



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 financial statements of the Polski Holding Nieruchomości S.A. (hereinafter called "the Company"), Al. Jana Pawła II 12, Warsaw, which comprise the statement of financial position as at 31 December 2014, showing total net assets and equity of PLN 1,914.1 million, the statement of comprehensive income for the period from 1 January to 31 December 2014, showing a total comprehensive income of PLN 120,8 million, the statement of changes in equity, the statement of cash flows for the financial year and additional information on adopted accounting policies and other explanatory notes.

The Company's Management Board is responsible for preparing the financial statements and 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 Company are obliged to ensure that the financial statements and the 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 financial statements and to express an opinion on whether the 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 Company'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 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 financial statements. The audit also included assessing the Company's accounting policies and significant estimates made during the preparation of the 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 financial statements, in all material respects:

- a. give a fair and clear view of the Company'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 and the Company's Memorandum of Association;
- c. have been prepared on the basis of properly maintained books of account, in accordance with the applicable accounting policies.

The information contained in the Company 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 financial statements.

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

Piotr Wyszogrodzki

Registered Auditor, Key Registered Auditor
No. 90091

Warsaw, 16 March 2015

Polski Holding Nieruchomości S.A.

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

**Registered auditor's report on the audit of the 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 10 consecutively numbered pages and consists of:

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

I. General information about the Company

- a. Polski Holding Nieruchomości S.A. ("the Company") has its seat in Warsaw, Al. Jana Pawła II 12 street.
- b. The 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 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 million and consisted of 46,482,044 shares, with a nominal value of PLN 1 each. Total equity as at that date amounted to PLN 1,914.1
- e. As at 31 December 2014, the Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN '000,000)	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 Company was providing management services.
- 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.
Registered auditor's report on the audit of the financial statements
for the year from 1 January to 31 December 2014

I. General information about the Company (cont.)

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

State Treasury – significant investor

and companies belonging to the Company's parent's group, where the Company is the Parent Company.

- 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 financial statements in accordance with IFRS as adopted by the European Union.

The decision to prepare the Company's financial statements in accordance with these standards was made by the General Shareholders' Meeting in their Resolution No. 8 passed on 22 May 2012.

- j. The Company has also prepared financial statements according to IFRS as adopted by the European Union as at 16 March 2015. To better understand the Company's financial position and its results of operations as the Parent Company, the financial statements should be read in conjunction with the financial statements.

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

II. Information about the audit

- a. The audit of the 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 Company's registered auditor Piotr Wyszogrodzki (no. 90091).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Company 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 Company 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 following periods:
 - interim audit from 1 to 5 December 2014;
 - final audit from 16 February to 16 March 2015.

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

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

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	PLN '000,000	(%)	31.12.2014 (%)	31.12.2013 (%)
NET ASSETS								
Non-current assets	1.906	1.856	50	2,7	99,6	100,8		
Current assets	129	2	127	>100	6,7	0,1		
Total liabilities	(121)	(17)	(104)	>100	(6,3)	(0,9)		
Total net assets	1.914	1.841	73	4,0	100,0	100,0		
EQUITY								
Share capital	47	45	2	4,4	2,5	2,4		
Exceed of stock issue price over nominal value	1.746	1.696	50	2,9	91,2	92,1		
Other reserves	0	1	(1)	(100,0)	-	0,1		
Unappropriated profits	121	99	22	22,2	6,3	5,4		
Total equity	1.914	1.841	73	4,0	100,0	100,0		

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	PLN '000,000	(%)	2014 (%)	2013 (%)
Revenue from operating activities	5	5	-	-	-	-	100,0	100,0
Cost of operating activities	(2)	(3)	1	(33,3)	(40,0)	(60,0)		
Change in the value of investment in subsidiaries	92	103	(11)	(10,7)	1.840,0	2.060,0		
Profit on redemption of shares in subsidiaries	34	-	34	-	680,0	-		
Administrative expenses and cost of sales	(4)	(6)	2	(33,3)	(80,0)	(120,0)		
Other costs	(1)	-	(1)	-	(20,0)	-		
Profit on operating activities	124	99	25	25,3	2 480,0	1 980,0		
Net profit	121	99	22	22,2	2 420,0	1 980,0		
Total comprehensive income	121	99	22	22,2	2 420,0	1 980,0		

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

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

Selected ratios characterizing the Company's financial position and results

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

	2014	2013
Profitability ratios		
- net profit margin	92%	92%
- gross margin	95%	92%
- return on capital employed	6%	6%
Liability ratios		
- gearing	6%	1%
	31.12.2014	31.12.2013
Liquidity ratios		
- current ratio	1,1	2,0
- quick ratio	1,1	2,0

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

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

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

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

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

The 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 financial statements.

- At the end of the financial year, the Company's total net assets amounted to PLN 1,914 million. During the year total net assets increased by PLN 73 million, i.e. by 4.0%.
- The structure of liabilities have changed. The gearing ratio increased from 1% at the end of the previous year to 6% at the end of the current year.
- In the current year major activity of the Company was providing management services to the companies within the Polski Holding Nieruchomości S.A. Group. Revenue from operating activities amounted to PLN 5 million and it remain stable in comparison with the previous year.
- Major costs of operating activities were salaries and social insurance and similar charges amounted to PLN 4.4 milion in the audited period, which constituted 63.8% of operating expenses.
- Profitability measured with net profit has not changed in comparison to prior year and amounted to 92%.
- The Company's liquidity has changed. In the audited year, the current and quick ratios, amounted to 1.1 (2013: 2.0).

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Polski Holding Nieruchomości S.A.
Registered auditor's report on the audit of the 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 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 Company has up-to-date documentation of its accounting policies, approved by the Parent Company's Management Board. The Company's accounting policies were tailored to the Company'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 closing balances as at the end of the previous year were correctly brought forward as the opening balances of the current financial year in all material respects.
- e. The stocktaking of assets and liabilities were carried out and reconciled in accordance with the Accounting Act, and the results were included in the accounting records for the audited year.
- f. The financial statements of the Company 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.
- g. In accordance with the Resolution No. 6 of the General Shareholders' Meeting of 11 April 2014, the net profit for the prior year of PLN 99 million was allocated to dividend payment.
- h. The 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.

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

- i. We have assessed the operation of the accounting system. Our assessment covered in particular:
- the accuracy of the documentation relating to business transactions;
 - the fairness, accuracy and verifiability of the books of account, including computerised books of account;
 - the methods used for controlling access to data and the computerised data processing system;
 - the safeguarding of the accounting documentation, books of account, and financial statements.

This assessment, together with our verification of individual items of the financial statements, provides the basis for expressing an overall and comprehensive opinion on these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the said system.

- j. The notes to the 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.
- k. The information in the Company 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 financial statements.

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Polski Holding Nieruchomości S.A.
Registered auditor's report on the audit of the 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 financial statements of the Polski Holding Nieruchomości S.A., Al. Jana Pawła II 12, Warsaw. The financial statements was signed by the 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 financial statements. The opinion on the 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 financial statements.

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

Piotr Wyszogrodzki

Registered Auditor, Key Registered Auditor
No. 90091

Warsaw, 16 March 2015

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