

Prestigious addresses on the commercial map of Warsaw



Consolidated financial results for H1 2013



**POLSKI HOLDING
NIERUCHOMOŚCI S.A.**

**Presentation
3 September 2013**

Participants in today's meeting



Paweł Laskowski-Fabisiewicz

Deputy President of the
Management Board



Włodzimierz Stasiak

Member of the Management
Board, CFO



- **Key achievements in H1 2013**

- **Market environment**

- **Financial results**

- **Additional information**



PHN Group in numbers as at 30.06.2013

RENTAL REVENUES (PLN million):

68.2

In H1 2013 the Group maintained stable rental results of PLN 68.2 million as compared to PLN 69.9 million in H1 2012

GROUP ASSETS (PLN million):

2.254.8

As at 30 June 2013 Group assets amounted to PLN 2.254.8 million. Investment properties accounted for 84% of total assets.

GROSS RENTAL SPACE (m²):

305.605

The Group holds totally 305.605 m² of gross rental space (office, commercial, logistics, residential and other space)

GROUP PROPERTY PORTFOLIO:

151

As at 30 June 2013 the property portfolio in Group assets covers totally 151 properties

HEADCOUNT:

285

As a result of the restructuring, the headcount in the Group was reduced to 285 employees from 744 as at the end of 2011.

LAND PROPERTIES (ha):

1.186

As at 30 June 2013, the PHN Capital Group held totally 1.186 ha of land properties.



Achievements of the PHN Group in 2013 (1/2)

- ✓ Polski Holding Nieruchomości S.A. had a success debut at the Warsaw Stock Exchange. The offer met with a good response on the part of investors. Starting from 24 June 2013, in line with the quarterly update of index participants made after the session of 21 June 2013, **the shares of PHN SA, by decision of WSE, have been listed in the sWIG 80 index**. The revision was the first since the debut of PHN S.A. at WSE on 13 February 2013.
- ✓ The Group **continued with success its restructuring in line with the strategy** – improved operating effectiveness in the core business and on other areas.
- ✓ Systematic improvement of economic effectiveness measured with a **growth of profit on rental by 15% and an almost three-fold increase of net profit on net sales** for the first half of 2013 in relation to the comparable period (from PLN 4.4 million PLN to PLN 19.0 million). The generated results are an effect of:
 - cost reduction due to restructuring of employment
 - centralisation of the management function
 - discontinuation of non-profitable lines of business not related to property rental
- ✓ **Reduction of administrative costs in H1 2013 by as much as PLN 7.2 million (y/y)** (lower restructuring costs of the Group and expenses related to IPO).
- ✓ As a result, improvement of **EBITDA* by PLN 15.9 million (y/y) and adjusted EBITDA** by PLN 4.5 million (y/y)**.

* EBITDA – result on operations adjusted with changes to fair value of properties, depreciation/amortisation, impairment write downs to properties in tangible fixed assets and inventories.

** adjusted EBITDA – EBITDA adjusted for one-off costs: costs of IPO, cost of Group establishment and restructuring, severance pay to laid-off employees, provision for damages for properties commissioned with delay and for warranty repairs, costs for non-contractual use of properties



Achievements of the PHN Group in 2013 (2/2)

- ✓ **Disinvestment process commenced with success** (one preliminary contract was concluded and after the balance sheet date one preliminary contract and one final contract were concluded).
- ✓ In H1 2013 the Foksal and Rakowiecka projects were continued and the Domaniewska 37C project was commenced (**total investment outlays of PLN 7.3 million**). A construction design has been developed and an application for a building permit has been filed for the Domaniewska project.
- ✓ In the Wrocław Industrial Park project (JV with Segro B.V.) **the first lease contract with DPD became effective** for about 7 thousand m².
- ✓ Additionally, **preparatory work was continued for another 8 projects**. In the Dalmor projects (Fishing Port), Parzniew, Lućmierz and PHN Tower work as continued to attract partners for the projects. Further work was performed **to develop utilities for the Lewandów site in Warsaw** – as a result it will be possible to progress negotiations with potential clients.



Achievements of the PHN Group after the balance-sheet date

- ✓ In August 2013, Intraco S.A. contributed an **enterprises composed of a set of tangible and intangible assets for business operations, to SPV**. As a result of the transaction, requirements were satisfied of IAS 12 § 39 and consistently in Q3 2013 the Group will reverse the deferred income tax provision of PLN 19.6 million.
- ✓ Warszawski Holding Nieruchomości S.A. and Budexpo Sp. z o.o. have convened Extraordinary General Meetings the agendas of which include **voting on contribution of selected properties held by those companies to SPV**. The contribution by WHN S.A. and Budexpo Sp. z o.o. of the selected properties to SPV, planned for September 2013, is related to complying with the requirements of IAS 12 § 39 as a result the deferred income tax provision on the contributed properties will be reversed in Q3 2013.



Implementation of strategic objectives

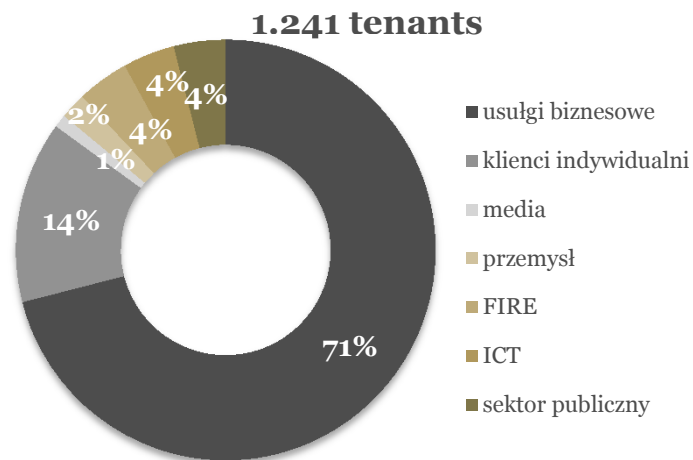
	IMPLEMENTATION	OBJECTIVES
A Change of the Capital Group structure	✓ Commencement to the change process of Group structure: contribution of the business of Intraco to PHN SKA and preparation to the contribution of other PHN SKA for further allocation to SPV.	➤ Adjustment of the Group structure to business needs and market standard and allocation of properties with development potential to SPVs to generate dividend potential.
B Reduction of corporate fixed costs	✓ Optimisation of the corporate structure with centralised functions at the holding level. Reduced headcount from 872 to 285 employees as at 30 June 2013.	➤ Further improvement of operating effectiveness by reducing the number of staff to almost 100 over 3-4 years.
C Active resource management – increase of net operating profit	✓ A 15 % growth of gross rental profit from PLN 32.6 million in H1 2012 to PLN 37.4 million in H1 2013 (by PLN 4.8 million y/y).	➤ Extension of rental contracts in line with market trends, reduced of unoccupied space and settlement of the actual operating costs of rented space by tenants.
D Sale of non-core assets	✓ First contracts signed: contract for the sale of properties and two preliminary contracts for the sale of other properties.	➤ Optimisation of the portfolio structure by sale of over 90 non-core assets – the total value of those assets is about PLN 0.7 billion (sale of one half of the assets over 3-4 years, all over 6-7 years).



Structure of tenants of the PHN Group as at 30.06.2013

Portfolio* - split by the number of tenants

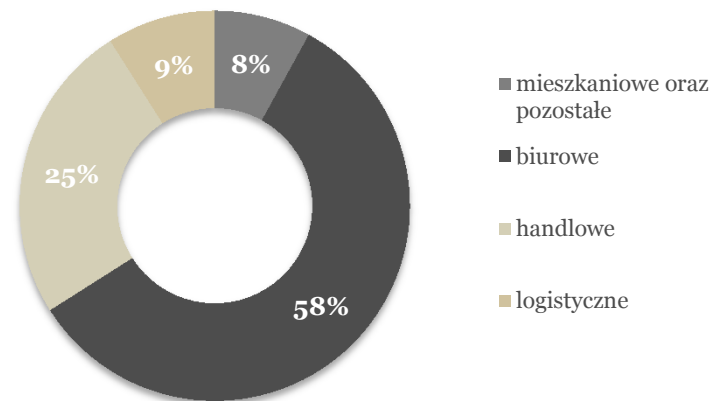
% of total



* the item does not include 22 properties with unregulated legal status

Characteristics of tenants

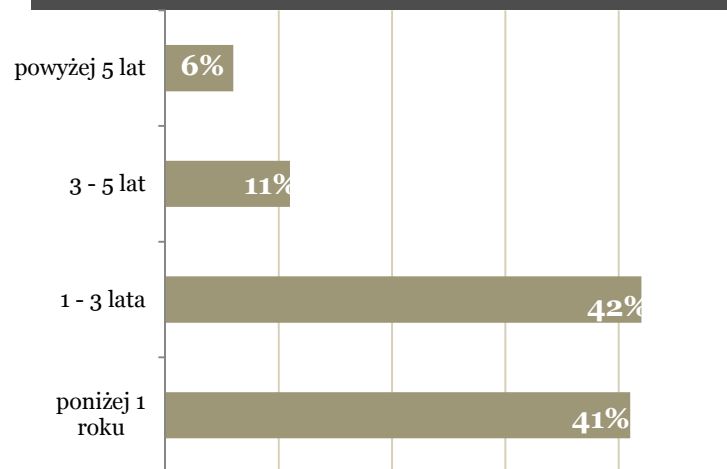
% of total



FIRE – financial, insurance services and real estate sector
ICT – IT, communication and technology

Rental period *

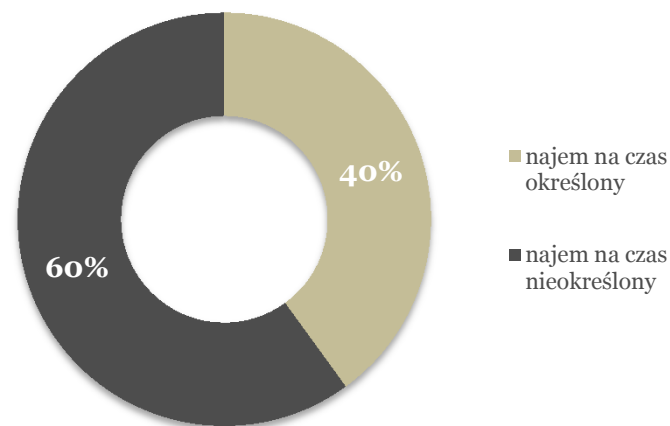
% GLA



* the item does not include 22 properties with unregulated legal status

Details of rental closing periods

% of contracts for a specified period of time



- **Key achievements in H1 2013**

- **Market environment**

- **Financial results**

- **Additional information**



Market environment and development prospects

- According to the recent publication by Consensus Economics Forecast, **Poland's GDP in 2013 will grow by 1.1% which will be slower than last year.** However, for 2014 an economic recovery is expected and GDP is to grow by 2.5%. (*Jones Lang LaSalle, [Polish market of office properties after Q2 2013](#)*)
- Experts of the National Bank of Poland **also project economic growth in 2013 at 1.1%.** Forecasts by analysts of major financial institutions in Poland also expect about 1%. (*Colliers International, [Review of commercial properties in Poland - H1 2013](#)*)

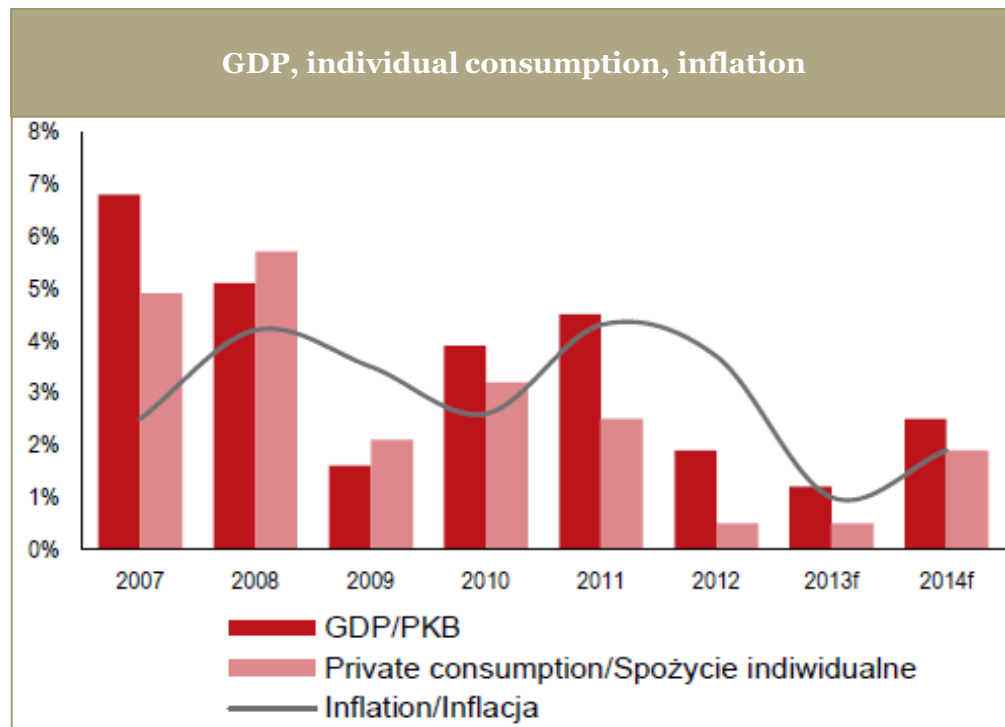
- **The total value of investments in the first half of 2013 was EUR 1.05 billion** (EUR 830 million in the equivalent period last year). (*Colliers International, [Review of commercial properties in Poland - H1 2013](#)*).
- **A majority of the transactions were carried out by foreign investors.** (*Jones Lang LaSalle, [Polish market of office properties after Q2 2013](#)*)

- In the first half of 2013 the **office space market in Warsaw was characterised by moderate demand.** (*Jones Lang LaSalle, [Polish market of office properties after Q2 2013](#)*)
- After the commissioning of over 150 000 m² of office space in the first half 2013, the resources in Warsaw exceeded four million m². (*DTZ, Report Poland Q2 2013*)
- The average value of transactions in the central part of Warsaw was 691 m², outside the centre - 1 120 m². (*Colliers International, [Review of commercial properties in Poland - H1 2013](#)*)



Poland's macroeconomic condition

According to the recent publication by Consensus Economics Forecast, **Poland's GDP in 2013 will grow by 1.1% which will be slower than last year.** However, for 2014 an economic recovery is expected and GDP is to grow by 2.5%. (Jones Lang LaSalle, [Polish market of office properties after Q2 2013](#))



Source: GUS; Consensus Economics z Jones Lang LaSalle, Q2 2013



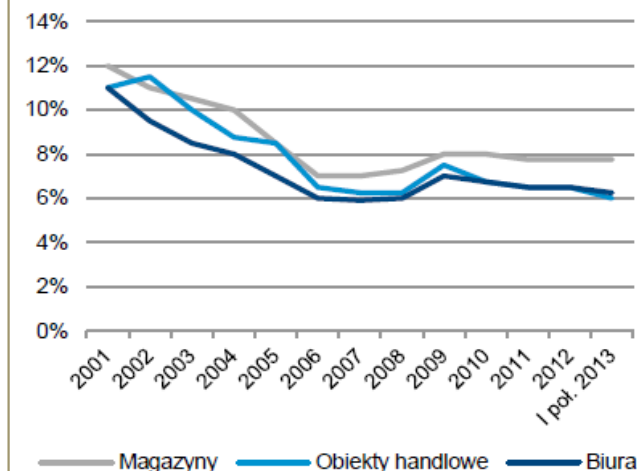
Source: Jones Lang LaSalle, Q2 2013



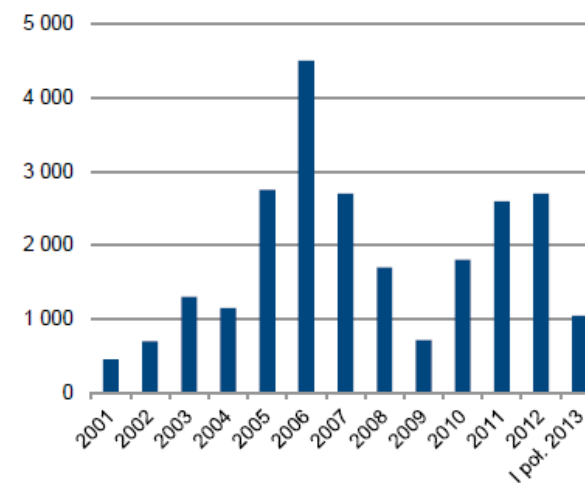
Office property market – Poland

- **The demand for office space in Poland** recorded in the first two quarters was about 522 000 m². (Colliers International, [Review of commercial properties in Poland - H1 2013](#))
- **Transactions in the Warsaw office market accounted for 64%** of the registered volume. The most intense activity was in Kraków and Wrocław among the regional cities. (Colliers International, [Review of commercial properties in Poland - H1 2013](#)).
- The new supply to the market in the first half of 2013 was about 310 000 m² and as a result, the **total resources of office space in Poland exceeded 6 million m²**. Over one million m² is under construction. (Colliers International, [Review of commercial properties in Poland - H1 2013](#))
- The ratio of unoccupied space for all office markets in Q2 2013 in Poland grew up to 10.7%. That resulted from **increased activity by tenants**. (DTZ, [Report Poland Q2 2013](#))
- **The total value of investments in the first half of 2013 was EUR 1.05 billion** (EUR 830 million in the equivalent period last year). (Colliers International, [Review of commercial properties in Poland - H1 2013](#))

Rates of return on the best properties in Poland



Transaction volume (EUR million)



Source: Colliers International



Office property market - Warsaw

- **Demand for office space:**

In the first half of 2013 the office space market in Warsaw was characterised by moderate demand.

- **Supply of office space:**

In 2013 the largest volume of new office space is to be delivered to the market since 2000. As much as 336 000 m² of office space is to be completed (of which about 188 000 m² in H2 2013). The estimates have it that about 270 000 m² of modern office space will be delivered to the market in 2014 of which 23% in the Centre.

- **Unoccupied space ratio:**

The unoccupied space ratio has been growing and at the end of Q2 reached 10.5%. In the Centre (COB and Centre surrounding) the ratio has been stable in comparison with the previous quarter at 9.9%. Upward pressure has been noted outside the Centre where the unoccupied space ratio grew up to 10.8%.

- **Lease rents:**

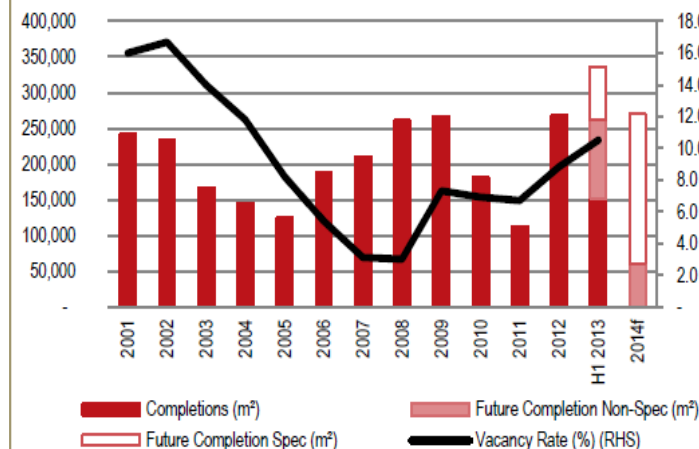
The growing volumes of unoccupied space exert pressure in highest transactional prices which decreased in the Centre to €22-24/m²/monthly and outside the Centre, e.g. in Mokotów to € 14.50-14.75/m²/monthly.

Source: Jones Lang LaSalle, Q2 2013



POLSKI HOLDING
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New supply of office space (m²) and unoccupied space ratio (%)



Short-term rent change cycle



- **Key achievements in H1 2013**

- **Market environment**

- **Financial results**

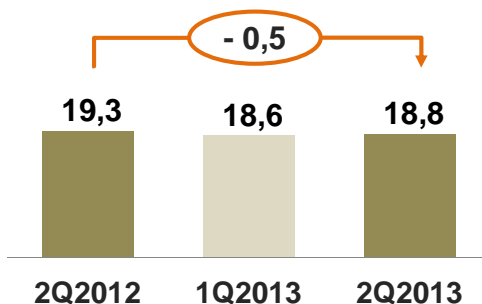
- **Additional information**



Good sales results

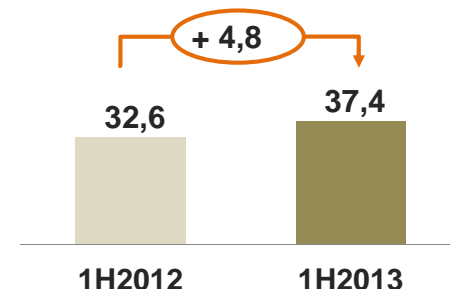
[PLN million]

Result on rental

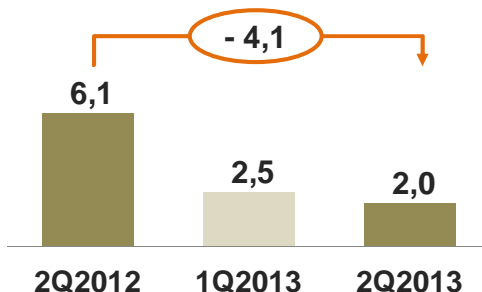


Maintenance of the current results on rental despite decreasing revenues resulting from economic slowdown and growing demand.

The major improvement of the results in H1 y/y by PLN 4.8 million (15%) as a result of reduced costs by PLN 6.5 million (17%) with reduced revenues by PLN 1.7 million (2%).



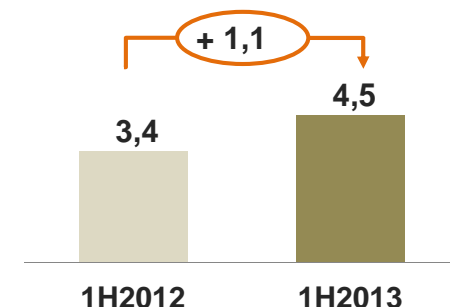
Result on development activities



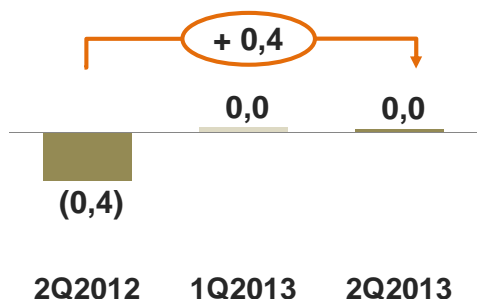
The change of the result in H1 y/y was the net effect of

- conclusion in H1 2013 of a lower number of final contracts transferring title to apartments,
- lower margin (H1 2013: 27%; H1 2012: 37%),
- higher provisions for warranty repairs and damages than in 2012 (H1 2012: PLN 7 million; H1 2013: PLN 0.5 million),
- impairment write-down on inventories in 2013: PLN 1.9 million

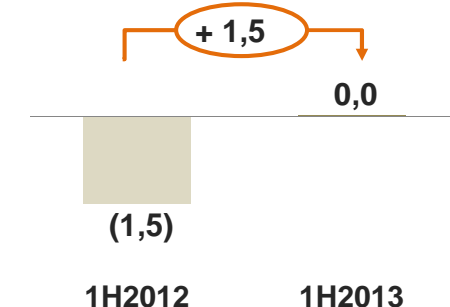
Improved sales dynamics of apartments (H1 2013: 35; H1 2012: 25).



Result on other activities



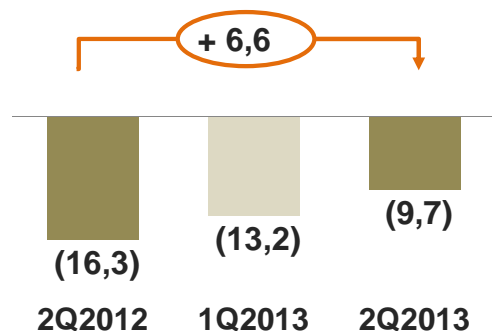
Reduction of loss on other business as a result of a consistent implementation of the strategy to concentrate on core business and discontinue non-core business inherited in the companies that make up the PHN Capital Group.



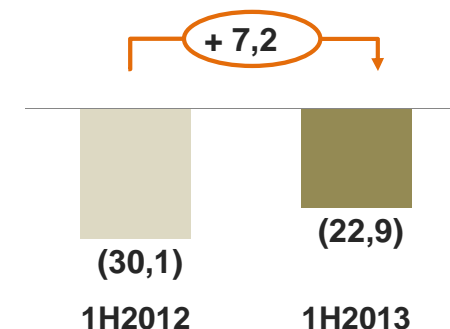
Further reduction of administrative costs and improved net profit on sales

[PLN million]

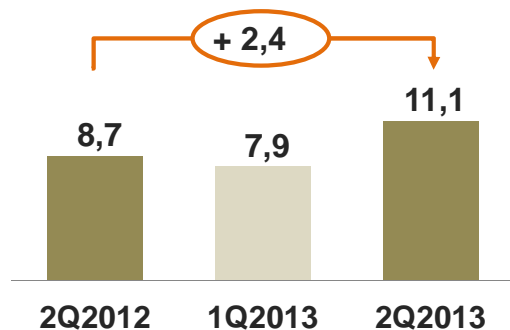
Administrative costs



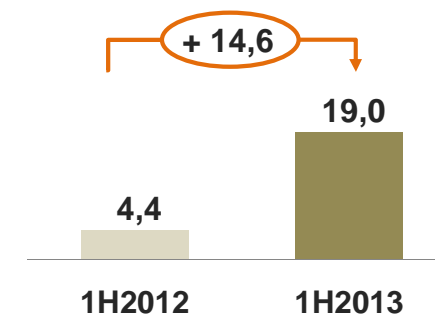
Major reduction of administrative expenses in H1 y/y by PLN 7.2 million (24%) as a result of consistent operational restructuring, including centralisation of management and headcount reduction. After an adjustment for the costs of Group establishment and restructuring and costs of IPO, the reduction of administrative expenses in H1 y/y was PLN 6.0 million (23%).



Net profit on sales



Net profit on sales was almost fourfold in relation to the comparable period in 2012 – growth in H1 y/y by PLN 14.6 million as a result of an improved gross profit on sales by PLN 7.4 million and a reduction of administrative costs by PLN 7.2 million.



Systematic reduction of salary expenses

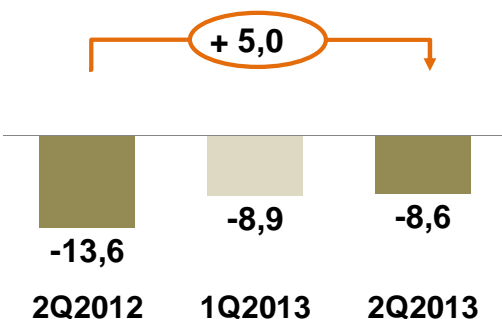
[PLN million]

Headcount (number of persons)

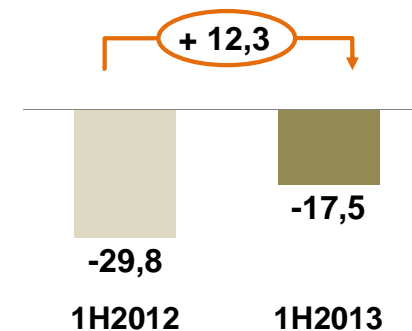


Reduced headcount by 459 persons (62%) over six quarters to 285 persons as at 30 June 2013.

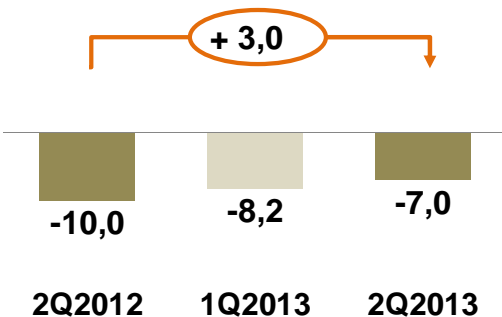
Salaries and benefits



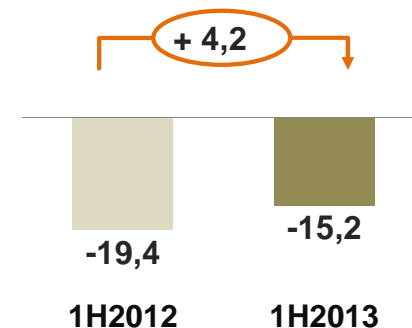
Reduction of salary and benefit costs in H1 y/y by PLN 12.3 million (41%) as a result of a consistent employment optimisation policy.



Third party services (without development activities)



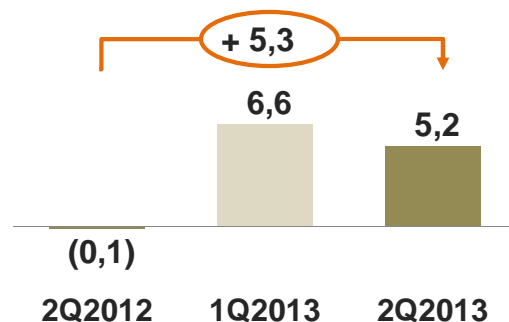
Maintained control over costs of external services despite a growth of outsourcing costs due to operational restructuring. A positive impact of the lower level of restructuring costs and IPO and repairs in 2013 – H1 y/y totally by PLN 4.3 million.



EBITDA growth

[PLN million]

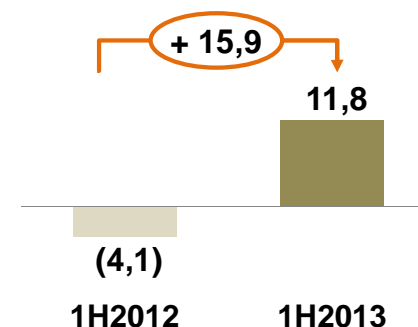
EBITDA



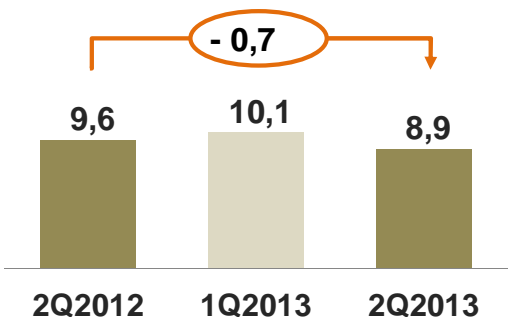
Increase of EBITDA in H1 y/y by PLN 15.9 million.

In Q2 2013 EBITDA was lower than in Q1 2013 by PLN 1.4 million (21%) with the highest net profit on sales by PLN 3.2 million, mainly as a net result of

- higher severance pay by PLN 1.2 million in Q2 2013 a provision of PLN 0.8 million for non-contractual use of a property with an unregulated legal status in Q2 2013,
- higher impairment write-downs by PLN 1.1 million
- higher provisions for claims for benefits in the rented properties by PLN 0.4 million,
- a partial reversal in Q1 2013 of the impairment write-down of land in inventory for PLN 1.5 million

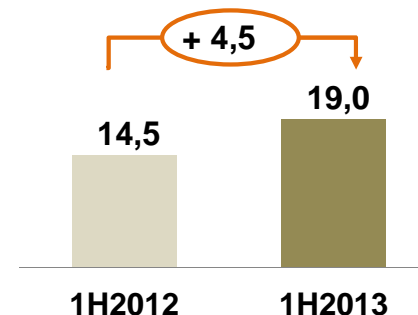


Adjusted EBITDA



The adjusted EBITDA was calculated with the inclusion of

- the costs of Group establishment and restructuring and costs of IPO (H1 2013: PLN 2.5 million, H1 2012: PLN 5.4 million),
- severance pay (H1 2013: PLN 3.4 million, H1 2012: PLN 6.2 million),
- additional provisions for warranty repair and damages in the development segment (H1 2013: PLN 0.5 million, H1 2012: PLN 7.0 million),
- non-contractual use of land (H1 2013: PLN 0.8 million; H1 2012: PLN 0).



EBITDA calculated as net result on sales reduced by other net income and costs, adjusted for impairment write-downs to tangible fixed assets and land as inventories and revaluation of inventories transferred to investment properties

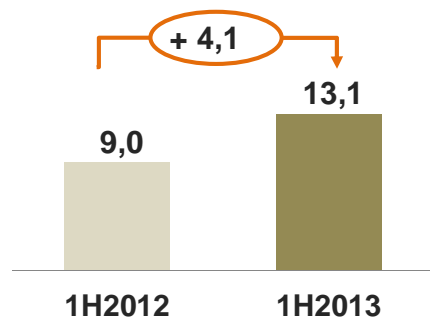
Adjusted EBITDA – EBITDA adjusted for costs of Group establishment and restructuring, costs of IPO, severance pay to laid-off employees, additional provision for warranty repairs and damages, costs for non-contractual use of properties.



Improved rental profitability ratios by EPRA

[PLN million]

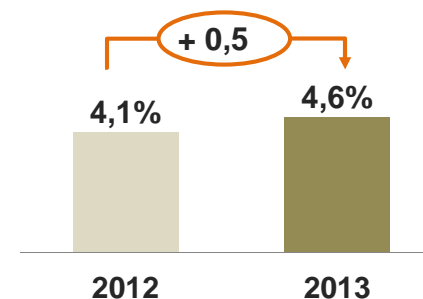
Net profit of rental segment by EPRA



	H1 2013	H1 2012
Net result in rental segment	(14.3)	(85.5)
Adjustments	25.9	98.0
Change to fair value of investment properties	31.0	120.2
Revaluation write-downs on properties in tangible fixed assets	1.0	0.8
Deferred income tax on the above adjustments	(6.1)	(23.0)
Net result of the rental segment by EPRA	11.6	12.5
Adjustments	1.5	(3.5)
One - off costs (IPO, Group establishment and restructuring)	0.4	1.7
Severance pay	3.2	4.3
Non-contractual use of properties	0.8	0.0
Interest on free liquidity	(3.1)	(4.5)
Current and deferred income tax on the above adjustments	(0.2)	(0.3)
Tax effect on contribution in kind to a subsidiary company	0.4	(4.7)
Adjustment net result of the rental segment by EPRA	13.1	9.0

* The net result of the rental segment is the result on operations of the segment (H1 2013: - PLN 19.3 million; H1 2012: - PLN 113.1 million) and including the result on financing activities (H1 2013: PLN 2.1 million; H1 2012: PLN 1.3 million) and income tax (H1 2013: PLN 2.9 million; H1 2012: PLN 26.3 million).

EPRA NIY**



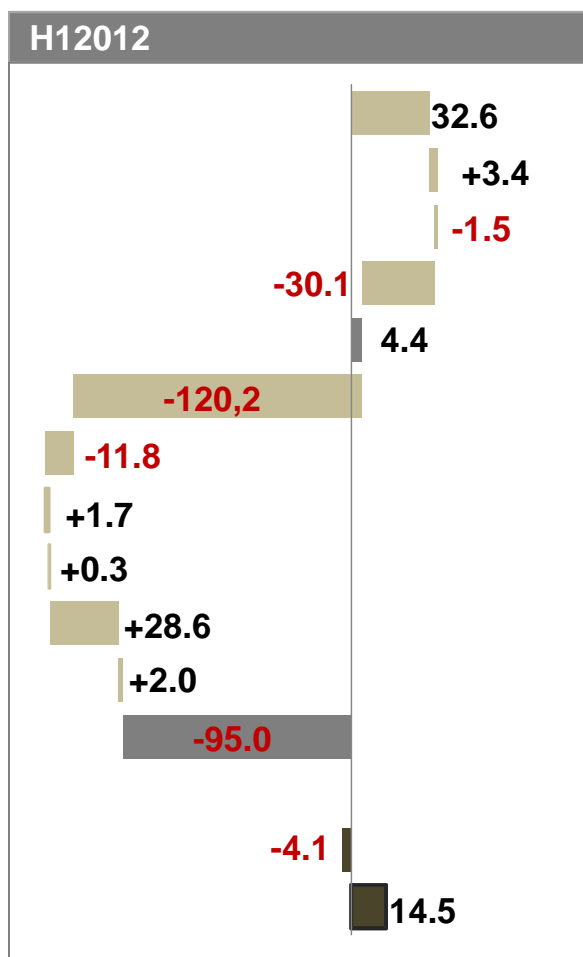
	2013A	2012
Investment properties as per the report on financial condition	1 906.3	1 911.5
Land and commercial development projects in performance	(502.7)	(501.5)
Investment properties generating rental revenues	1 403.6	1 410.0
Rental result as per the on statement of total income	74.8	69.5
Adjustments	(9.6)	(11.0)
Result generated by land and commercial development projects in performance	(1.3)	(0.9)
Result generated by properties with unregulated legal status	(9.9)	(9.9)
Result generated by properties with classified as available for sale	(0.0)	(0.6)
Exclusion of fit-out costs	1.6	0.4
Rental result by EPRA	65.2	58.5
EPRA NIY	4.6%	4.1%

** EPRA Net Initial Yield – calculated as the ratio of rent income reduced by uncollectible operational costs of properties (result) to the market value of properties; annualised for 2013.

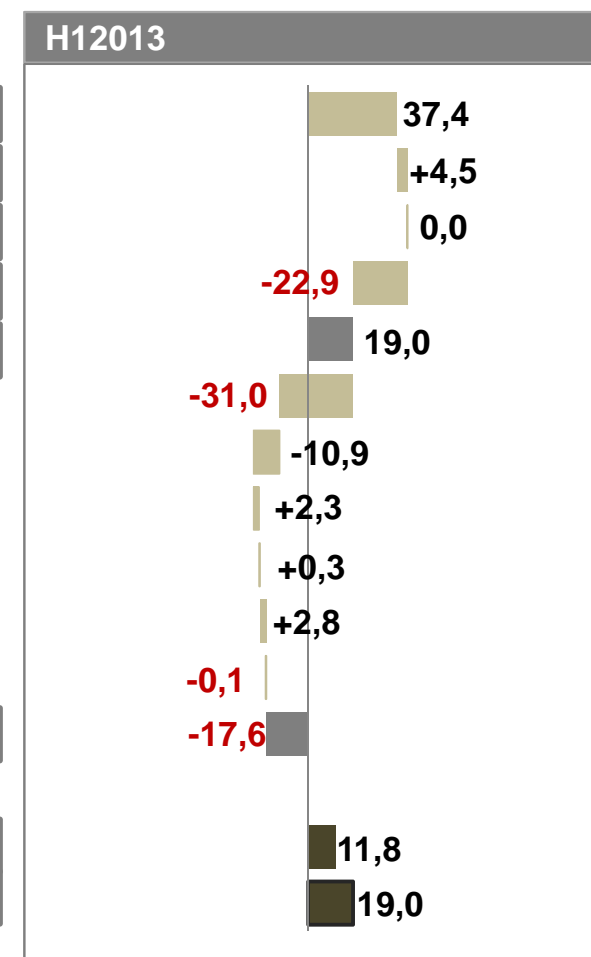


Improved P&L structure

[PLN million]



Profit on rental	✓
Result on development activities	✓
Result on other activities	✓
Administrative costs	✓
Net profit on sales	✓
Change in the value of investment properties	
Other net income and costs	
Net financial income and costs	
Share in JV	
Income tax	
Result on discontinued business	
Net profit	✓
EBITDA	✓
Adjusted EBITDA	✓



EBITDA and adjusted EBITDA without discontinued business

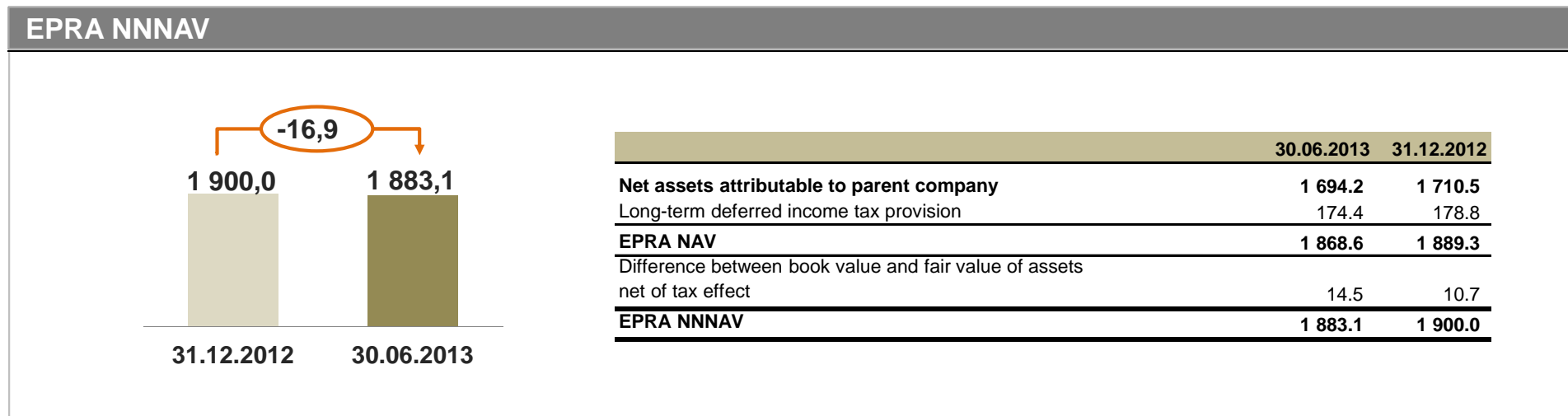
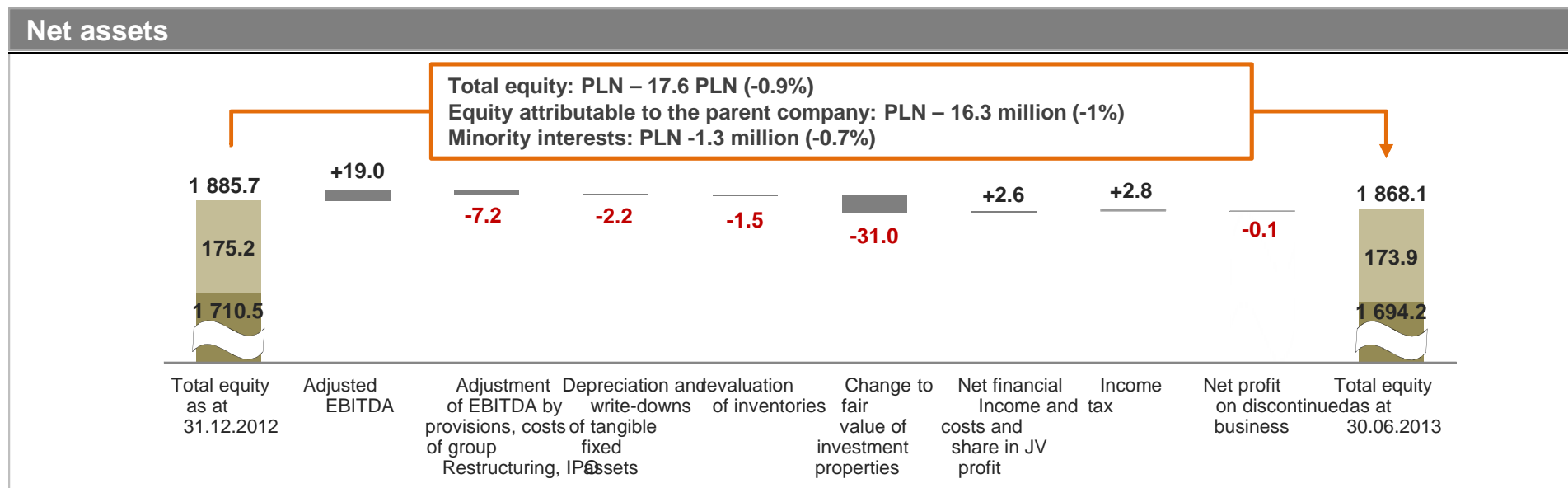
- Gross profit on sales: PLN +7.4 million (21%)
- Administrative costs: PLN +7.2 million (24%)
- Net profit on sales: PLN +14.6 million (332%)

- Net profit: PLN +77.4 million (81%)
- EBITDA: PLN +15.9 million
- Adjusted EBITDA: PLN +4.5 million (31%)



Reduction of equity

[PLN million]



Increased balance of investment properties

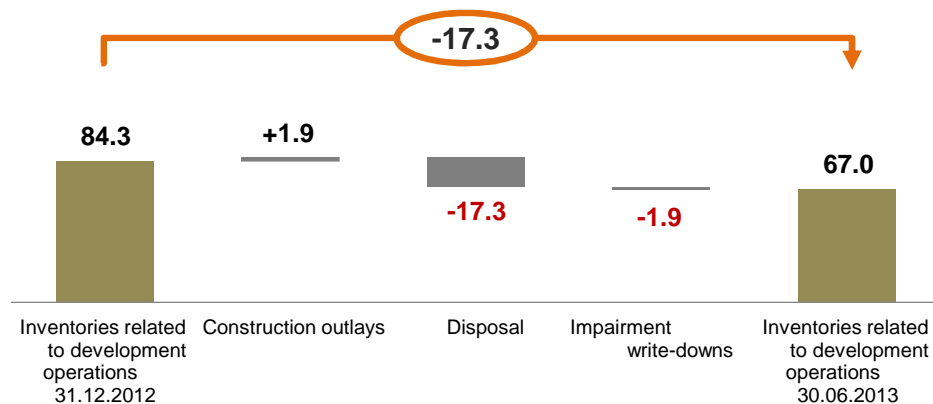
[PLN million]

Investment properties



- PLN 7.3 million of the outlays related to the commercial development projects (mainly Domaniewska, Foksal, Rakowiecka) and PLN 3.5 million of outlays on modernisation of properties.
- The change in fair value results primarily from changes to the market conditions.
- Transfer of properties to assets classified for sale as a result of interested buyers.
- Transfer from tangible fixed assets as a result of vacating of space used internally and offering it for rent.

Development inventories

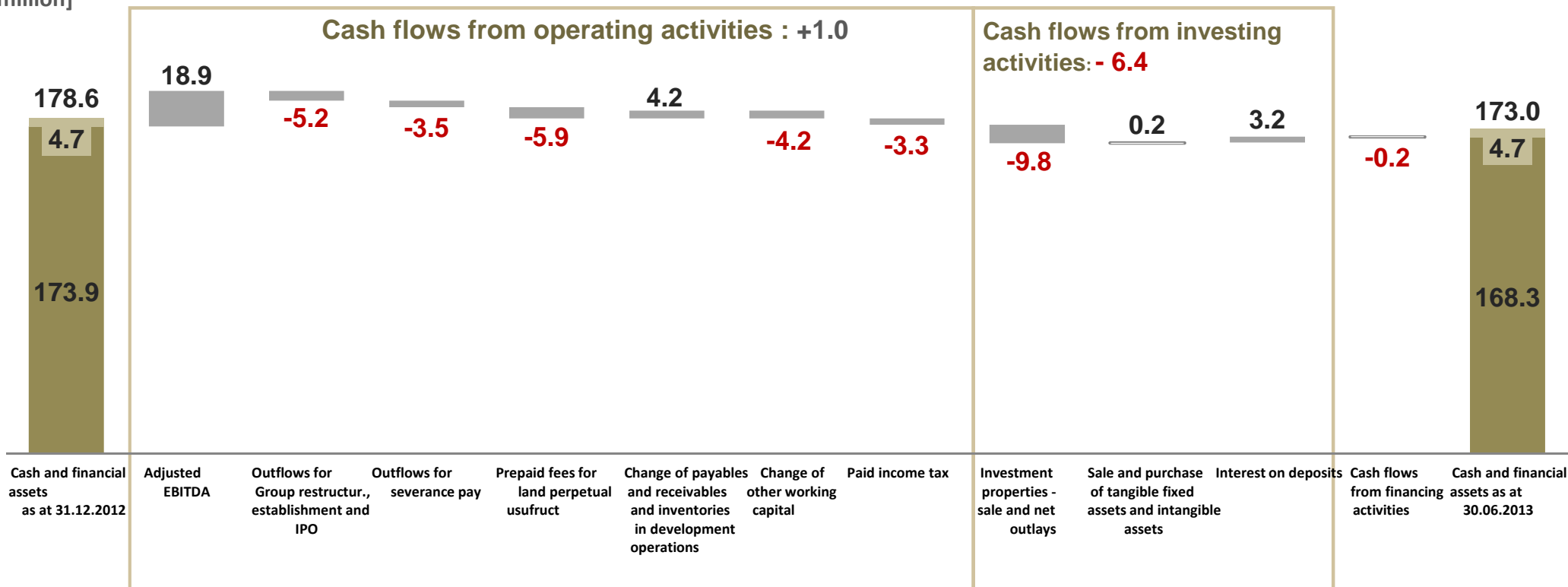


- Sale recognised as a result of conclusion of final sale contracts for apartments, mainly apartments contracted in previous periods.
- Impairment write-downs of land properties (PLN 1.5 million) and completed apartments (PLN 0.4 million).
- As at 30.06.2013 there are 100 apartments under construction and 176 completed apartments, including 24 contracted/sold.



Positive cash flows from operating activities in H1 2013 despite negative impact of extraordinary events

[PLN million]



Adjusted EBITDA with discontinued activities

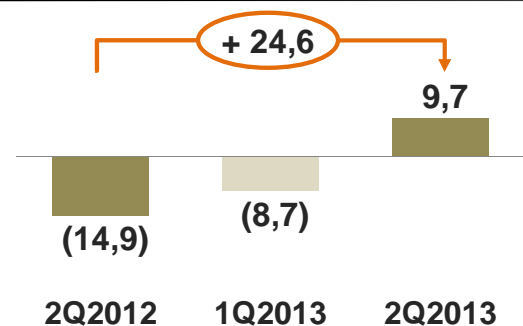
- Decrease of total cash and cash equivalents and short-term financial assets by PLN 5.6 million (3%).
- Positive impact of operating resulted measured with adjusted EBITDA (PLN 18.9 million, including discontinued business PLN -0.1 million) and decrease of working capital related to development operations (PLN 4.2 million).
- Increase of working capital by PLN 4.2 million mainly as a result of reduced trade payables by PLN 5.8 million.
- Negative cash flows as a result of one-off and extraordinary events:
 - costs of Group restructuring and IPO (PLN -5.2 million)
 - severance pay (PLN -3.5 million).
 - advance payment of fees for perpetual usufruct of land for Q3-Q4 2013 (PLN -5.9 million).



Material improvement of operating cash flows

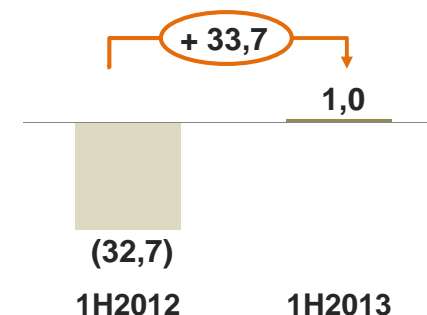
[PLN million]

Cash flows from operating activities

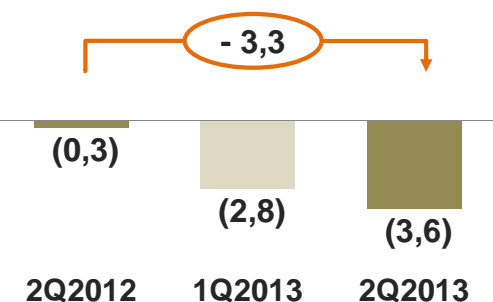


Positive cash flows from operating activities in Q2 2013 mainly as a net result of

- positive adjusted EBITDA (PLN +8.9 million),
- settlement/refund of VAT on property sale transactions among subsidiary companies (PLN +6.4 million),
- payment of current income tax (PLN -1.9 million),
- severance pay (PLN -1.9 million).
- costs of restructuring and IPO (PLN -1.6 million).

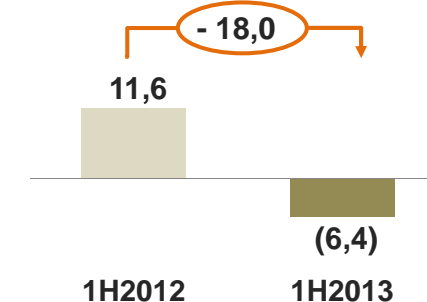


Cash flows from investing activities

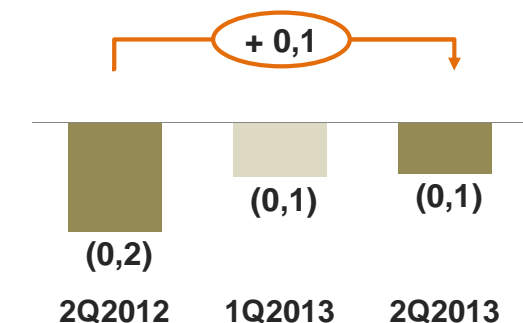


Negative cash flows from investing activities in Q2 2013 mainly as a net result of

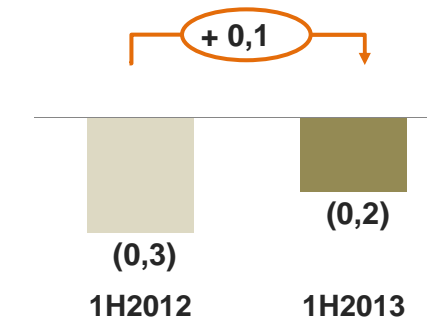
- costs related to performance of commercial development projects and modernisation of properties (PLN -5.3 million)
- interest income on deposits (PLN +1.4 million)
- proceeds from the sale of tangible fixed assets (PLN +0.4 million).



Cash flows from financing activities



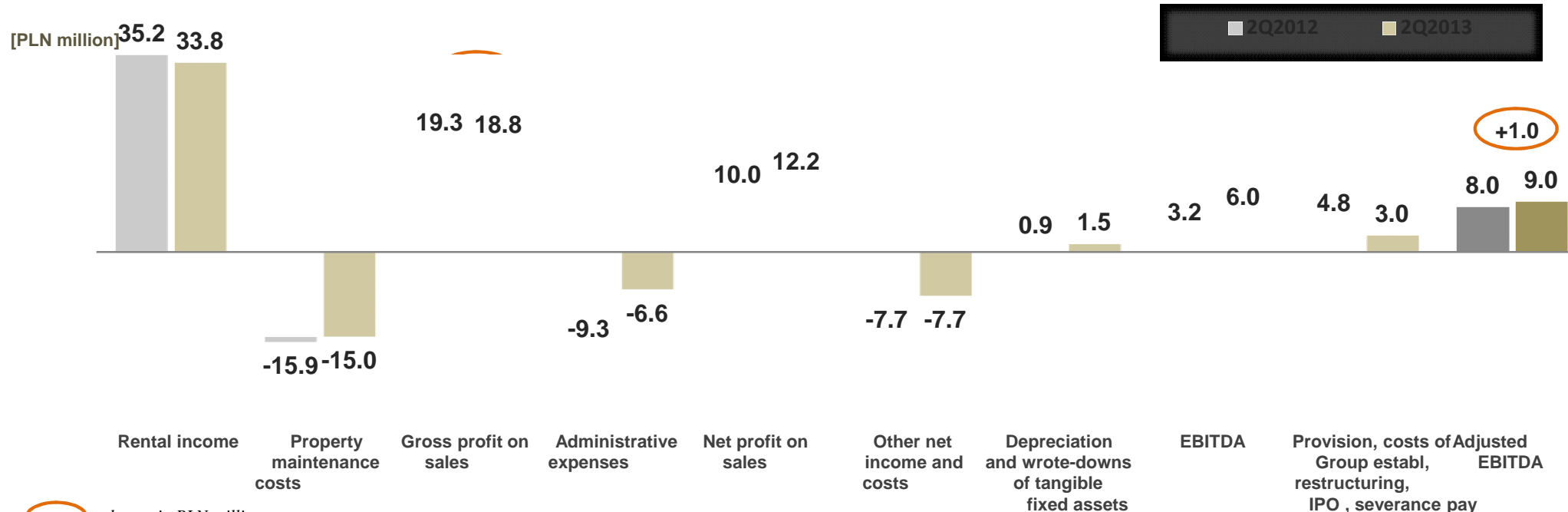
Negative cash flows from financing activities as a result of expenses related to leasing of car fleet.



Additional financial information



Rental – segment result

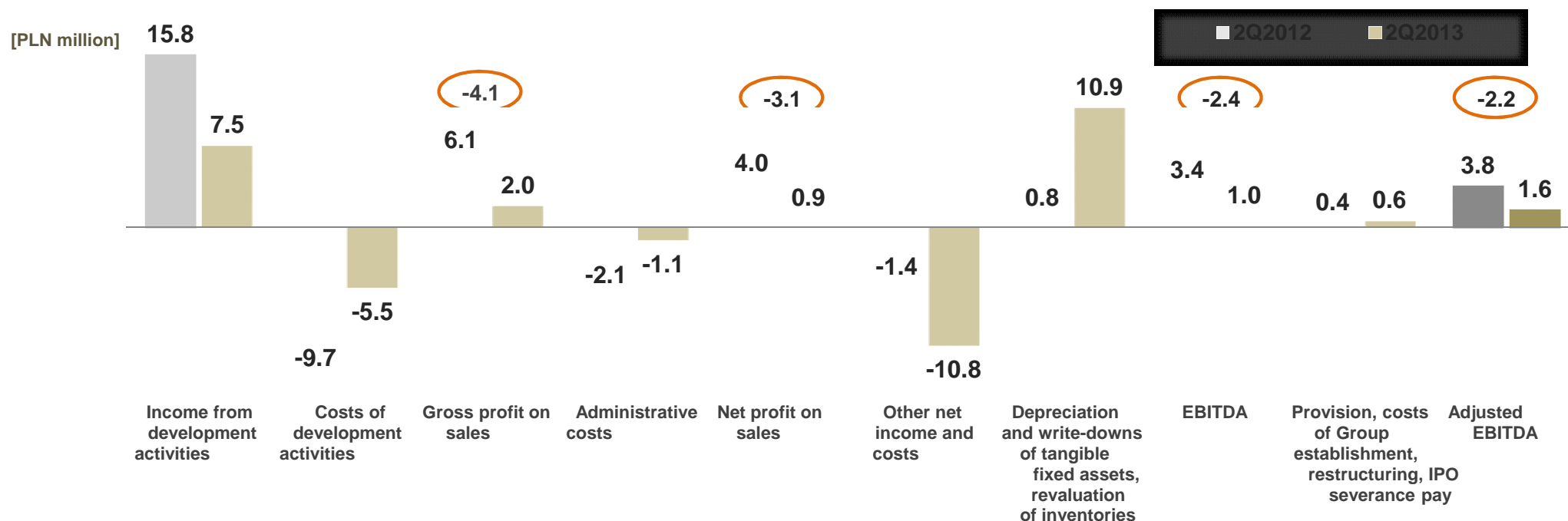


EBITDA calculated as net result on sales reduced by other net income and costs, adjusted for depreciation/amortisation and impairment write-downs to properties being tangible fixed assets
Adjusted EBITDA is EBITDA adjusted for the costs of Group establishment and restructuring, costs of IPO and severance pay

- Lower rental income by PLN 1.4 million as a result of economic slowdown translated into lower rent rates and growing unoccupied space.
- Lower costs of property maintenance by PLN 0.9 million as a result of employment optimisation and outsourcing and lower repair costs.
- Lower administrative costs by PLN 2.7 million resulting from operational restructuring.
- The other net operating income and costs include primarily provisions for claims for benefits from the use of properties (Q2 2013: PLN 2.8 million; Q2 2012: PLN 3.0 million), costs of severance pay for laid-off employees (Q2 2013: PLN 2.2 million; Q2 2012: PLN 4.3 million), impairment write-downs to net receivables (Q2 2013: PLN -1.7 million; Q2 2012: PLN -0.9 million), impairment write-downs to properties in tangible fixed assets (Q2 2013: PLN 1.0 million; Q2 2012: PLN 0.5 million), damages for non-contractual use of properties with an unregulated legal status Q2 2013: PLN 0.8 million).
- EBITDA adjustment for the costs of Group establishment and restructuring and IPO costs (Q2 2013: PLN 0 million; Q2 2012: PLN 0.5 million), costs of severance pay for laid-off employees (Q2 2013: PLN 2.2 million; Q2 2012: PLN 4.3 million), provision for non-contractual use of land with an unregulated legal status (Q2 2013: PLN 0.8 million, Q2 2012: PLN 0 million)



Development activities – result of the segment



change in PLN million

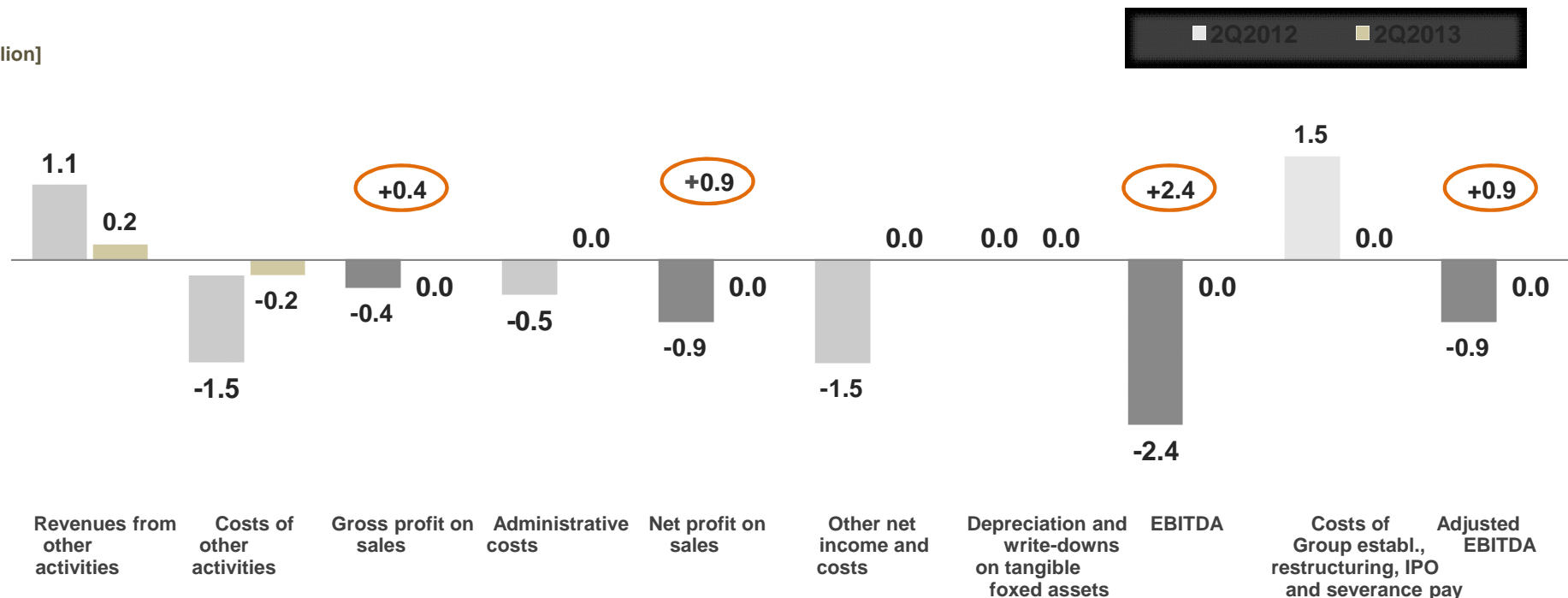
EBITDA calculated as net result on sales reduced by other net income and costs, adjusted for depreciation and impairment write-downs to properties in tangible fixed assets and land as inventories and revaluation of inventories transferred to investment properties

Adjusted EBITDA – EBITDA adjusted for costs of Group establishment and restructuring, costs of IPO, severance pay to laid-off employees, additional provision for warranty repairs and damages

- Reduced revenues y/y by PLN 8.3 million (53%) as a result of a lower number of the final apartment sale contracts, mainly contracted earlier.
- Reduced administrative costs by PLN 1.0 million (52%), mainly as a result of restructuring with a reduced scale of business.
- Other net operating income and costs include primarily reversal of impairment write-downs to inventories transferred to investment properties as a result of changing assumptions concerning transfer to investment properties (Q2 2013: PLN 10.9 million; Q2 2012: PLN 0 million), impairment write-downs to net receivables (Q2 2013: PLN 0.2 million; Q2 2012: PLN -0.2 million), impairment write-downs to tangible fixed assets (Q2 2013: PLN -0.1 million; Q2 2012: PLN 0.6 million), costs of severance pay for laid-off employees (Q2 2013: PLN 0.1 million; Q2 2012: PLN 0.4 million).
- EBITDA adjustment for the costs of severance pay for laid-off employees (Q2 2013: PLN 0.1 million; Q2 2012: PLN 0.4 million) and additional provisions for warranty repairs and damages (Q2 2013: PLN 0.5 million; Q2 2012: PLN 0 million).

Other activities – results

[PLN million]



change in PLN million

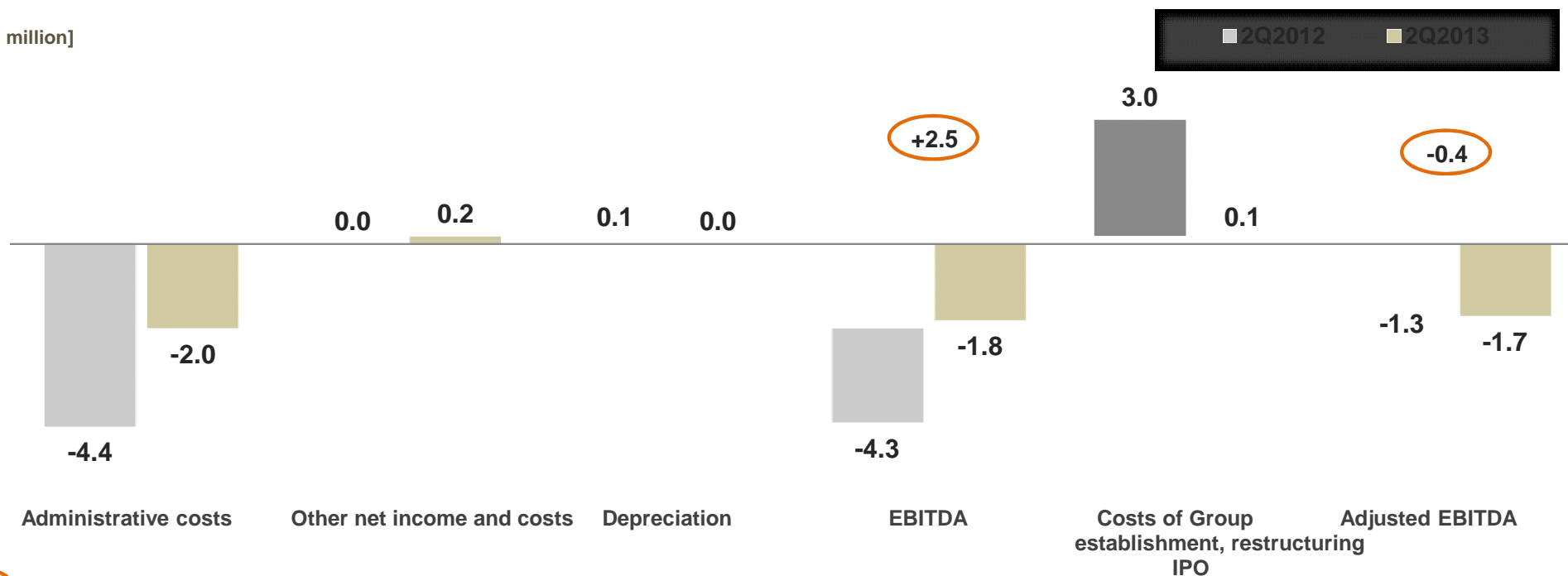
EBITDA calculated as net result on sales reduced by other net income and costs, adjusted for depreciation/amortisation and impairment write-downs to properties being tangible fixed assets
Adjusted EBITDA is EBITDA adjusted for the costs of Group establishment and restructuring, costs of IPO and severance pay

- The other business includes operations inherited from the companies now forming the PHN Capital Group, mainly hotels, logistics services, management of residential properties, book sales.
- Loss reduction on other business as a result of a consistent implementation of the concentration strategy on the core business and discontinuation of non-core business.
- Other net operating income and costs include primarily cost of severance pay for laid-off employees (Q2 2013: PLN 0 million; Q2 2012: PLN 1.5 million).
- EBITDA adjustment by costs of severance pay (Q2 2013: PLN 0 million, Q2 2012: PLN 1.5 million),



Non-allocated items of consolidated statement of total income

[PLN million]



change in PLN million

EBITDA calculated as administrative costs adjusted for depreciation/amortisation

Adjusted EBITDA is EBITDA adjusted for the costs of Group establishment and restructuring, costs of IPO

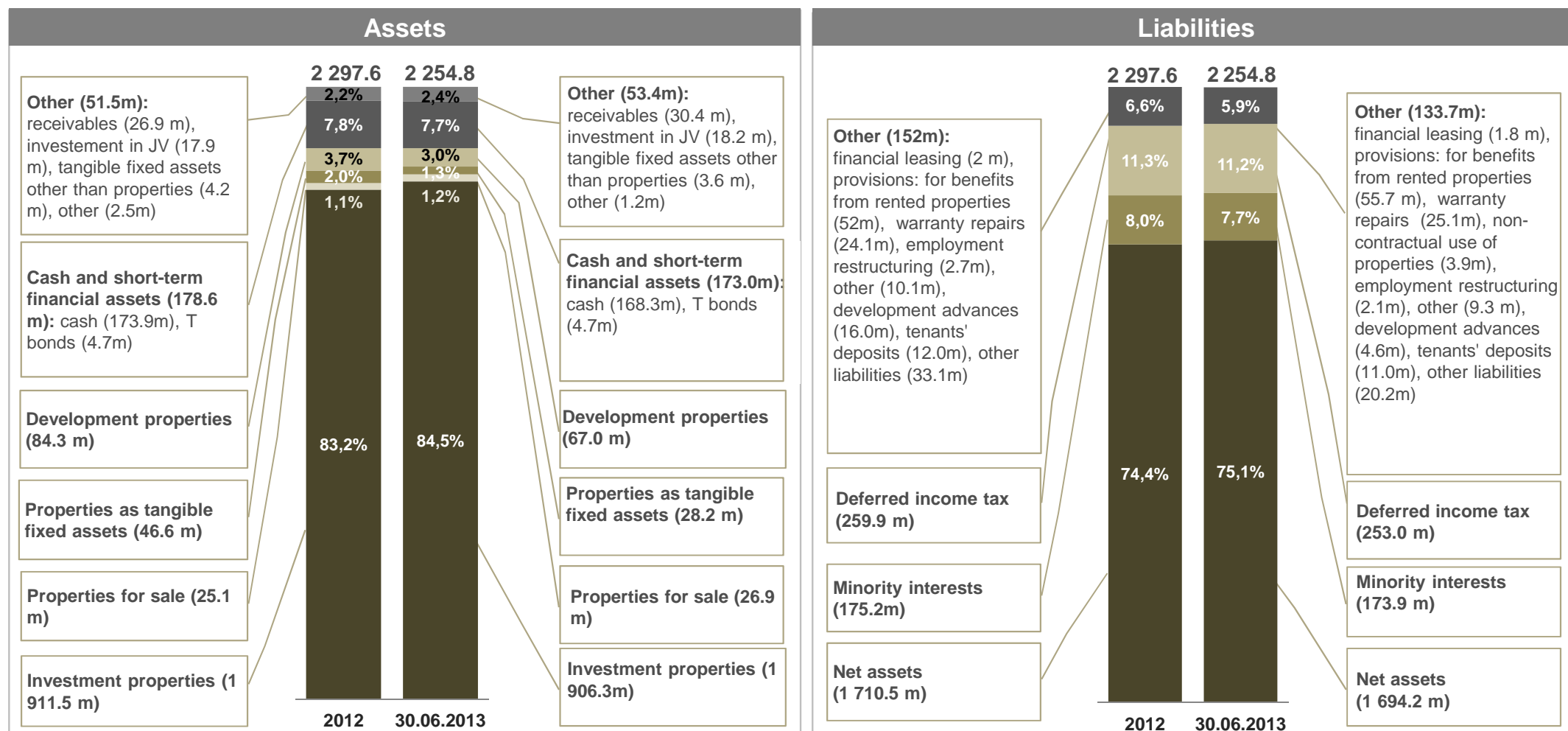
▪ Non-allocated administrative costs include costs of the holding companies.

▪ Reduction of administrative costs as a result of lower Group restructuring costs and IPO costs (Q2 2013: PLN 0.1 million; Q2 2012: PLN 3.0 million).



Structure of assets and liabilities

[PLN million]



- Reduction of total assets by PLN 42.9 million (1.9%), mainly as a result of reduced book value of all properties by PLN 39.1 million (H1 2013: PLN 2 028.4 million; 2012: PLN 2 067.5 million).
- A stable share of total properties in total assets at 90%.
- A reduced share of properties in fixed assets as a result of reclassification to investment properties as a result of reducing space used for internal properties and offering it for rent (PLN 16.8 million)

- Reduced net assets by PLN 16.3 million (1%) and minority interests by PLN 1.3 million (0.7%)
- Reduced liabilities mainly as a result of payment of VAT on property sale transactions among subsidiary companies (PLN 6.4 million) and reduced advances for development business (PLN 11.4 million).



- **Key achievements in Q1 2013**

- **Market environment**

- **Financial results**

- **Additional information**



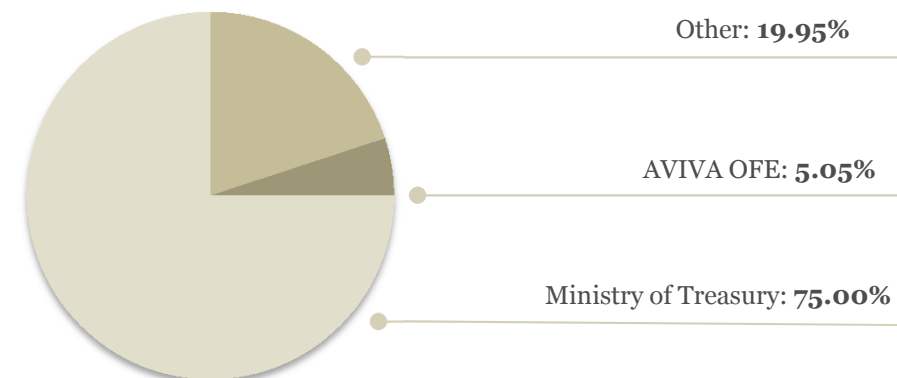
Key data and leading recommendations

Key ratios as at 30.06.2013 *

✓ Number of issued shares	43 384 003
✓ Market capitalisation (PLN million)	1 258.14**
✓ Book value (PLN million)	1 694.20
✓ P/BV	0.74 **

- * source: www.gpwinfostrafa.pl
- ** as at 02.09.2013 r.

Shareholding structure as at 30.06.2013



Leading recommendations for the Company in H1 2013

Deutsche Bank AG



hold

target price: **29.00 PLN**
(28.05.2013)

DM PKO BP SA



hold

target price: **26.30 PLN**
(19.04.2013)

Societe Generale



hold

target price: **26.50 PLN**
(17.04.2013)

UBS Investment Research



neutral

target price: **27.00 PLN**
(28.03.2013)



History of stock prices



From 13.02.2013 r. to 02.09.2013 the price of the PHN S.A. shares was positively standing out in the WIG and WIG Developers index:

- **PHN** change from 13.02.2013 to 02.09.2013: **+22,88%**
- **WIG** change from 13.02.2013 to 02.09.2013: **+5,99%**
- **WIG-DEWEL** change from 13.02.2013 to 02.09.2013: **+7,63%**



**POLSKI HOLDING
NIERUCHOMOŚCI S.A.**

Thank you for your attention

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