICKIEGO 10, GDYNIA

KEY BENEFITS:

- Excellent location
- Offices/Apartments/Retail

BASIC PARAMETERS:

- GLA: 71,000 sq.m. / Usable area: 122,000 sq.m.
- Start: Q2 2016 (1st stage)
- Completion: Q1 2018 (1st stage)
- Total Capex: PLN 1,250m

STATUS OF WORKS:

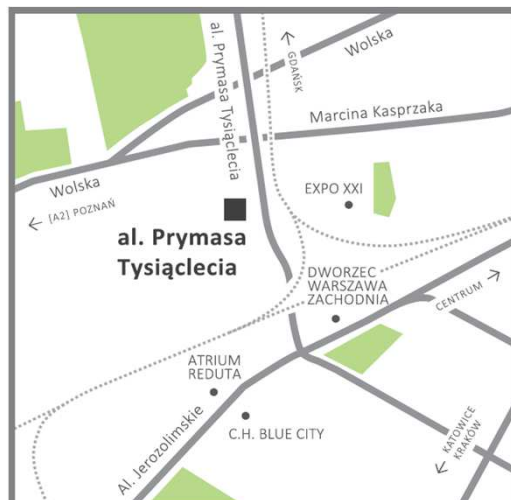
Design works are in progress for the investment consisting in constructing 6 residential buildings. **In H1 2016, PHN applied for a permit for developing the Molo Rybackie pier.** A competition is underway, with the participation of the Association of Polish Architects, for preparing an architectural and urban planning concept for the complex of office buildings as well as green areas.

KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

3

PRYMASA TYSIĄCLECIA 83

PROJECT IN PROGRESS



al. PRYMASA TYSIĄCLECIA 83

KEY BENEFITS:

- Attractive location
- Residential and office complex

BASIC PARAMETERS:

- **Usable area:** 22,500 sq.m. (1st stage 11,500 sq.m.)
- **Start:** Q4 2016
- **Completion:** 2020
- **Capex:** PLN 187m

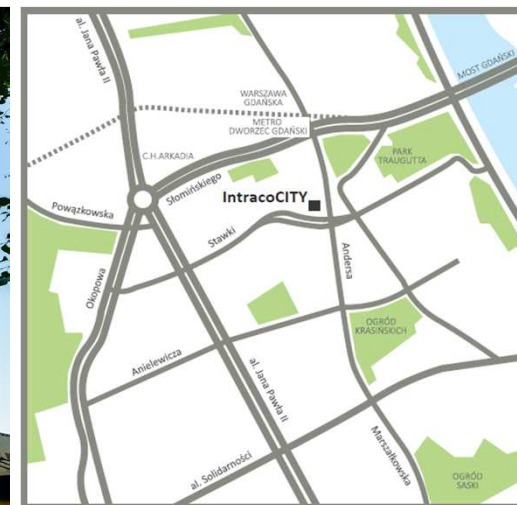
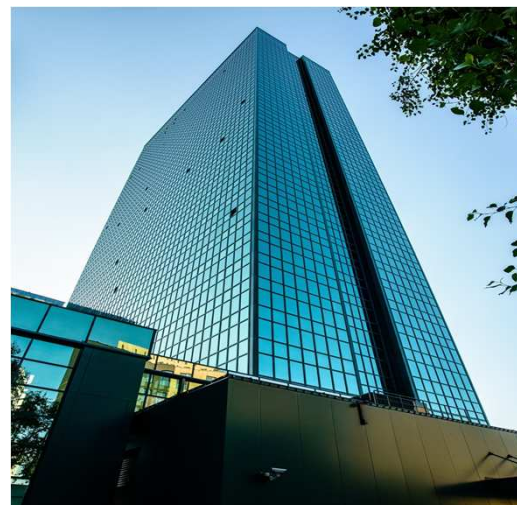
STATUS OF WORKS:

The concept of a residential project assumes the construction of 435 modern apartments. The initial concept of an office building [has a GLA of 14,900 sq.m. PHN filed an application for a building permit for the 1st stage of the residential part. The process of selecting the General Contractor for the 1st stage of the residential part is currently underway.

4

INTRACO CITY

PROJECT UNDER PREPARATION



ul. STAWKI 2

KEY BENEFITS:

- Excellent location
- A-class office building

BASIC PARAMETERS:

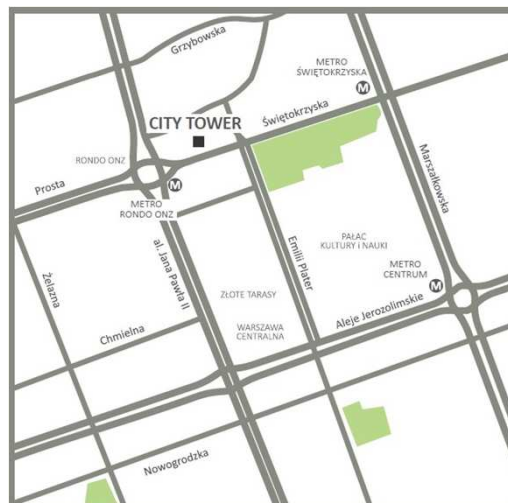
- **GLA:** 10,000 sq.m.
- **Start:** Q2 2018
- **Completion:** 2020
- **Capex:** PLN 71m

STATUS OF WORKS:

Activities are currently underway in order to update the architectural concept and start the next level of works. **CAPEX for the project is ca. PLN 71 million.** Project implementation is planned to start in Q2 2018, while rental is projected to start in Q2 2020. The developer's margin for the project amounts to 34%.

KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

5 CITY 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**. In Q3 2015, PHN filed an application for a decision on the building permit and obtained a final permit for the demolition of the existing building. Obtaining the decision about the building permit is expected in **Q4 2016**.

6 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 ca. 12,800 sq.m. /office building ca. 10,200 sq.m.)
- Start: Q1 2018
- Completion: 2020
- Capex: ca. PLN 200m

STATUS OF WORKS:

Works on preparing the buildings' architectural concept as well as infrastructure works are currently underway. CAPEX of the first project stage – the hotel part (ca. 13,000 sq.m.) is **ca. PLN 106.7 million**. The Company expects to achieve a **YoC ratio of 9.3%** and a **developer's margin of 30%**.

KEY PROGRESS IN IMPLEMENTING MOST IMPORTANT PROJECTS

7 LEWANDÓW RETAIL HUB PROJECT UNDER PREPARATION

LEWANDÓW
RETAIL
HUB



LEWANDÓW

KEY BENEFITS:

- Attractive location
- Retail complex

BASIC PARAMETERS:

- **GLA:** 25,000 sq.m.
- **Start:** Q2 2017
- **Completion:** 2020
- **Capex:** PLN 165m

STATUS OF WORKS:

The 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. Negotiations with clients are also in progress.

8 LEWANDÓW RESIDENTIAL PROJECT PROJECT UNDER PREPARATION



LEWANDÓW

KEY BENEFITS:

- Attractive location
- Residential estate

BASIC PARAMETERS:

- **GLA:** 32,000 sq.m.
- **Start:** Q2 2017
- **Completion:** Q3 23 (1st stage Q3 2019)
- **Capex:** PLN 123m (1st stage: 38.9)

STATUS OF WORKS:

PHN plans the construction of a residential estate consisting of multi-family buildings with a **total usable area of ca. 32,000 sq.m. (ca. 530 apartments)** in three stages. A tender procedure has been conducted, as a result of which an architectural studio has been selected. Works on the architectural concept are also underway.



Presentation of consolidated financial results for H1 2016:

3) PHN GROUP'S FINANCIAL RESULTS



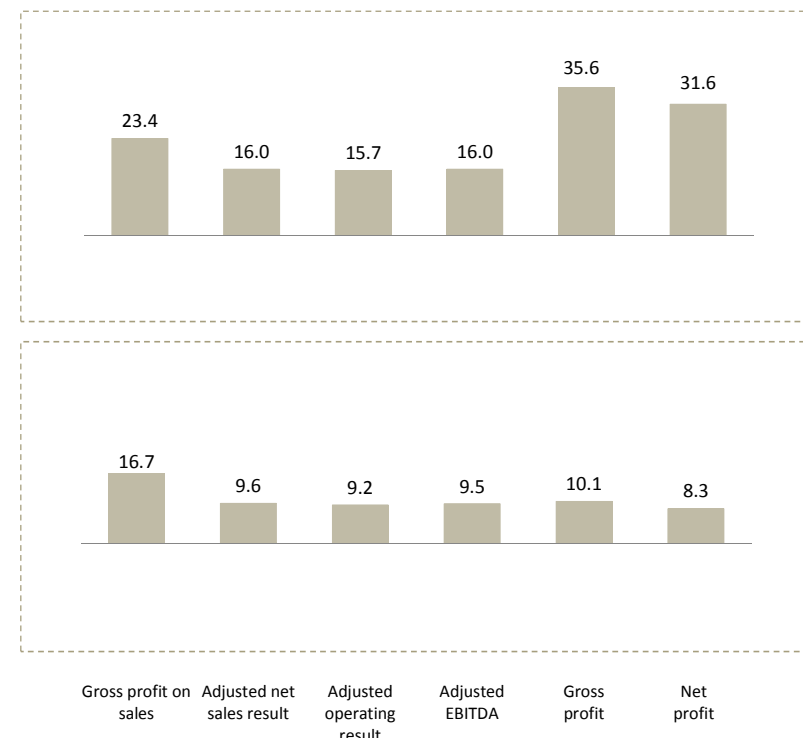
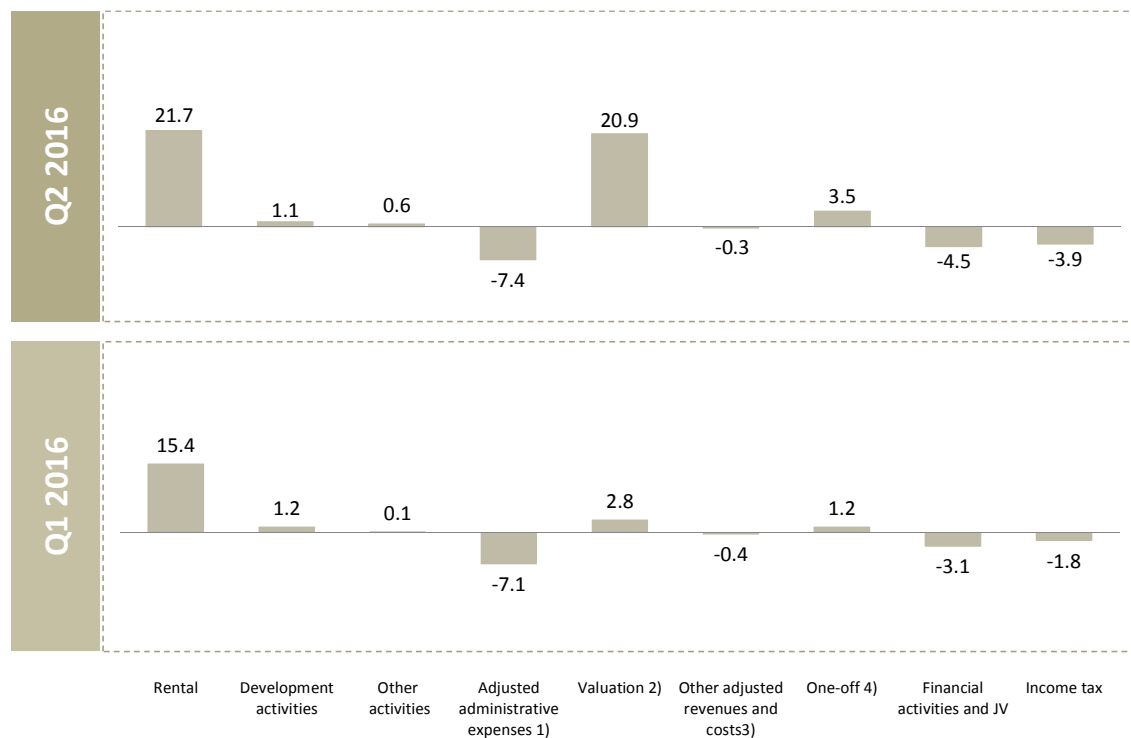
POLSKI HOLDING
NIERUCHOMOŚCI S.A.

SELECTED PROFIT AND LOSS STATEMENT ITEMS



POLSKI HOLDING
NIERUCHOMOŚCI S.A.

[PLN million]



- Higher result on rental is mainly due to acquiring the Alchemia property.
- Stable number of final agreements signed (Q2:16, Q1: 15) and lower current sales of apartments (Q2: 7, Q1:14) results from the fact that the portfolio of apartments on the Parzniew estate is running out.
- Higher result on other activities due to the beginning of the high hotel season.
- Stable level of administrative and sales expenses.
- Change in property valuation by PLN 36.9m mainly as a result of change in the EUR/PLN exchange rate (in the case of properties valued in EUR), including PLN 16m

- compensated by change in value of foreign currency loans for financing properties as part of hedge accounting.
- Stable level of other revenues and costs.
- One-off events in Q2 included mainly change in the status of properties – obtaining a legal title to properties which were formerly classified under assets.
- Result on financial activities and JV lower by PLN 1.4 million mainly as a result of increased external financing.
- Hike in adjusted EBITDA and profits.

1) adjusted by Group restructuring costs (Q2: PLN 0.6m, Q1: PLN 0.1m)

2) movement in fair value of investment properties (Q2: PLN 20.9m, Q1: PLN 2.5m) and result on sale (Q2: PLN 0.0m, Q1: PLN 0.3m)

3) adjusted by change in the provision for claims from previous years (Q2: PLN -1.3m, Q1: PLN -1.3m), changes in legal status of properties (Q2: PLN -2.8m, Q1: PLN 0.0m)

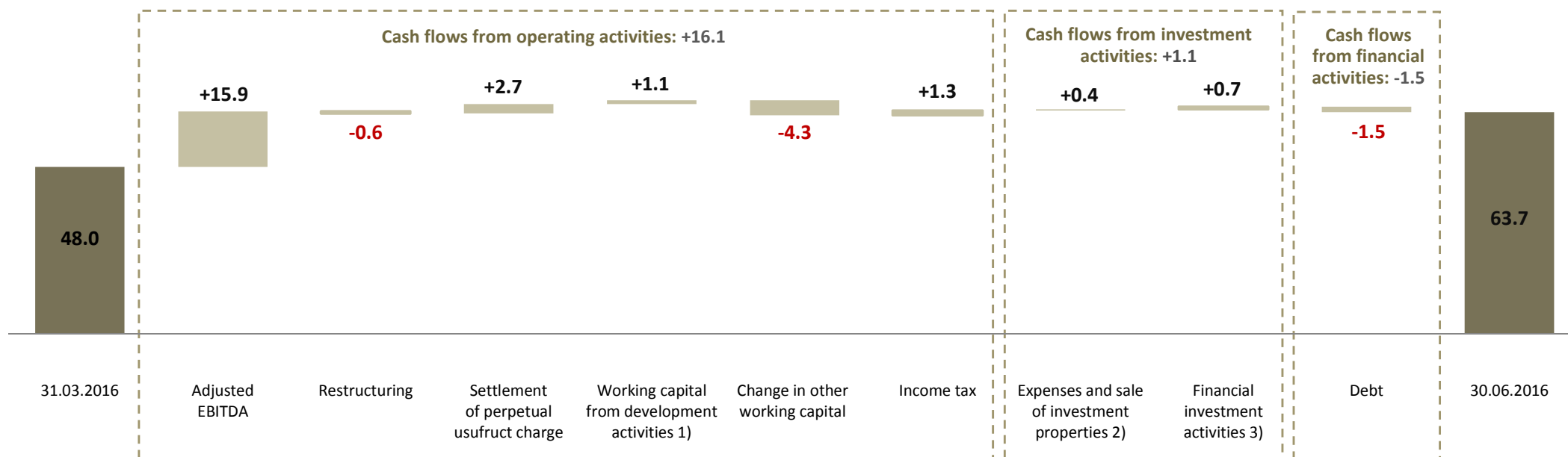
4) one-off events by which items 1, 3 were adjusted

CASH FLOWS



POLSKI HOLDING
NIERUCHOMOŚCI S.A.

[PLN million]



1) increase/decrease in liabilities, receivables, and inventory on construction operations

2) net expenses, sale of investment properties, purchase of tangible fixed assets

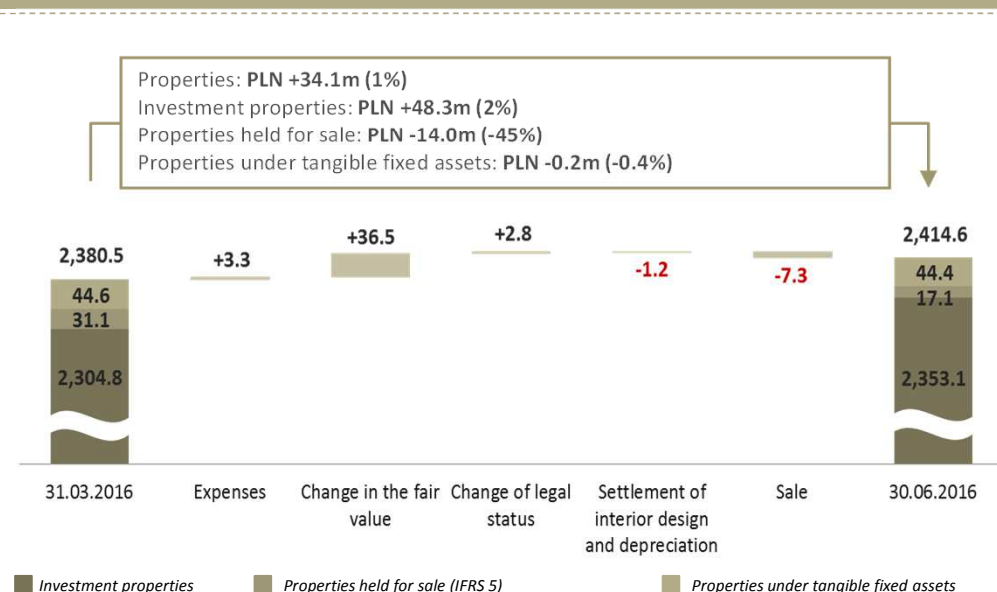
3) dividend from a joint subsidiary (JV) and interest on deposits

- Increase in cash by PLN 15.7m (33%).
- Positive effect of
 - ▶ operating results measured by adjusted EBITDA (PLN 15.9m), including on discontinued operations (PLN -0.1m),
 - ▶ settlement of charges for perpetual usufruct of land made in advance (PLN 2.7m),
 - ▶ achieving positive cash flows from development activities of PLN 1.1m, mainly as a result of decrease in inventories, receivables and provisions,
 - ▶ return of current income tax (PLN 1.3m),
 - ▶ sale of properties (PLN 6.6m), partly compensated by expenses on properties (PLN 5.7m) and purchase of tangible fixed assets (PLN 0.5m),
 - ▶ dividend from a JV company (PLN 0.6m) and interest on deposits (PLN 0.1m).
- Negative effect of:
 - ▶ payment of costs related to changing the Group's structure (PLN -0.6m),
 - ▶ change in other working capital,
 - ▶ payment of financial debt (PLN 6.4m) partly compensated by increase of debt due to financing the Domaniewska project by a loan (PLN 4.9m).

PROPERTIES

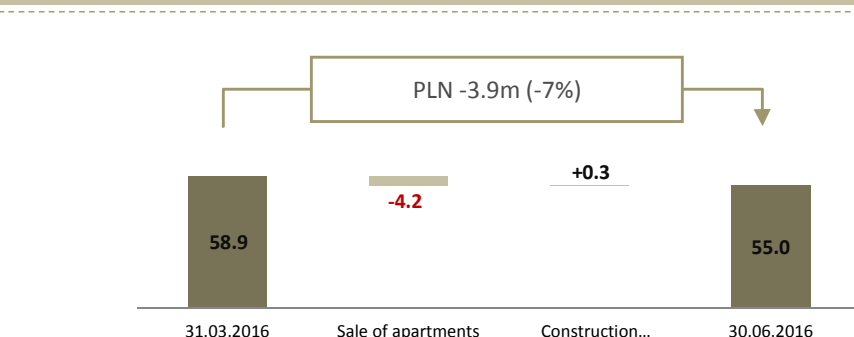
[PLN million]

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



- PLN 1.2m in expenses related to implementation of a commercial construction project (Domaniewska), PLN 1.6m in expenses related to retrofitting and interior design of real estate, and PLN 0.5m in expenses related to preparation of commercial construction projects.
- PLN 36.5m movement in value of investment properties mainly as a result of changes in the EUR/PLN exchange rate (properties valued in EUR).
- Recognition of PLN 2.8m under assets as a result of obtaining a legal title to the property situated at Reja 6 in Warsaw.
- PLN -1.0m settlement of interior design and PLN -0.2m depreciation of properties under tangible fixed assets.
- Sale of property located at Prądzyńskiego 21 and part of the property located in Wincentów.
- Transfer to investment properties from assets classified as held for sale due to rescinding preliminary agreements for the sale of properties (PLN 6.7m).

► DEVELOPMENT INVENTORIES



- Sale of apartments, recognized due to the conclusion of final agreements for apartment title transfer (Q2 2016: 16, Q1 2016: 15).
- PLN 0.3m in expenditure related to new projects, mainly Prymasa Tysiąclecia.
- As at March 30, 2016, there were 11 apartments built on inventory; 9 of these had developer sales agreements in place.

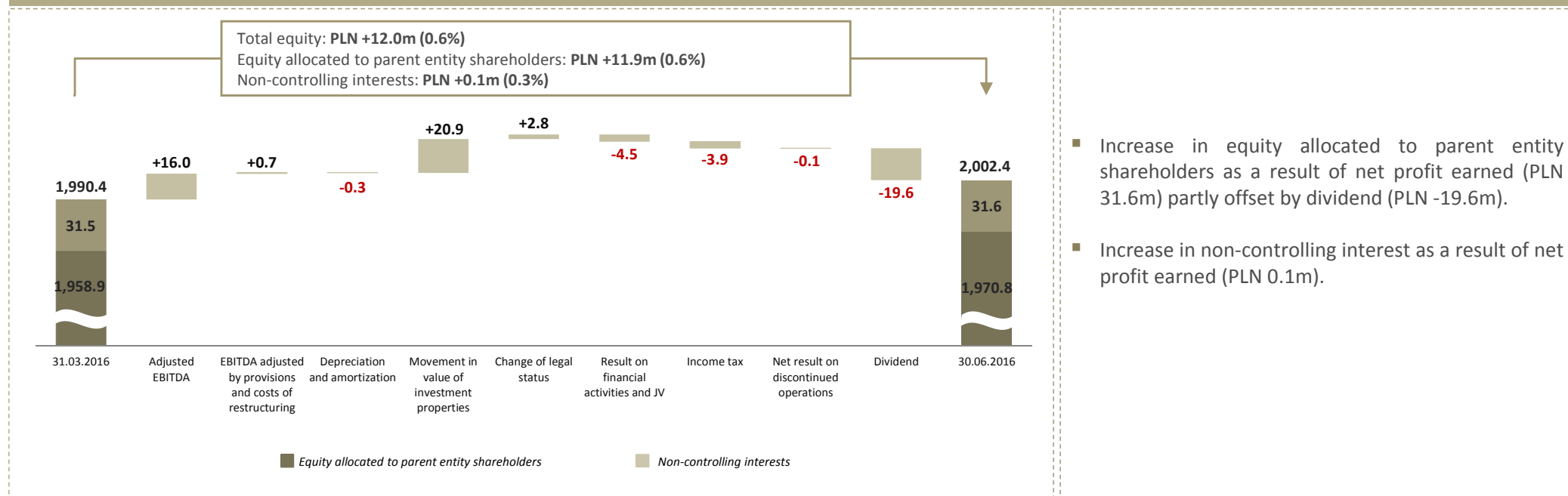
EQUITY AND DEBT



POLSKI HOLDING
NIERUCHOMOŚCI S.A.

[PLN million]

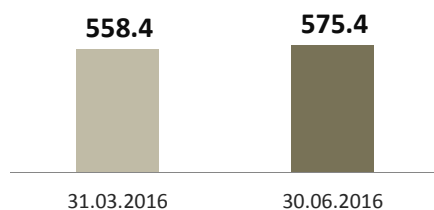
► Equity



► Debt and LTV

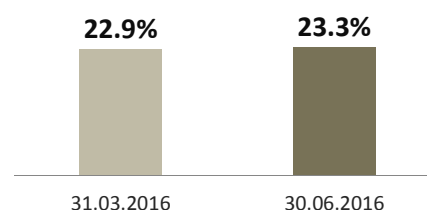
Debt

[PLN million]



LTV (loan-to-value ratio)

[%]

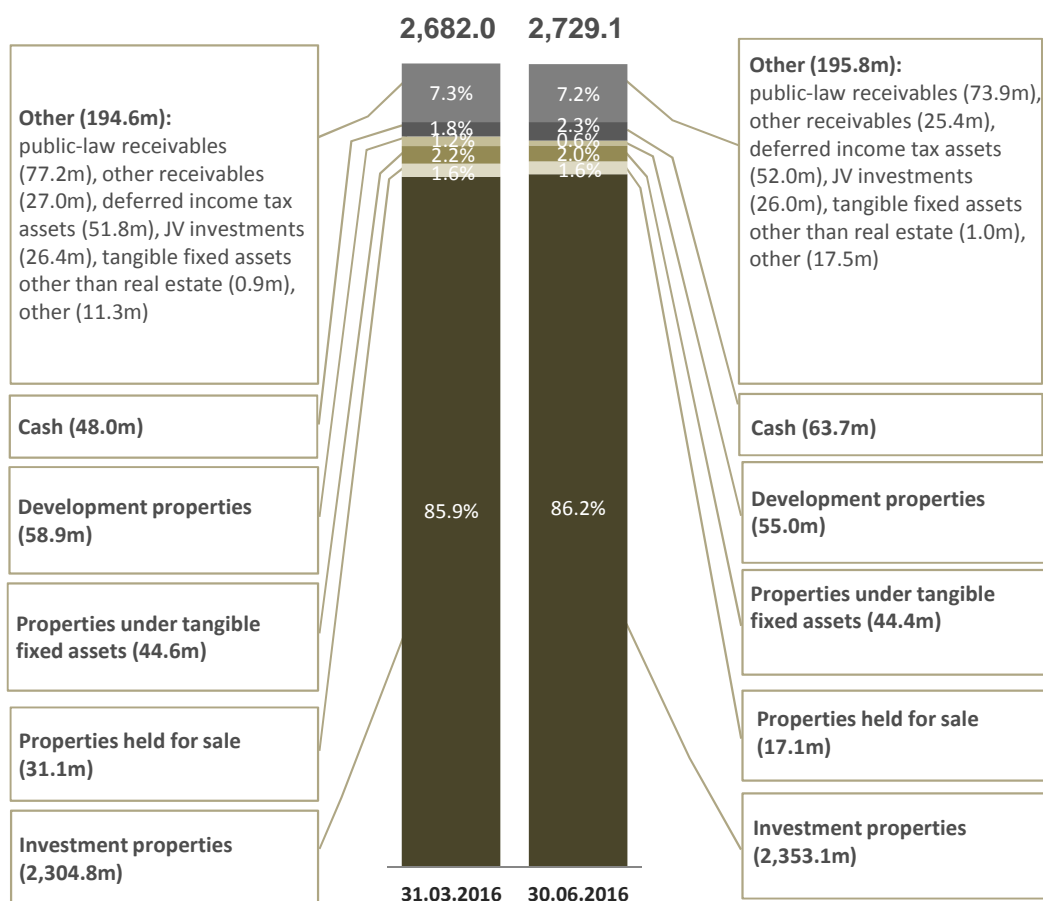


- Debt due to loans PLN 575.2m, including 76% in EUR (PLN 437.2m) and 24% in PLN (PLN 138.0m), and car fleet leasing PLN 0.2m.
- Bank loans for financing Alchemia II, Andersia Business Centre, Domaniewska and Kaskada properties.
- Increase in debt by PLN 17.0m, mainly as a result of change of the EUR/PLN exchange rate.

STRUCTURE OF ASSETS AND LIABILITIES

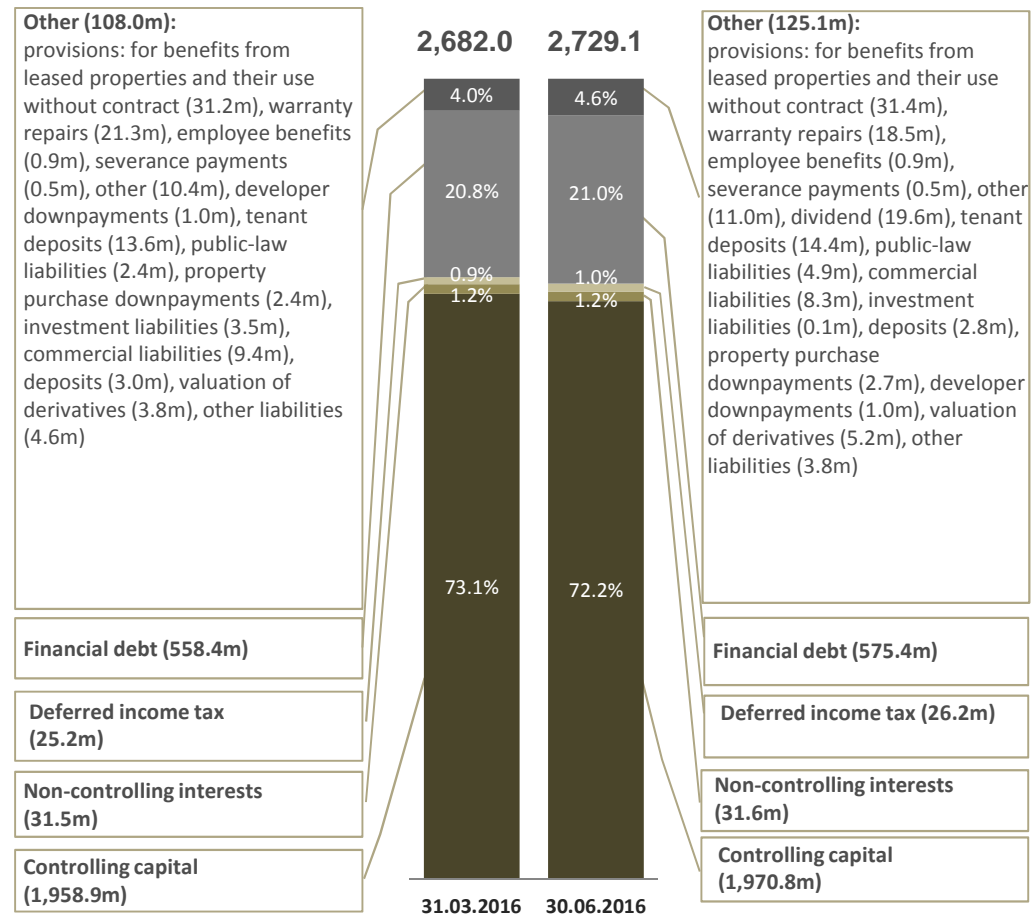
[PLN million]

▶ ASSETS



- Increase in the total value of properties by PLN 30.2m, mainly as a result of expenditure (PLN 3.6m) and movement in value (PLN 35.3m), recognition under assets due to change in legal status (PLN 2.8m), partly offset by sale (PLN 11.5m).

▶ LIABILITIES



- Increase in liabilities mainly as a result of liability due to dividend payment (PLN 19.6m).
- Increase in debt by PLN 17.0m to 21% of assets mainly as a result in 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

Polski Holding Nieruchomości S.A.
00-124 Warszawa, al. Jana Pawła II 12
phone +48 22 850 91 00, fax +48 22 850 91 01
www.phnsa.pl

NIP 525-250-49-78, KRS 0000383595, REGON 142900541



Presentation of consolidated financial results for H1 2016:

4) ADDITIONAL INFORMATION



POLSKI HOLDING
NIERUCHOMOŚCI S.A.

► WARSAW OFFICE MARKET

■ **ABSORPTION** Q2 2016 [sq.m.]: **141,200** Q1 2016: 12,800

■ **NEW SPACE** Q2 2016 [sq.m.]: **237,000** Q1 2016: 112,900

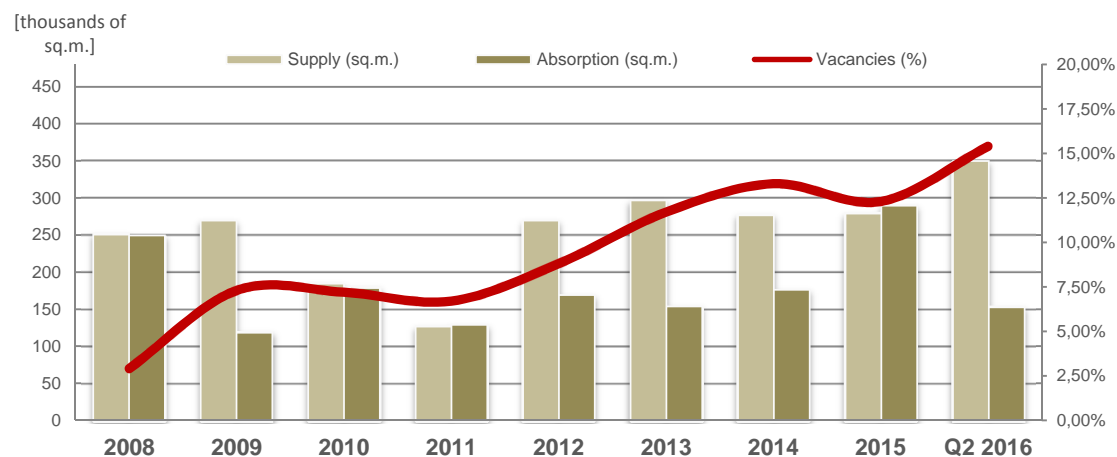
■ **TOTAL RESOURCES** Q2 2016 [millions of sq.m.]: **4.98** Q1 2016: 4.75

■ **VACANCIES** Q2 2016 [sq.m.]: **768,213** Q1 2016: 669,750

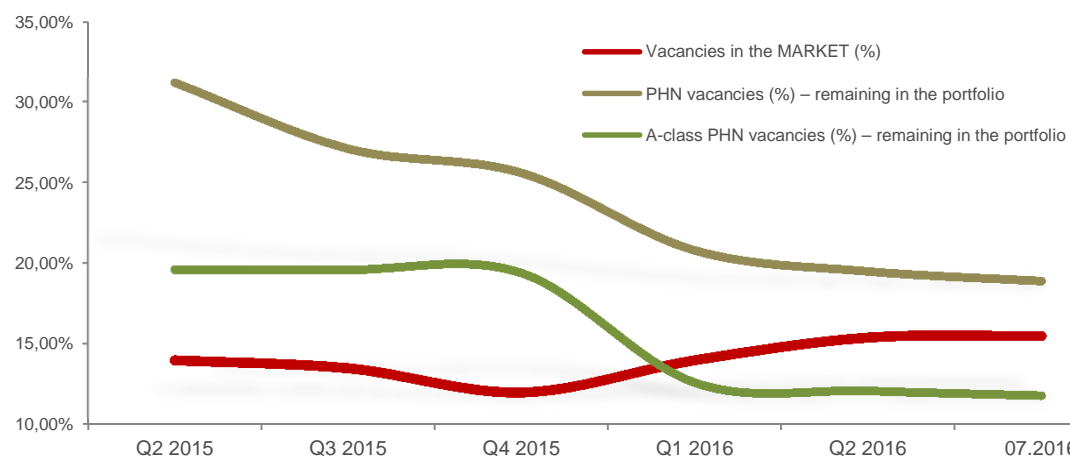
■ **AVERAGE VACANCY RATIO** Q2 2016 [%]: **15.4** Q1 2016: 14.1

■ **PRE LET Q2 2016** [(%) / NEW SPACE]: **11** Q1 2016: 24

► ABSORPTION OF NEW SPACE AND THE VACANCY RATIO



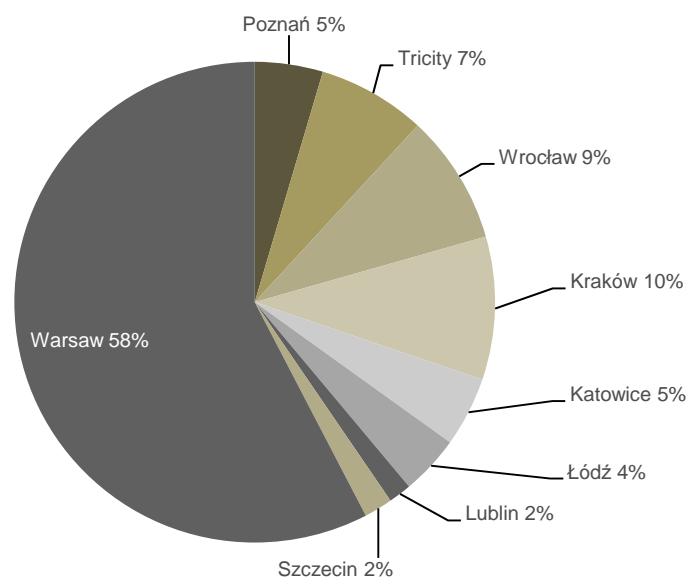
► VACANCIES IN THE MARKET vs. VACANCIES AT PHN



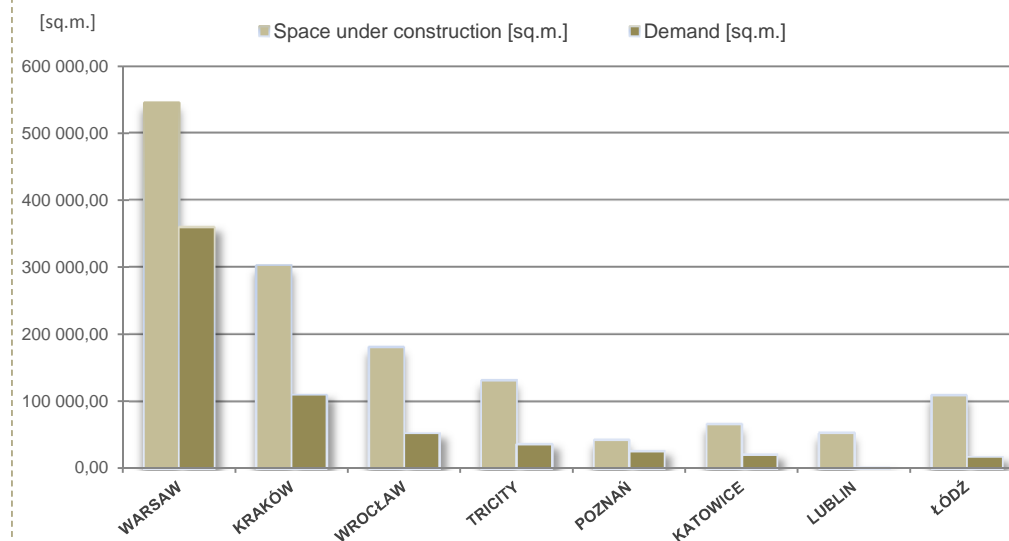
* Source: Own materials based on data from CBRE Sp. z o.o. website and JLL, Rynek Biurowy 2 kw. 2016 (Office market in Q2 2016)

CITY	OFFICE SPACE RESOURCES [sq.m.]	SPACE UNDER CONSTRUCTION [sq.m.]	DEMAND [sq.m.]	RENTAL RATES [EUR/sq.m./month]
WARSAW	4,988,400	545,000	360,100	21–23.5/11–18
KRAKÓW	832,900	303,000	110,100	13.6–14.5
WROCŁAW	757,100	181,400	52,500	14–14.5
TRI-CITY	629,300	132,100	36,700	12.75–13.5
POZNAŃ	395,700	43,300	26,300	13.9–14.4
KATOWICE	404,400	66,700	20,900	12.4–13.5
LUBLIN	132,600	53,500	1,450	11–12
ŁÓDŹ	347,200	109,600	17,900	11.5–12.9

► MODERN OFFICE SPACE



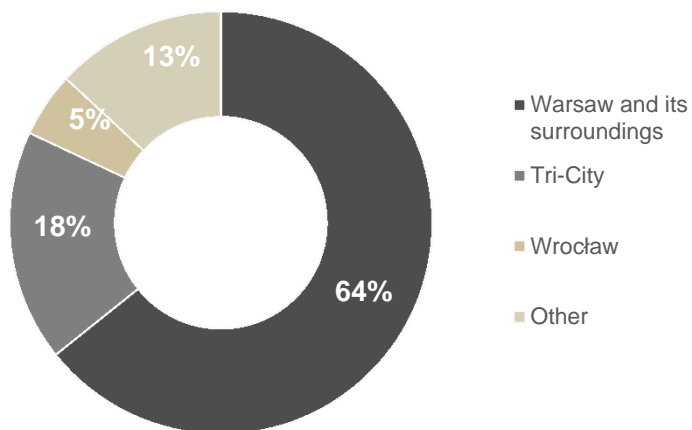
► SPACE UNDER CONSTRUCTION AND DEMAND



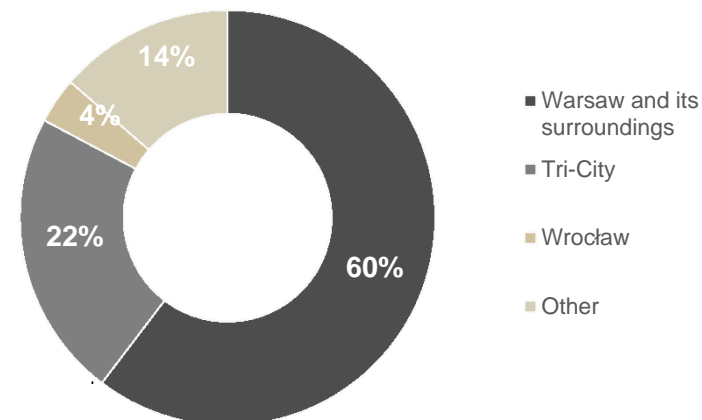
* Source: CBRE, Warszawski Rynek Biurowy, 2. kwartał 2016 (Warsaw Office Market in Q2 2016); JLL, Rynek Biurowy 2 kw. 2016 (Office Market in Q2 2016)

REAL ESTATE PORTFOLIO AS AT JUNE 30, 2016

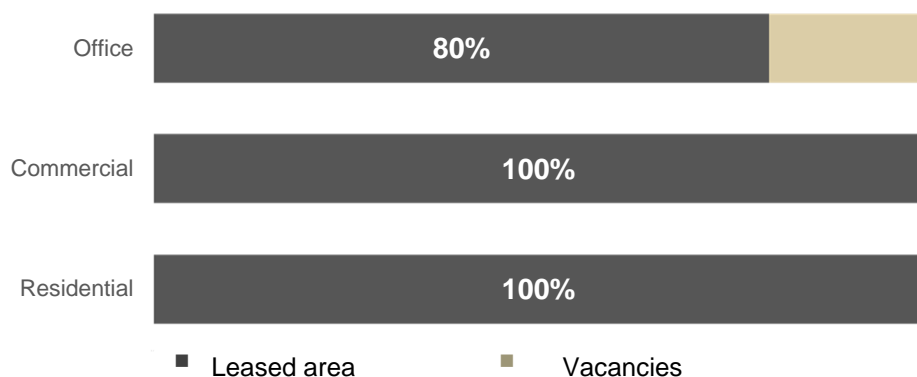
► GEOGRAPHIC STRUCTURE OF THE REAL ESTATE PORTFOLIO [of fair value]



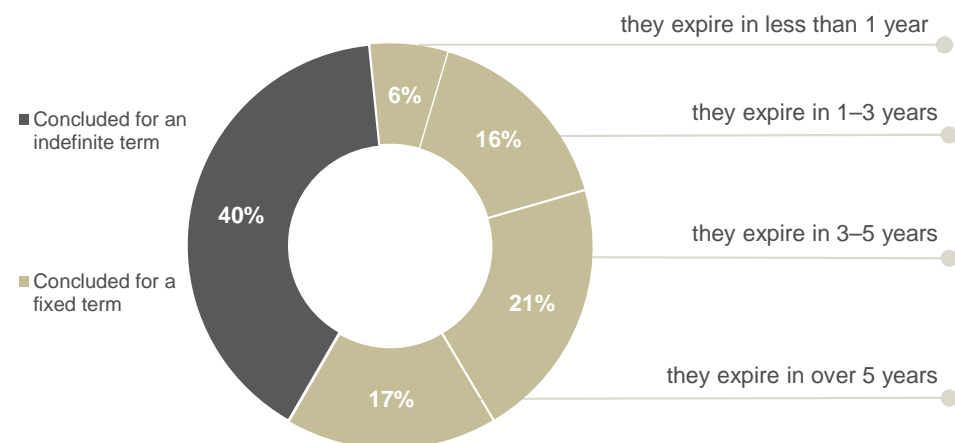
► GEOGRAPHIC STRUCTURE OF SEGMENTS: REMAINING AND PROJECTS [% of fair value]



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



► TENANTS STRUCTURE BY CONTRACT TERM [% GLA]



CONTINUED OPERATIONS – RESULT

[PLN million]	Q2 2016	Q1 2016
Sales revenue	48.0	40.6
Operating expenses	(24.6)	(23.9)
Gross sales result	23.4	16.7
Selling and administrative expenses	(8.0)	(7.2)
<i>One-off costs (Group restructuring)</i>	<i>0.6</i>	<i>0.1</i>
Adjusted selling and administrative expenses	(7.4)	(7.1)
Net sales result	15.4	9.5
Adjusted net sales result	16.0	9.6
Movement in fair value of investment properties, and result at sale	20.9	2.8
Other revenues	5.6	2.7
Other expenses	(1.8)	(1.8)
Operating result	40.1	13.2
<i>Movement in fair value of investment properties, and result at sale</i>	<i>(20.9)</i>	<i>(2.8)</i>
<i>Change of legal status of properties</i>	<i>(2.8)</i>	<i>-</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(1.3)</i>
Adjusted operating result	15.7	9.2
<i>Movement in fair value of investment properties, and result at sale</i>	<i>(20.9)</i>	<i>(2.8)</i>
<i>Change of legal status of properties</i>	<i>(2.8)</i>	<i>-</i>
Depreciation and amortization	0.3	0.3
EBITDA	16.7	10.7
<i>One-off costs (Group restructuring)</i>	<i>0.6</i>	<i>0.1</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(1.3)</i>
Adjusted EBITDA	16.0	9.5

- adjustments

RENTAL – SEGMENT RESULT

[PLN million]	Q2 2016	Q1 2016
Sales revenue	40.4	33.6
Operating expenses	(18.7)	(18.2)
Gross sales result	21.7	15.4
Selling and administrative expenses	(6.4)	(5.2)
<i>One-off costs (Group restructuring)</i>	<i>0.6</i>	<i>0.1</i>
Adjusted selling and administrative expenses	(5.8)	(5.3)
Net sales result	15.3	10.2
Adjusted net sales result	15.9	10.1
Movement in fair value of investment properties, and result at sale	20.9	2.8
Other revenues	5.4	2.7
Other expenses	(1.8)	(1.8)
Operating result	39.8	13.9
<i>Movement in fair value of investment properties, and result at sale</i>	<i>(20.9)</i>	<i>(2.8)</i>
<i>Transfer from assets with unregulated legal status</i>	<i>(2.8)</i>	<i>-</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(1.3)</i>
Adjusted operating result	15.4	9.9
<i>Movement in fair value of investment properties, and result at sale</i>	<i>(20.9)</i>	<i>(2.8)</i>
<i>Transfer from assets with unregulated legal status</i>	<i>(2.8)</i>	<i>-</i>
Depreciation and amortization	0.2	0.2
EBITDA	16.3	11.3
<i>One-off costs (Group restructuring)</i>	<i>0.6</i>	<i>0.1</i>
<i>Movement in provision for claims from previous years</i>	<i>(1.3)</i>	<i>(1.3)</i>
Adjusted EBITDA	15.6	10.1

- adjustments

OTHER OPERATIONS AND UNALLOCATED ITEMS – RESULT

[PLN million]

► DEVELOPMENT – SEGMENT RESULT

	Q2 2016	Q1 2016
Sales revenue	5.3	5.4
Operating expenses	(4.2)	(4.2)
Gross sales result	1.1	1.2
Selling and administrative expenses	(0.7)	(0.9)
Net sales result	0.4	0.3
Operating result	0.4	0.3
EBITDA	0.4	0.3
Adjusted EBITDA	0.4	0.3

► OTHER OPERATIONS – RESULT

	Q2 2016	Q1 2016
Sales revenue	2.3	1.6
Operating expenses	(1.7)	(1.5)
Gross sales result	0.6	0.1
Net sales result	0.6	0.1
Operating result	0.6	0.1
Depreciation and amortization	0.1	0.1
EBITDA	0.7	0.2
Adjusted EBITDA	0.7	0.2

► UNALLOCATED ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q2 2016	Q1 2016
Selling and administrative expenses	(0.9)	(1.1)
Net sales result	(0.9)	(1.1)
Other revenues	0.2	-
Operating result	(0.7)	(1.1)
EBITDA	(0.7)	(1.1)
Adjusted EBITDA	(0.7)	(1.1)



POLSKI HOLDING NIERUCHOMOŚCI S.A.

Polski Holding Nieruchomości S.A.

00-124 Warsaw, al. Jana Pawła II 12
phone +48 22 850 91 00, fax +48 22 850 91 01
www.phnsa.pl

NIP 525-250-49-78, KRS 0000383595, REGON 142900541