

FPP Review

4Q16

2,800 apartments sold





View of the central lake of Ostoja-Wilanów from the wooden bridge, Warsaw (January 2016). On the left side, buildings C4; on the center, buildings C5; on the right side, buildings C1.

FPP. The Firm

- FADESA POLNORD POLSKA (FPP).

FPP is a real estate developer deeply rooted in the Polish local market. FPP has been present in Poland since May 2005, focusing on the construction of medium to high-standard apartments. The company has two shareholders: Spanish MARTINSA-FADESA (51% interest) and Polish POLNORD (49% interest). The company operates in Warsaw and Wroclaw. As at 31 December 2016, FPP had sold 2,829 and delivered 2,639 apartments. In the last eight years, the average annual sales revenues totalled 148 million zloty. The financing for FPP projects is provided by local banks. PEKAO S.A. has financed OSTOJA-WILANÓW in Warsaw and OSIEDLE-INNOVA in Wroclaw while GETIN NOBLE S.A. has financed OSIEDLE-MODERNO and currently finances APARTAMENTY INNOVA in Wroclaw.

- Promotions:

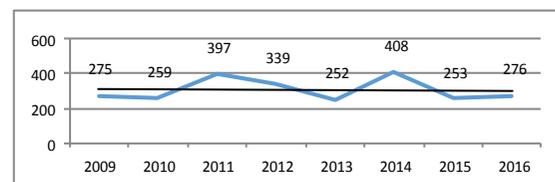
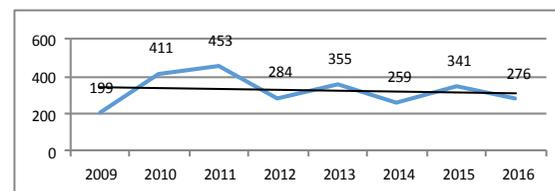
- Ostoja-Wilanów, Warsaw (1,965 units). www.ostoja-wilanow.com
- Osiedle-Innova, Wroclaw (535 units). www.osiedle-innova.com
- Osiedle-Innova II, Wroclaw (542 units).
 - *Apartamenty Innova* (buildings 6.4 and 6.5: 210 units). www.apartamentyinnova.pl
 - *Apartamenty Innova II* (building 6.3: 120 units). www.apartamentyinnova.pl
 - *Apartamenty Innova III* (buildings 6.1 and 6.2: 212 units).
 - Building 6.1: 84 units.
 - Building 6.2: 128 units.
- Osiedle Moderno, Wroclaw (158 units) www.osiedlemoderno.pl
- Villa Botanica, Powsin-Warsaw (343* units). www.villa-botanica.com

FPP: comprehensive study of apartment layout, strict cost control, high gross margins.



FPP. Key Data

- **2,829 apartments sold** as at 31 December 2016.
- **2,578 apartments sold** from 2009 to 31 December 2016. See chart to the right (presales per year).
(199 units sold in 2009; 411 units sold in 2010; 453 units sold in 2011; 284 units sold in 2012; 355 units sold in 2013, 259 units sold in 2014; 341 units sold in 2015; 276 units sold in 2016). **AVERAGE (2009-2016): 322 u/y.**
- **937 apartments sold in Wrocław** (as at 31 December 2016).
- **2,639 units delivered** as at 31 December 2016.
- **2,459 units delivered** from 2009 to 31 December 2016. See chart to the right (deliveries per year).
(275 units delivered in 2009; 259 units in 2010; 397 units in 2011; 339 units in 2012; 252 units in 2013, 408 units delivered in 2014; 253 units in 2015; 276 units in 2016). **AVERAGE (2009-2016): 307 u/y.**



From 1st January 2016 to 31st December 2016:

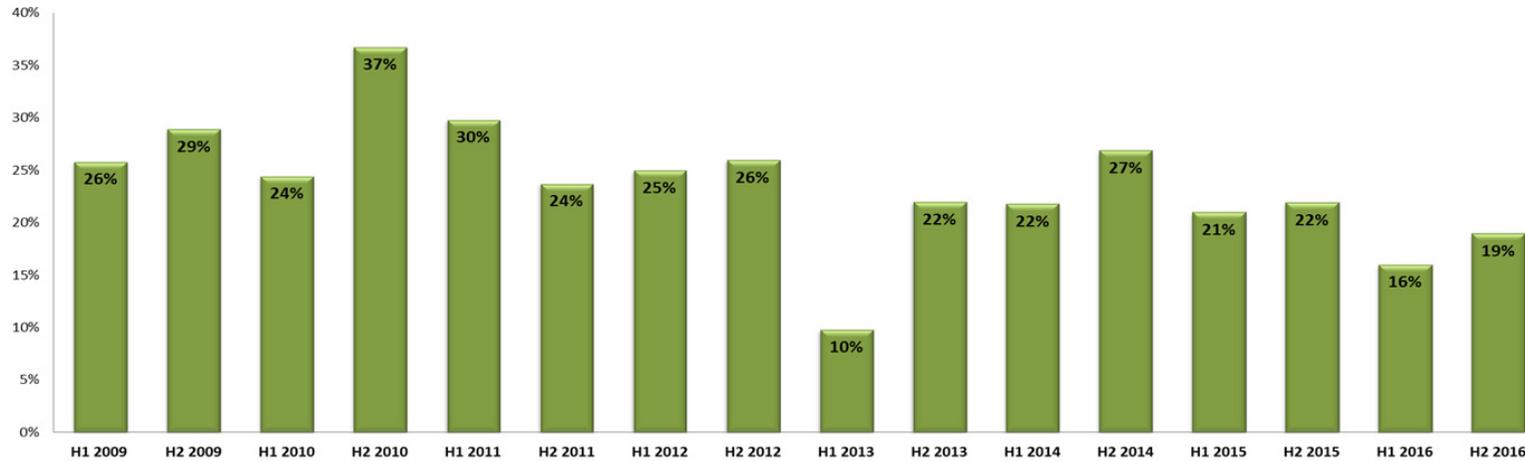
- Presales: **276 units.**
- Deliveries: **276 units.**

- **Financing:**
 - Bank PEKAO S.A. (Unicredit Group): *Ostoja-Wilanów* in Warsaw (from 2006 to 2016) and *Osiedle Innova* in Wrocław (from 2011 to 2014).
 - GETIN NOBLE S.A.: *Osiedle-Moderno* (from 2013 to 2015); *Apartamenty Innova, buildings 6.4 and 6.5* (since March 2015), and *Apartamenty Innova II, building 6.3* (since May 2016) in Wrocław.

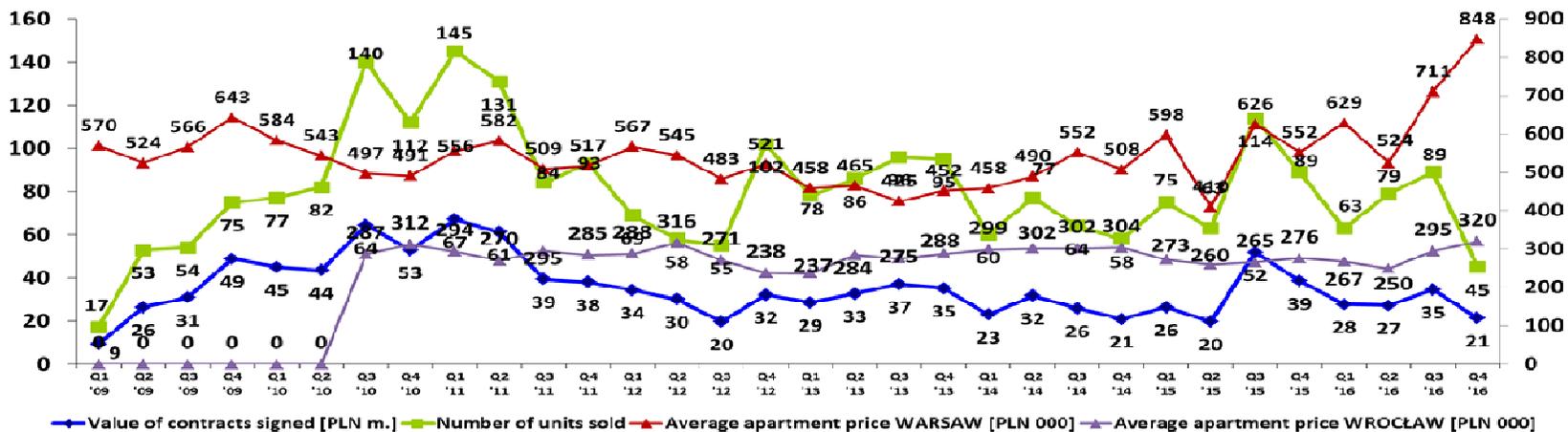


Relevant information

- Gross Margin (since 2009).



- Quarterly Presales (since 2009).



FPP, Projects in Poland

Ostoja-Wilanów, Warsaw (1,929 residential units).

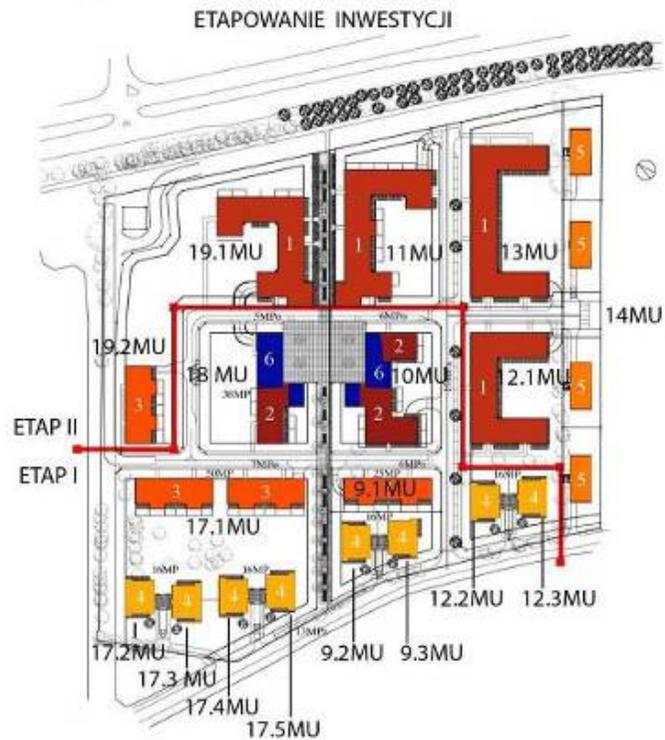


Osiedle-Innova, Osiedle-Moderno & Apartamenty Innova, Wroclaw (1,226 residential units).



FPP, Projects in Poland

Villa Botanica, Powsin, Warsaw (343* residential units).



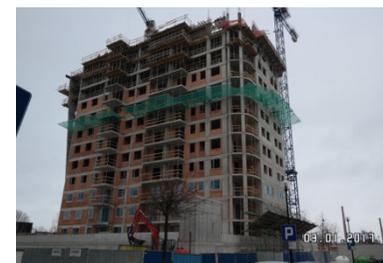
	Stage 1	Stage 2
Number of units	132	211*



View of construction works in building 6.3, Apartamenty Innova, Wrocław (on the center of the image), On the right, buildings 6.4 (17th floor) and building 6.5 (6th floor).

FPP in Usable Floor Area (Polish PUM in square meters).

- **Completed** (as at 31 December 2016):
 - **17 stages:** 8 in Ostoja-Wilanów, Warsaw, and 9 in Wroclaw (7 in Osiedle-Innova; 1 in Osiedle-Moderno and 1 in Apartamenty Innova).
 - **2,781 apartments completed:** 1,886 units in Warsaw and 895 units in Wroclaw.
 - **199,961 sq. m completed:** 154,650 sq. m in Warsaw and 45,311 sq. m in Wroclaw.
- **Units completed and unsold** (as at 31 December 2016):
 - **3,939,76 sq. m** completed and unsold (2,707,92 sq. m residential and 1,231,84 sq. m commercial).
 - **24 apartments** completed and unsold in Ostoja-Wilanów, Warsaw (2,652,36 sq. m residential).
 - **6 commercial units** in Ostoja-Wilanów, Warsaw (1,098 sq. m commercial).
 - **1 apartment** completed and unsold in building 6.4 in Apartamenty-Innova, Wroclaw (55,56 sq. m residential).
 - **1 commercial unit** in Apartamenty Innova, Wroclaw (133,84 sq. m residential).
- **Under construction** (as at 31 December 2016):
 - **2 stages** (1 in Warsaw and 1 in Wroclaw).
 - **163 apartments + 3 commercial premises under construction** (1 stage in Warsaw, 46 units, and 1 stage in Wroclaw, 120 units).
 - **13,303 sq. m under construction.**
- **Under development** (as at 31 December 2016):
 - **2 projects under development, 3 stages** (2 stages in Villa Botánica, Powsin (Warsaw), and 1 stage in Apartamenty Innova III, Wroclaw).
 - **554 apartments under development** in Osiedle-Innova III, Wroclaw (211 units); in Villa Botánica, Powsin-Warsaw (343* units).
 - **42,436 sq. m under development.**



FPP Financial Highlights (PLN)

*Selected financial data FPP Group [in PLN million] *unaudited*

	2009	2010	2011	2012	2013	2014	2015	2016*
Revenues	170.2	172.0	208.8	138.9	93.4	173.9	89.9	136.9
Gross sales profit	47.3	53.4	53.2	35.6	16.2	40.4	19.5	25.9
Gross margin	28%	31%	25%	26%	17%	23%	22%	19%
Profit on operating activities	45.9	32.7	28.0	21.0	3.6	33.2	9.2	14.1
Net profit	7.8	18.1	9.7	16.1	3.5	23.2	4.2	10.9
Assets	596.8	505.4	403.7	385.3	369.3	270.3	305.6	216.5
Equity	31.9	51.6	63.6	78.0	81.5	105.7	109.8	120.8
Credit liabilities	321.3	214.8	91.1	83.5	43.3	6.0	12.5	5.7



FPP. Completed Projects

Promotion: **Ostoja-Wilanów (Warsaw)**: 8 stages completed: 1,919 apartments and commercial units.



Ostoja-Wilanów (stage 1).
Date of delivery: 2007
No. of units: 180 apartments (14,466 sq. m).
7 commercial units (832 sq. m).



Ostoja-Wilanów (stage 2).
Date of delivery: 2009
No. of units: 221 apartments (19,944 sq. m).
4 commercial units (600 sq. m).



Ostoja-Wilanów (stage 3).
Date of delivery: 2009
No. of units: 231 apartments (19,605 sq. m).



Ostoja-Wilanów (stage 4).
Date of delivery: 2009
No. of units: 228 apartments (22,336 sq. m).



Ostoja-Wilanów (stage 5).
Date of delivery: 2010.
No. of units: 178 apartments (16,525 sq. m).
13 commercial units (1,212 sq. m).



Ostoja-Wilanów (stage 6, building C3).
Date of delivery: October 2011.
No. of units: 262 apartments (16,278 sq. m).
10 commercial units (kindergarden).

FPP. Completed Projects

Promotion: ***Ostoja-Wilanów (Warsaw)***: 8 stages completed, 1,919 apartments and commercial units.



Ostoja-Wilanów (stage 7, building C4).
Date of delivery: December 2013.
No. of units: 324 apartments (19,688 sq. m).



Ostoja-Wilanów (stage 6.A, building B4).
Date of delivery: December 2015.
No. of units: 136 apartments and 1 commercial unit (9,217 sq. m).
Presold: 99% (as at 30 September 2016)



Ostoja-Wilanów (stage 6.A, building C2).
Date of delivery: November 2016.
No. of units: 120 apartments (12,531 sq. m).
Presold: 82% (as at 31 December 2016)



Kindergarden in Ostoja-Wilanów.
Location: stage 6, building C3.
Capacity: 110 children.
Opened in September 2012.
Indoor area: 596 sq. m (including the garden: 1,375 sq. m).

FPP. Completed Projects

Promotion: **Osiedle Innowa (Wroclaw)**: 7 stages completed: 531 apartments and 4 commercial units.



Osiedle-Innova (stage I).

Date of delivery: March 2012.

No. of units: 70 apartments (3,763 sq. m).



Osiedle-Innova (stage II).

Date of delivery: June 2012.

No. of units: 71 apartments (3,757 sq. m).



Osiedle-Innova (stage III).

Date of delivery: September 2012

**No. of units: 94 apartments
4 commercial units (4,833 sq. m).**



Osiedle-Innova (stage IV).

Date of delivery: September 2013.

No. of units: 92 apartments (4,468 sq. m).



Osiedle-Innova (stage V).

Date of delivery: September 2013.

No. of units: 92 apartments (4,468 sq. m).



Osiedle-Innova (stages VI and VII).

Date of delivery: October 2014.

No. of units: 112 apartments (6,453 sq. m).

FPP. Completed Projects

Promotion: ***Osiedle Moderno (Wroclaw)***: completed (158 apartments).

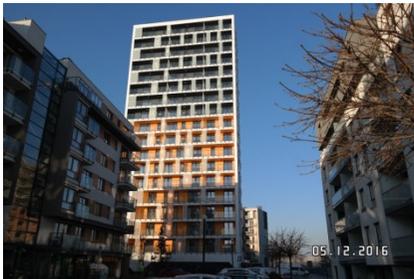


Osiedle-Moderno

Date of delivery: November 2015.

No. of units: 158 apartments (7,243 sq. m).

Promotion: ***Apartamenty Innova (Wroclaw)***: 1 stage completed (206 apartments plus 4 comercial units).



Apartamenty Innova (stage I).

Date of delivery: December 2016

**No. of units: 206 apartments plus
4 comercial units (10,274 sq. m).**

Presold: 99% (as at 31 December 2016)

FPP. Projects under Construction

- **2 stages under construction** (one in Ostoja-Wilanów, Warsaw, and one in Apartamenty-Innova, Wroclaw).
- **163 apartments plus 3 commercial units under construction in Warsaw and Wroclaw.**
- **13,303 sq. m under construction**



Ostoja-Wilanów, Warsaw, (stage 8, building B2).

No. of units: 43 apartments plus 3 commercial units (4,968.4 sq. m)

Breaking ground: March 2016.

Progress to date: 42% (as at 31 December 2016).

Delivery date: Q4 2017

On sale since: March 2016 (70% presold at 31 December 2016).



Apartamenty-Innova, Wroclaw (Building 6.3)

No. of units: 120 units (8,335 sq. m).

Breaking ground: April 2016.

Progress to date: 37% (as at 31 December 2016).

Delivery date: Q1 2018.

On sale since: June 2016 (36% presold as at 31 December 2016).



Central lake and playground area, Ostoja-Wilanów, Warsaw (October 2016)

FPP. Projects under Development

554 residential units under development in Warsaw (Powsin) and Wrocław (**42,436 sq. m** under development)



Apartamenty Innova III, Wrocław.

Total no. of units (whole plot): 211 apartments and 1 commercial unit (12,462 sq.m)

- **Building 6.1** (4,833 sq.m)

No. of units: 83 apartments and 1 commercial unit

- **Building 6.2.** (7,629 sq. m)

No. of units: 128 apartments

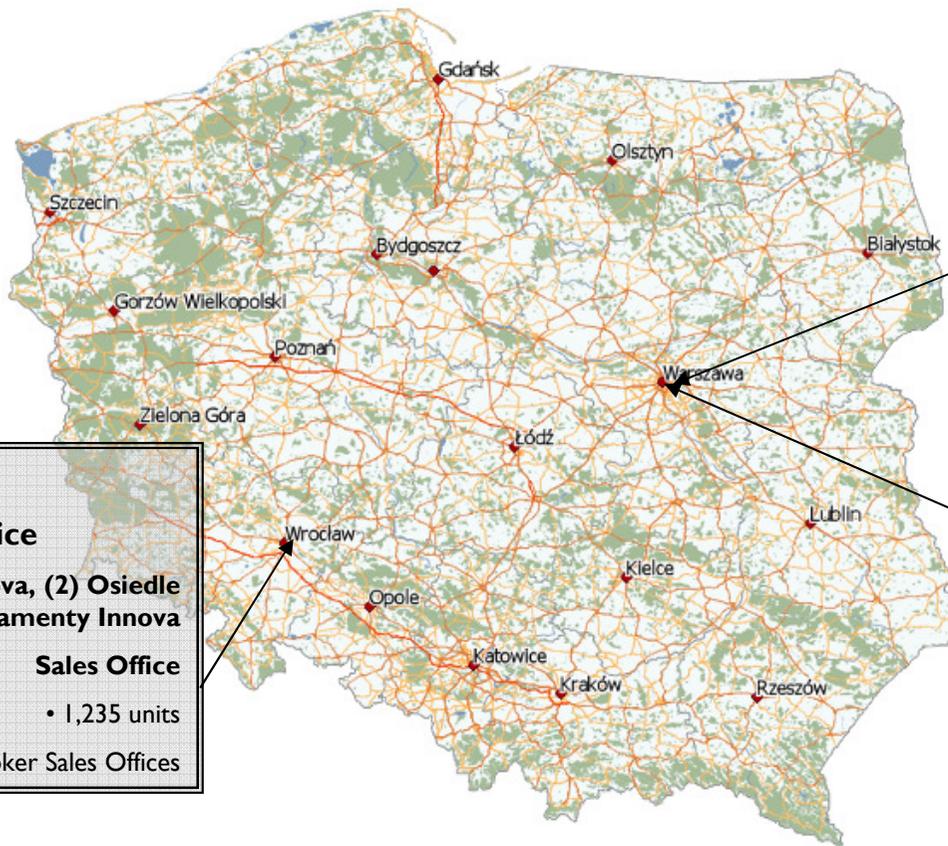


Villa Botánica, Powsin (Warsaw).

No. of units: 343* units in 2 stages.

Stage 1 (13,071 sq. m)

Stage 2 (16,903 sq. m)



Warsaw
Company's Head Office
Project – Ostoja Wilanów
Sales Office
 • 1,965 units

Wrocław
Regional Office
Projects: (1) Osiedle Innova, (2) Osiedle Moderno and (3) Apartamenty Innova
Sales Office
 • 1,235 units
 • Home Broker Sales Offices

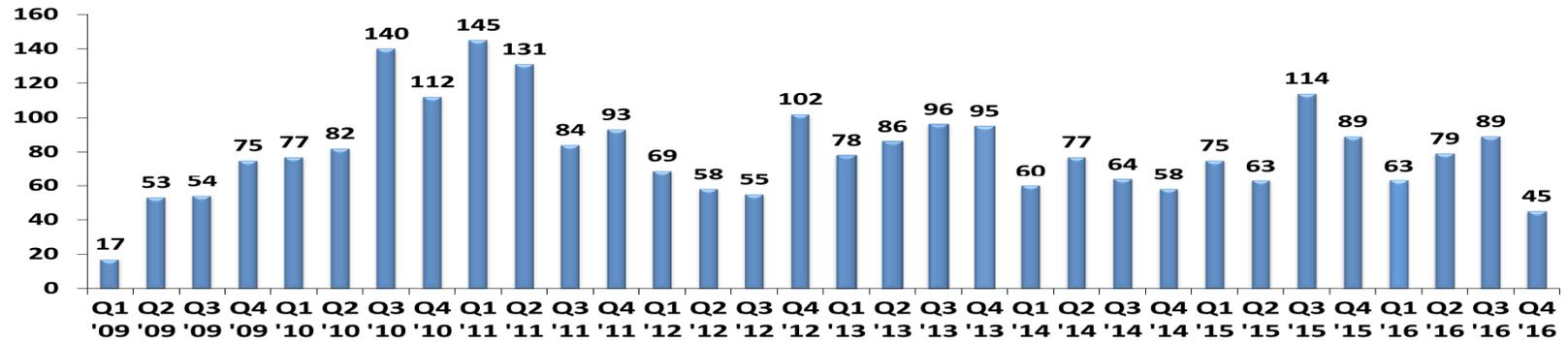
Powisin
Project – Villa Botanica
 • 343* apartments



FPP Quarterly Presales & Deliveries (since 2009)

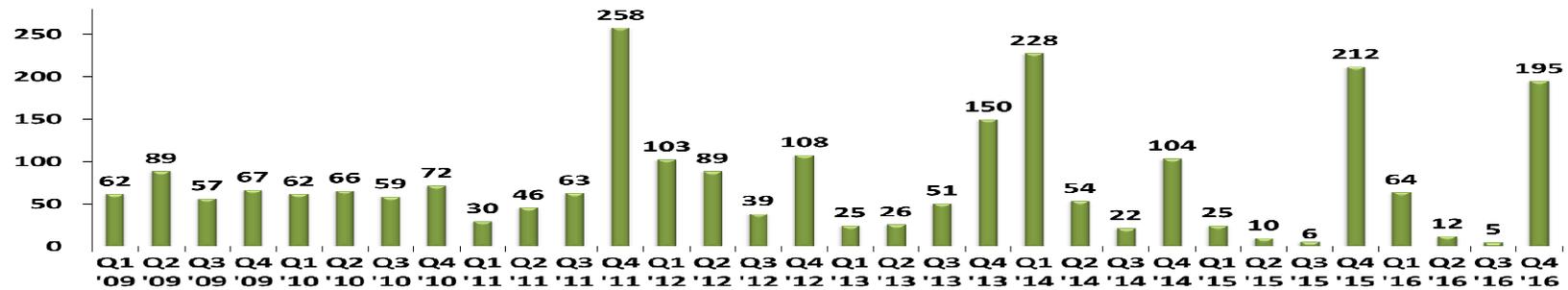
Presales since 2009

	2009				2010				2011				2012				2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Units	17	53	54	75	77	82	140	112	145	131	84	93	69	58	55	102	78	86	96	95	60	77	64	58	75	63	114	89	63	79	89	45

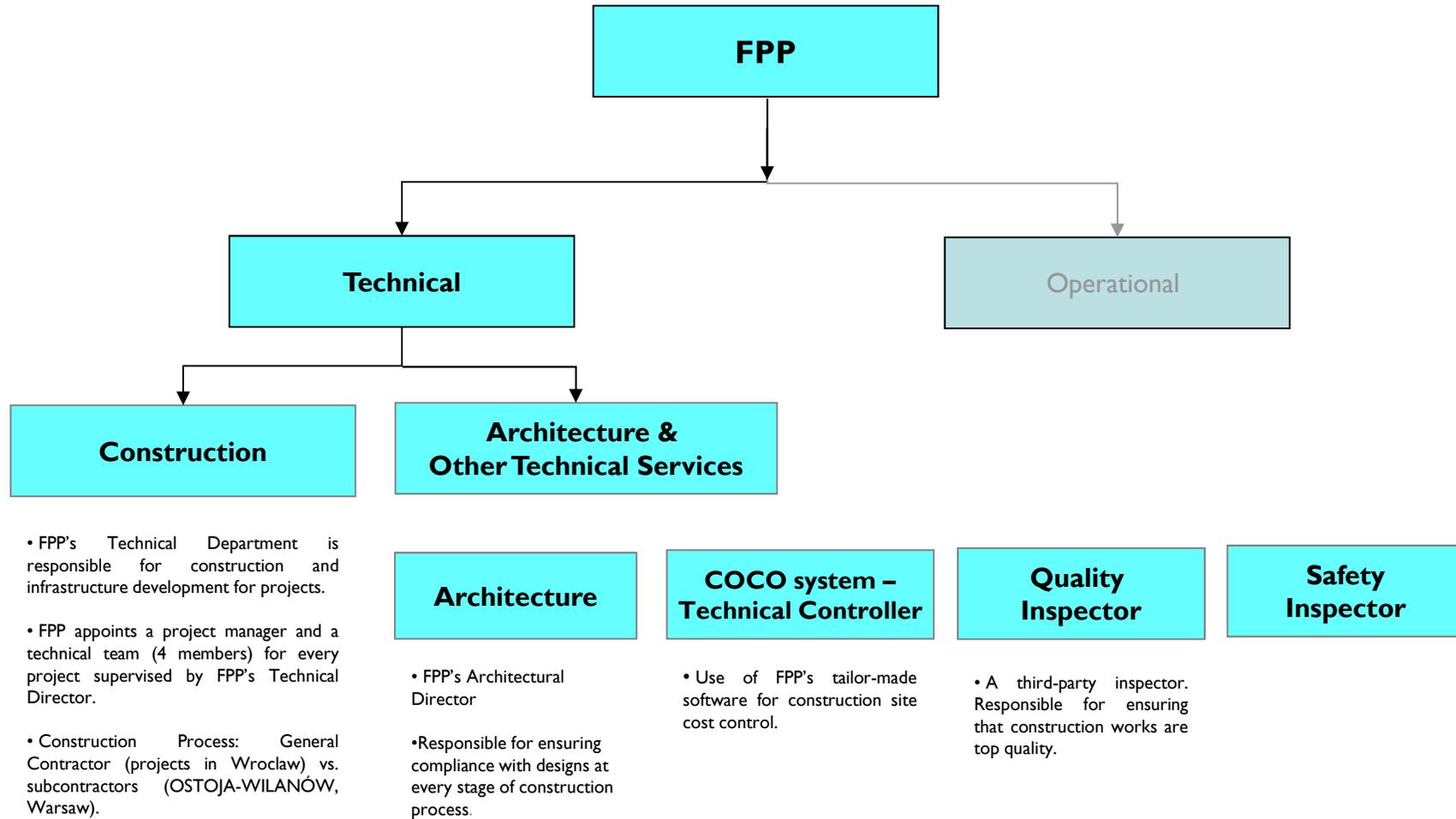


Deliveries since 2009

	2009				2010				2011				2012				2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Units	62	89	57	67	62	66	59	72	30	46	63	258	103	89	39	108	25	26	51	150	228	54	22	104	25	10	6	212	64	12	5	195



FPP. Internal Organisation: Technical Department (Construction, Architecture & Consulting)

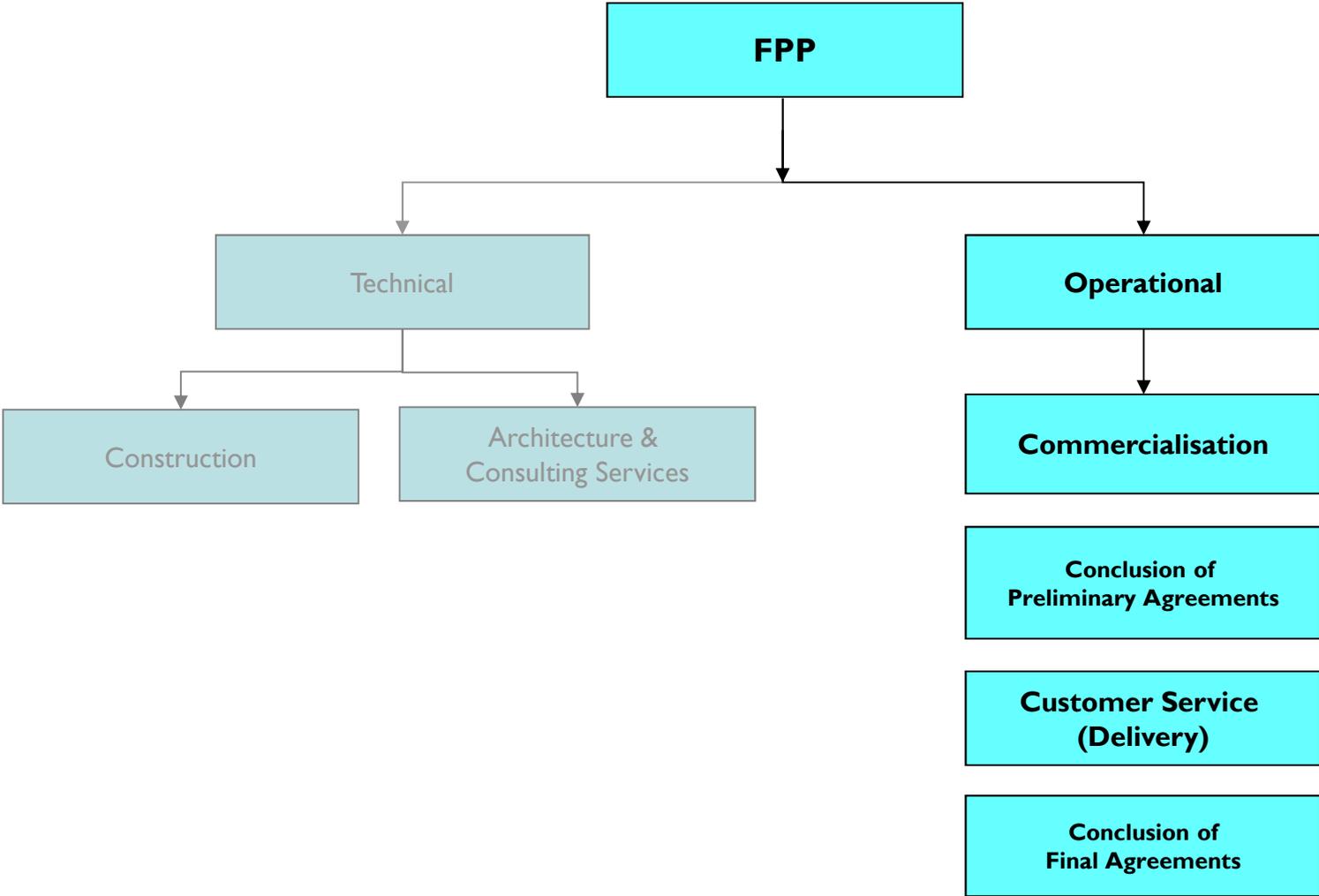


- FPP's Technical Department is responsible for construction and infrastructure development for projects.

- FPP appoints a project manager and a technical team (4 members) for every project supervised by FPP's Technical Director.

- Construction Process: General Contractor (projects in Wrocław) vs. subcontractors (OSTOJA-WILANÓW, Warsaw).

FPP. Internal Organisation. Operational Department



FPP. Internal Organisation

Back Office Services

- **New development:**

- Technical, legal, and commercial review of potential plots/projects.
- Design of the product (on offer).
- Full study of pricing policy.
- Appraisals.

- **Financial Controller**

Monthly review of project costs and profitability.

- **Technical Controller**

(COCO system).
Monthly review of costs of works using tailor-made software.

- **Marketing**

FPP general and special marketing campaigns.

Sales Management

- **FPP commercial team.**

Additional external team (agents).

Financial & Other Services

- Sales Administration management:**

- Preliminary and final agreements.
- Negotiations of agreements with customers.
- Management of payments from customers.
- Project Prospectus.
- All administrative work is in compliance with the new Act on Protection of Consumers (effective since 29 April 2012).

- Customer Service management.**

- Day-to-day assistance to customers.
- Direct telephone line.
- Delivery of apartments.
- Follow-up on customer claims, if any, relating to apartments.

- Legal Back Office.**

- Financial Services.**

- Financing for projects.
- Financial management.

- Accounting Services.**

- All accounting work handled at the FPP Head Office in Warsaw.

- Interior Design management.**

- Management of conversions in units if requested by customers.

Case Study: FPP Model

Under FPP's current model, 80% of residential units are sold during the construction period. As soon as the construction is complete, 80% of units are delivered within 60 days of obtaining the (final) occupancy permit. Final sales agreements are signed within 60 days of the delivery of the apartment.

FPP has successfully applied the model to all the projects since 2009, that is for the total of 13 projects (1,589 apartments): four in Warsaw, Ostoja-Wilanów, building C3 (262 residential units, 2009-2011), building C4 (324 apartments, standard part - 170 units, 2011-2013), building B4 (136 residential units, 2014-2015) and building C2 (126 residential units, 2015-2016); nine in Wrocław, Osiedle-Innova, stage I (71 residential units, 2010-2012), stage II (70 units, 2011-2012), stage III (96 units, 2011-2012), stage IV (92 units, 2012-2013), stage V (92 units, 2012-2013), stages VI and VII (112 units, 2013-2014); Osiedle-Moderno (158 residential units, 2014-2015) and Apartamenty Innova, stage I (206 residential units, 2014-2016).

The gross margin (business plan) of at least **20%-25%**.

Case study: building C3 (262 units, October 2009 - December 2011), Ostoja-Wilanów (Warsaw).

The data below shows FPP's 2011 performance. In total: 453 presales, 397 deliveries, and 411 final sales agreements. As indicated above, the model was repeated 9 times afterwards. In order to meet the above targets for building C3 (262 units) in Ostoja-Wilanów (Warsaw), FPP sold 9.8 units monthly during the construction period, delivered 7.15 units daily, and signed 5 final sales agreements (as notarial deeds) daily during Q4 2011. The promotion for building C3 in Ostoja-Wilanów involves a 262-apartment residential building located in Warsaw (Wilanów District). Ground was broken in October 2009, following the 2008 financial crunch. The building is located in an area (Miasteczko Wilanów) where several of FPP's competitors also operate.

Similar performance figures have been achieved as recently as in December 2016 with the completion of the first stage of APARTAMENTY INNOVA (206 apartments) in Wrocław. The construction was successfully completed on November 2016. As at 31 October 2016, 94% of the apartments had been sold.

CONCLUSION: WITHIN A MAXIMUM PERIOD OF 42 MONTHS, we achieve a return on our investment (from project concept to delivery of units to customers).

		2009												2010												2011												2012					
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Units	Months																																										
262	Construction	24																																									
258	Sale	24												[Blue bar]																													
258	Delivery	3																								[Brown bar]																	
245	Final sales agreements	3																											[Green bar]														

FPP Contact Details

I. Company's Head Office:

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2. Tel.: + 48 22 24 28 888
3. Email: biuro@fadesapolnord.pl
4. Website: www.fadesapolnord.pl

2. Sales Office, Ostoja-Wilanów and Villa Botánica:

1. Address: ul. Hlonda 10 B/U13, Miasteczko Wilanów, Warszawa
2. Tel.: + 48 22 550 13 70
3. Email: ostojawilanow@fadesapolnord.pl
4. Website: www.ostoja-wilanow.com
5. Sales & Marketing Director: Malgorzata Gryc

4. Regional Office Wroclaw:

1. Address: ul. Nyska 50, Krzyki, Wroclaw
2. Tel.: +48 71 712 04 02
3. Regional Director: Krzysztof Winnicki

5. Sales Office, Osiedle-Innova, Osiedle-Moderno, and Apartamenty Innova:

1. Address: ul. Nyska 50, Krzyki, Wroclaw
2. Tel.: +48 71 712 04 02
3. Email (Osiedle-Innova): osiedleinnova@fadesapolnord.pl
4. Email (Osiedle-Moderno): osiedlemoderno@fadesapolnord.pl
5. Website (Osiedle-Innova): www.osiedle-innova.com
6. Website (Osiedle-Moderno) : www.osiedlemoderno.com
7. Website (Apartamenty Innova): www.apartamentyinnova.pl





Central lake in stoja-Wilanów. Warsaw (January 2016)

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