



Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A.

We have audited the accompanying consolidated financial statements of the Polski Holding Nieruchomości S.A. Group (hereinafter called "the Group"), having Polski Holding Nieruchomości S.A., Al. Jana Pawła II 12, Warsaw, as its parent company (hereinafter called "the Parent Company"), which comprise the consolidated statement of financial position as at 31 December 2014, showing total net assets and equity of PLN 2,000.7 million, the consolidated statement of comprehensive income for the period from 1 January to 31 December 2014, showing a total comprehensive income of PLN 107.8 million, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year and additional information on adopted accounting policies and other explanatory notes.

The Parent Company's Management Board is responsible for preparing the consolidated financial statements and Group Directors' Report in accordance with the applicable regulations, and for the correctness of the accounting records. Members of the Management Board and Members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statements and the Group Director's Report comply with the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330 as amended).

Our responsibility was to perform an audit of the accompanying consolidated financial statements and to express an opinion on whether the consolidated financial statements comply, in all material respects, with the applicable accounting policies and whether they present, in all material respects, a true and clear view of the Group's financial position and results.

We conducted our audit in accordance with:

- a. the provisions of Chapter 7 of the Accounting Act;
- b. national standards of auditing issued by the National Council of Registered Auditors.

Our audit was planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the consolidated financial statements. The audit also included assessing the Group's accounting policies and significant estimates made during the preparation of the consolidated financial statements, as well as evaluating the overall presentation thereof. We believe that our audit provides a reasonable basis for our opinion.



Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A. (cont.)

In our opinion, the accompanying consolidated financial statements, in all material respects:

- a. give a fair and clear view of the Group's financial position as at 31 December 2014 and of the results of its operations for the year from 1 January to 31 December 2014, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- b. comply in terms of form and content with the applicable laws;
- c. have been prepared on the basis of properly maintained consolidation documentation.

The information contained in the Group Directors' Report for the year from 1 January to 31 December 2014 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state ("*the Decree*" – Journal of Laws of 2014, item 133) and is consistent with the information presented in the audited consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Piotr Wyszogrodzki

Group Registered Auditor, Key Registered Auditor
No. 90091

Warsaw, 16 March 2015

Polski Holding Nieruchomości S.A. Group

**Registered auditor's report on the audit of the consolidated
financial statements
for the year from 1 January to 31 December 2014**

Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

To the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A.

This report contains 15 consecutively numbered pages and consists of:

| | Page |
|-------------------------------------------------------------------------------------------------------------------|------|
| I. General information about the Group..... | 2 |
| II. Information about the audit..... | 9 |
| III. The Group's results, financial position and significant items of the consolidated financial statements | 10 |
| IV. The independent registered auditor's statements..... | 13 |
| V. Final information | 15 |

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

I. General information about the Group

- a. Polski Holding Nieruchomości S.A. ("the Parent Company") with its seat in Warsaw, Al. Jana Pawła II 12 is the parent company of the Polski Holding Nieruchomości S.A. Group ("the Group").
- b. The Parent Company was formed on the basis of a Notarial Deed drawn up on 25 March 2011 at the Notary Public's Office of Paweł Błaszczak in Warsaw and registered with Rep. A No. 5345/2011. On 13 April 2011, the Parent Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference number KRS 0000383595.
- c. The Parent Company was assigned a tax identification number (NIP) 525-25-04-978 for the purpose of making tax settlements and a REGON number 142900541 for statistical purposes.
- d. As at 31 December 2014 the Company's share capital amounted to PLN 46,482,044.00 million and consisted of 46,482,044 shares, with a nominal value of PLN 1 each.
- e. As at 31 December 2014, the Parent Company's shareholders were:

| Shareholder's name | Number of shares held | Par value of shares held (PLN million) | Type of shares held | Votes (%) |
|---------------------------|------------------------------|-----------------------------------------------|----------------------------|------------------|
| State Treasury | 32,655,617 | 32.7 | ordinary | 70.25 |
| ING OFE | 2,342,475 | 2.3 | ordinary | 5.04 |
| Aviva OFE | 2,188,915 | 2.2 | ordinary | 4.71 |
| Other shareholders | 9,295,037 | 9.3 | ordinary | 20.00 |
| | 46,482,044 | 46.5 | | 100.00 |

- f. In the audited year, the Group's operations comprised:
- real estate lease and management,
 - construction projects.
 - developer business in housing segment,

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

g. During the audited year, the Management Board of the Parent Company comprised:

- Artur Lebieziński Chairman of the Board
- Włodzimierz Piotr Stasiak Member of the Board
- Mateusz Matejewski Vice-chairman of the Board
from 20 October 2014
- Paweł Mikołaj Laskowski Fabisiewicz Vice-chairman of the Board
to 11 April 2014
- Sławomir Frąckowiak Member of the Board
to 11 April 2014
- Rafał Krzemień Member of the Board
to 11 April 2014

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

h. As at 31 December 2014, the Polski Holding Nieruchomości S.A. Group comprised the following entities:

| Name | Nature of equity relationship (interest in %) | Consolidation method | Auditor of the financial statements | Type of opinion | Balance sheet date |
|----------------------------------------|-----------------------------------------------|----------------------|-----------------------------------------|-----------------|--------------------|
| Polski Holding Nieruchomości S.A. | Parent Company | Not applicable | PricewaterhouseCoopers Sp. z o.o. | unqualified | 31 December 2014 |
| Warszawski Holding Nieruchomości S.A. | Subsidiary (97,92%) | Full | PricewaterhouseCoopers Sp. z o.o. | unqualified | 31 December 2014 |
| INTRACO S.A. | Subsidiary (95,74%) | Full | POL – Tax Sp. z o.o. | unqualified | 31 December 2014 |
| BUDEXPO S.A. | Subsidiary (99,74%) | Full | POL – Tax Sp. z o.o. | unqualified | 31 December 2014 |
| Dalmor S.A. | Subsidiary (91,52%) | Full | POL – Tax Sp. z o.o. | unqualified | 31 December 2014 |
| Wrocławskie Centrum Prasowe Sp. z o.o. | Subsidiary (97,92%) | Full | POL – Tax Sp. z o.o. | unqualified | 31 December 2014 |
| PHN Nieruchomości 3 Sp. z o.o. | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN Foksal Sp. z o.o. | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Agro-Man Sp. z o.o. | Subsidiary (97,92%) | Full | POL – Tax Sp. z o.o. | unqualified | 31 December 2014 |
| Port Okrzei Sp. z o.o. | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Investon Sp. z o. o. | Subsidiary (97,89%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Warton Sp. z o.o. | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN 3 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Kaskada Service Sp. z o.o. | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |



Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

| Name | Nature of equity relationship (interest in %) | Consolidation method | Auditor of the financial statements | Type of opinion | Balance sheet date |
|--------------------------------------|-----------------------------------------------|----------------------|-----------------------------------------|----------------------------|--------------------|
| DKP Dalmor Sp. z o.o. in liquidation | Subsidiary (91,52%) | Full | "AB Audyt" Sp. z o.o. | with an emphasis of matter | 31 December 2014 |
| Dalmor Fishing LTD | Subsidiary (90,60%) | Full | Stefan Banello Ghio | unqualified | 31 December 2014 |
| PHN SPV 1 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 2 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 3 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 4 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 5 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 6 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 7 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 8 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 9 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 10 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 11 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 12 Sp. z o.o. | Subsidiary (100,00%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN 4 Sp. z o.o. | Subsidiary (100,00%) | Full | The Company was not subject to an audit | - | 31 December 2014 |



Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

| Name | Nature of equity relationship (interest in %) | Consolidation method | Auditor of the financial statements | Type of opinion | Balance sheet date |
|-------------------------------------|-----------------------------------------------|----------------------|-----------------------------------------|-----------------|--------------------|
| PHN 4 Sp. z o.o. S.K.A. | Subsidiary (98,11%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV Aktywa Specjalne Sp. z o.o. | Subsidiary (100,00%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN 5 Sp. z o.o. | Subsidiary (100,00%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN Property Management Sp. z o. o. | Subsidiary (100,00%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN Dewelopment Sp. z o. o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN Hotel Pruszków | Subsidiary (97,92%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 13 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 14 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 15 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 16 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 17 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 18 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 19 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 20 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 21 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |



Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

| Name | Nature of equity relationship (interest in %) | Consolidation method | Auditor of the financial statements | Type of opinion | Balance sheet date |
|------------------------------------|-----------------------------------------------|----------------------|-----------------------------------------|-----------------|--------------------|
| PHN SPV 22 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 23 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 24 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 25 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 26 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 27 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 28 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 29 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 30 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 31 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| PHN SPV 32 Sp. z o.o. | Subsidiary (97,68%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Marina Molo Rybackie Sp. z o.o. | Subsidiary (91,52%) | Full | The Company was not subject to an audit | - | 31 December 2014 |
| Wrocław Industrial Park Sp. z o.o. | Co-subsidiary (50,00%) | Equity method | The Company was not subject to an audit | - | 31 December 2014 |



Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2014

I. General information about the Group (cont.)

- i. The Parent Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Company has decided to prepare its consolidated financial statements in accordance with IFRS as adopted by the European Union.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

II. Information about the audit

- a. The audit of the consolidated financial statements as at and for the year from 1 January to 31 December 2014 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, the Group's registered auditor Piotr Wyszogrodzki (no. 90091).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Group by Resolution No. 53/05/2014 of the Supervisory Board of Polski Holding Nieruchomości S.A. dated 9 May 2014 in accordance with paragraph 28, clause 1, p. 4 of the Parent Company's Memorandum of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the entities belonging to the Group within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws No. 77, item 649, as amended).
- d. The audit was conducted in accordance with an agreement dated 23 May 2014, in the period from 1 to 5 December and from 16 February to 16 March 2015.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2014

III. The Group's results, financial position and significant items of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014 (selected lines)

| | 31.12.2014 | | 31.12.2013 | | Change | | Structure | |
|---------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------|-----------|--|
| | PLN '000,000 | PLN '000,000 | PLN '000,000 | PLN '000,000 | (%) | (%) | (%) | |
| NET ASSETS | | | | | | | | |
| Non-current assets | 1,979 | 1,975 | 4 | 0.2 | 98.9 | 99.0 | | |
| Current assets | 292 | 466 | (174) | (117.2) | 14.6 | 23.4 | | |
| Assets of disposal group classified as held for sale | 12 | 17 | (5) | (29.4) | 0.6 | 0.9 | | |
| Total liabilities | (282) | (465) | 183 | (39.4) | (14.1) | (23.3) | | |
| Total net assets | 2,001 | 1,993 | 8 | 0.4 | 100.0 | 100.0 | | |
| EQUITY | | | | | | | | |
| Equity attributable to the equity holders of the parent | 1,947 | 1,862 | 85 | 4.6 | 97.3 | 93.4 | | |
| Non-controlling interest | 54 | 131 | (77) | (58.8) | 2.7 | 6.6 | | |
| Total equity | 2,001 | 1,993 | 8 | 0.4 | 100.0 | 100.0 | | |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year from 1 January to 31 December 2014 (selected lines)

| | 2014 | | 2013 | | Change | | Structure | |
|-------------------------------------------------|--------------|--------------|--------------|----------------|-------------|--------------|-----------|--|
| | PLN '000,000 | PLN '000,000 | PLN '000,000 | PLN '000,000 | (%) | (%) | (%) | |
| Revenue from operating activities | 167 | 171 | (4) | (2.3) | 100.0 | 100.0 | | |
| Cost of operating activities | (100) | (90) | (10) | 11.1 | (59.8) | (52.7) | | |
| Administrative expenses and cost of sales | (39) | (46) | 7 | (15.2) | (23.4) | (26.9) | | |
| Change in the fair value of investment property | (39) | (32) | (7) | 21.9 | (23.4) | (18.7) | | |
| Profit on disposal of investment properties | - | 1 | (1) | (100.0) | - | 0.6 | | |
| Other revenues | 45 | 21 | 24 | 114.3 | 27.0 | 12.3 | | |
| Other costs | (21) | (32) | 11 | (34.4) | (12.6) | (18.7) | | |
| Profit/(loss) on operating activities | 13 | (7) | 20 | (285.7) | 7.8 | (4.1) | | |
| Net profit | 108 | 107 | 1 | 0.9 | 64,7 | 62.6 | | |
| Total comprehensive income | 108 | 107 | 1 | 0.9 | 64.7 | 62.6 | | |

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

Selected ratios characterizing the Group's financial position and results

The following ratios characterise the Group's activities, results of operations during the year and its financial position as at the balance sheet date compared with previous years:

| | 2014 | 2013 |
|------------------------------|-------------------|-------------------|
| Asset ratios | | |
| - receivables turnover | 63 days | 52 days |
| - inventory turnover | 182 days | 298 days |
| Profitability ratios | | |
| - net profit margin | 65% | 63% |
| - gross margin | 17% | 20% |
| - return on capital employed | 6% | 6% |
| Liability ratios | | |
| - gearing | 12% | 19% |
| | 31.12.2014 | 31.12.2013 |
| Liquidity ratios | | |
| - current ratio | 1.7 | 1.9 |
| - quick ratio | 1.5 | 1.7 |

The above ratios have been calculated on the basis of the consolidated financial statements.

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

Our audit did not cover detailed comparative data constituting the basis for calculating the ratios for the previous years.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

The consolidated financial statements do not take into account the effects of deflation. The consumer price index (on a December to December basis) amounted to -1.0% in the audited year (inflation 0.7% in 2013).

The following comments are based on information obtained during the audit of the consolidated financial statements.

- At the end of the financial year, the Group's total net assets amounted to PLN 2,001 million. During the year total net assets increased by PLN 8 million, i.e. by 0.4%. Change in net assets was mainly due to a decrease in deferred tax liabilities (of PLN 93 million), a decrease in cash and cash equivalents (of PLN 81 million), a decrease in trade and other payables (of PLN 73 million) and a decrease in receivables and other assets (of PLN 63 million). In the audited period the Group generated a net profit (of PLN 108 million) and paid out dividend (of PLN 100 million).
- The structure of liabilities have changed. The gearing ratio decreased from 19% at the end of the previous year to 12% at the end of the current year.
- Revenue from operating activities amounted to PLN 167 million and decreased by PLN 4 million, i.e. by 2.3% compared with the previous year. The Group's core activities in the current financial year consisted of lease of properties. Such revenue have decreased by PLN 10 million, i.e. by 7.9% compared with the previous financial year.
- Costs of external services were the largest item of operating expenses and amounted to PLN 40 million in the audited year, which constituted 39.9% of operating expenses. Costs of external services have increased by PLN 9 million, i.e. by 29.2% compared with the previous year.
- In 2014 other operating income amounted to PLN 45 million and comprised mainly release of provision for claims in respect of lost benefits from leased property of PLN 27 million.
- Profitability measured with net profit amounted to 65% and was 2 percentage points higher than in the previous year.
- The Group's liquidity has changed. In the audited year, the current and quick ratios, which amounted to 1.7 (2013: 1.9) and 1.5 (2013: 1.7) respectively.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

IV. The independent registered auditor's statements

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The Group has up-to-date documentation of its accounting policies, approved by the Parent Company's Management Board. The Parent Company's accounting policies were tailored to the Group's needs and ensured the recognition of all events having a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. There were no changes to the accounting policies compared with the previous year.
- d. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- e. The elimination of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- f. The elimination of unrealized gains/losses of consolidated entities included in the book value of assets and in respect of dividend payments was carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for properly in all material respects, in accordance with IFRS as adopted by the European Union.
- h. The consolidation documentation was complete and accurate and it is stored in a manner ensuring proper safeguarding.
- i. The consolidated financial statements of the Group for the year from 1 January to 31 December 2013 were approved by Resolution No. 3/2014 passed by the General Shareholders' Meeting of the Parent Company on 11 April 2014 and filed with the National Court Register in Warsaw on 25 April 2014.
- j. The consolidated financial statements for the previous year were audited by Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. The registered auditor issued an unqualified opinion.
- k. The notes to the consolidated financial statements, which include the introduction and additional notes and explanations present all the significant information in accordance with IFRS as adopted by the European Union.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

IV. The independent registered auditor's statements (cont.)

1. The information in the Group Directors' Report for the year from 1 January to 31 December 2014 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and conditions for recognizing as equivalent the information required by the provisions of law of a country not being a member state (Journal of Laws of 2014, item 133) and is consistent with that presented in the consolidated financial statements.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Polski Holding Nieruchomości S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2014

V. Final information

This report has been prepared in connection with our audit of the consolidated financial statements of the Polski Holding Nieruchomości S.A. Group having Polski Holding Nieruchomości S.A., Al. Jana Pawła II 12, Warsaw, as its Parent Company. The consolidated financial statements were signed by the Parent Company's Management Board on 16 March 2015.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of Polski Holding Nieruchomości S.A. dated 16 March 2015, concerning the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Piotr Wyszogrodzki

Group Registered Auditor, Key Registered Auditor
No. 90091

Warsaw, 16 March 2015

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

