

FPP

3000
SPRZEDANYCH
MIESZKAŃ

1000
MIESZKAŃ WE
WROCŁAWIU

FADESA POLNORD POLSKA (FPP)

15 November 2018 SP (ENG) PL

FPP Review

3Q18



FPP



FPP in Warsaw (park area in Ostoja-Wilanów, Warsaw, October 2017).

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 30 September 2018, FPP had sold 3,135 and delivered 2,935 apartments. In the last nine years, the average annual sales revenues totalled 144 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 III, both located in Wroclaw.

- Promotions:

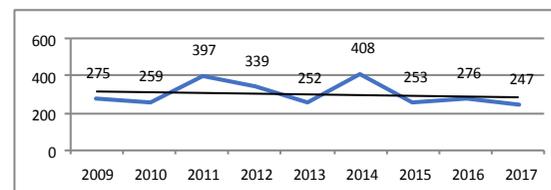
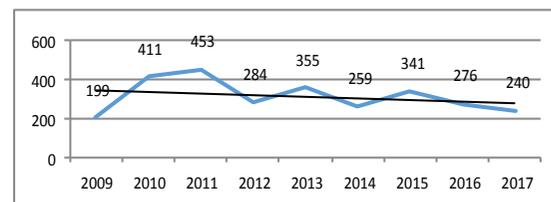
- Ostoja-Wilanów, Warsaw (1,967 units). www.ostoja-wilanow.com
- Osiedle-Innova, Wroclaw (535 units). www.osiedle-innova.com
- Osiedle-Innova II, Wroclaw (542 units).
 - *Apartamenty Innova* (buildings 6.4 and 6.5: 210 units). www.apartamentyinnova.pl
 - *Apartamenty Innova II* (building 6.3: 120 units). www.apartamentyinnova.pl
 - *Apartamenty Innova III* (buildings 6.1 and 6.2: 212 units). www.apartamentyinnova.pl
- Osiedle Moderno, Wroclaw (158 units) www.osiedlemoderno.pl
- Innova Concept in Wroclaw (149 units).
- 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

- **3,135 apartments sold** as at 30 September 2018.
- **2,902 apartments sold** from 2009 to 30 September 2018. 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; 240 units sold in 2017) **AVERAGE (2009-2017): 313 u/y.**
- **1,209 apartments sold in Wrocław** as at 30 September 2018.
- **2,935 units delivered** as at 30 September 2018.
- **2,765 units delivered** from 2009 to 30 June 2018. 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; 247 units in 2017). **AVERAGE (2009-2016): 301 u/y.**



From 1st January 2018 to 30th September 2018:

- Presales: **84 units.**
- Deliveries: **58 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* in Wrocław (from 2013 to 2015); *Apartamenty Innova, buildings 6.4 and 6.5* (from 2015 to 2016), *Apartamenty Innova II, building 6.3* (May 2016-December 2017) and *Apartamenty Innova III, buildings 6.1 & 6.2* (since April 2017) as well in Wrocław.



FPP Financial Highlights (PLN)

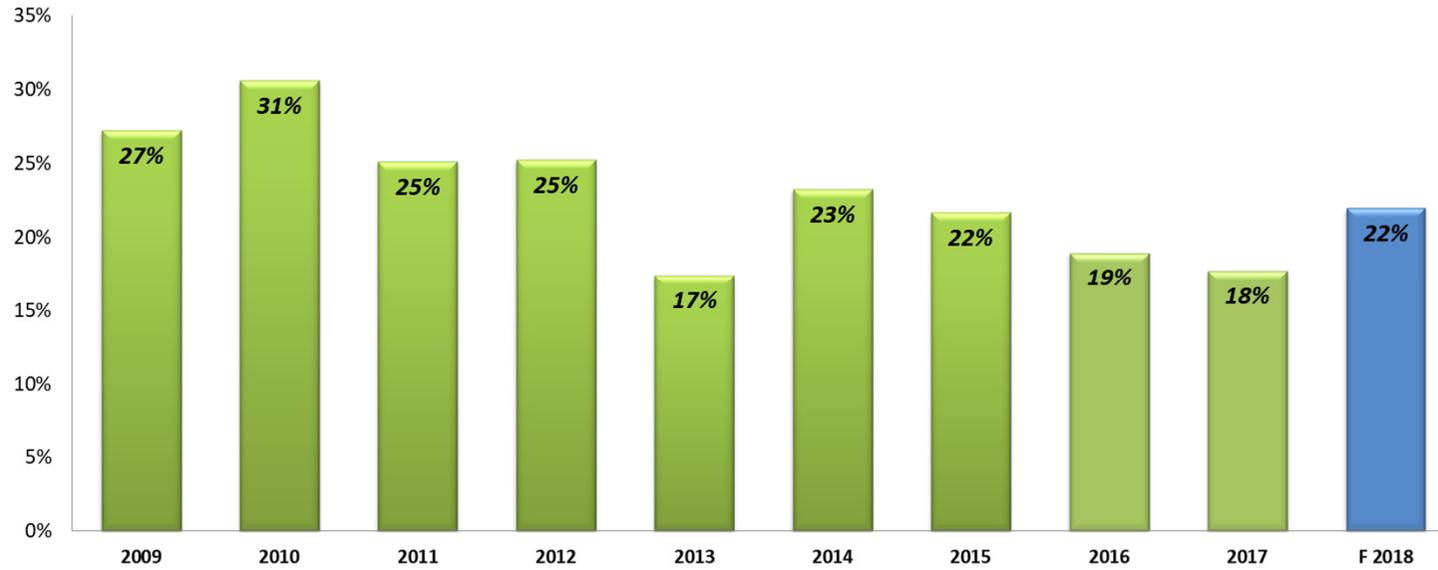
Selected financial data FPP Group [in PLN million]

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues	170.2	172.0	208.8	138.9	93.4	173.9	89.9	136.9	112.7
Gross sales profit	47.3	53.4	53.2	35.6	16.2	40.4	19.5	25.9	19.9
Gross margin	28%	31%	25%	26%	17%	23%	22%	19%	18%
Profit on operating activities	45.9	32.7	28.0	21.0	3.6	33.2	9.2	14.1	8.0
Net profit	7.8	18.1	9.7	16.1	3.5	23.2	4.2	10.7	5.5
Assets	596.8	505.4	403.7	385.3	369.3	270.3	305.6	216.7	175.7
Equity	31.9	51.6	63.6	78.0	81.5	105.7	109.9	120.6	126.1
Credit liabilities	321.3	214.8	91.1	83.5	43.3	6.0	12.5	5.7	3.4



Relevant information

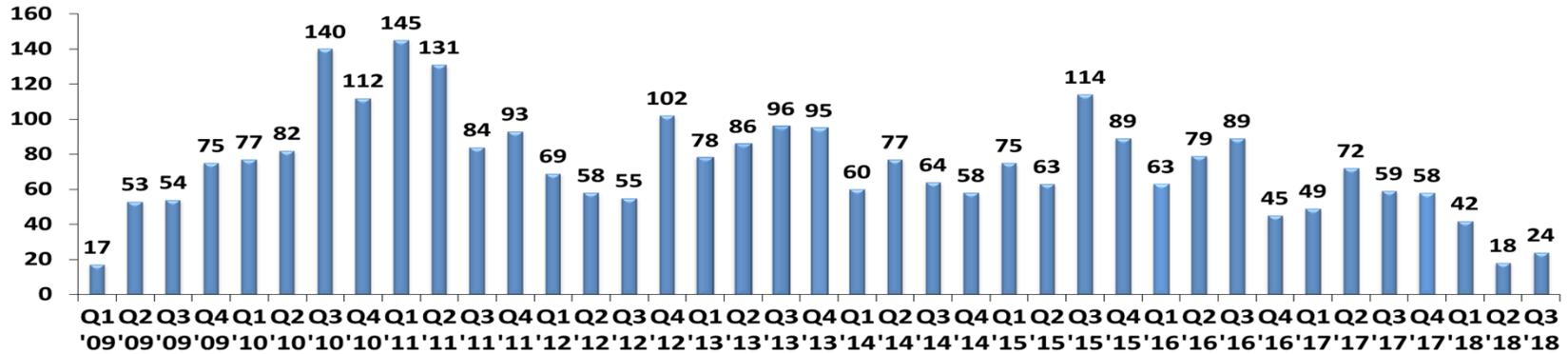
- **Gross Margin (since 2009).**



FPP Quarterly Presales & Deliveries (since 2009)

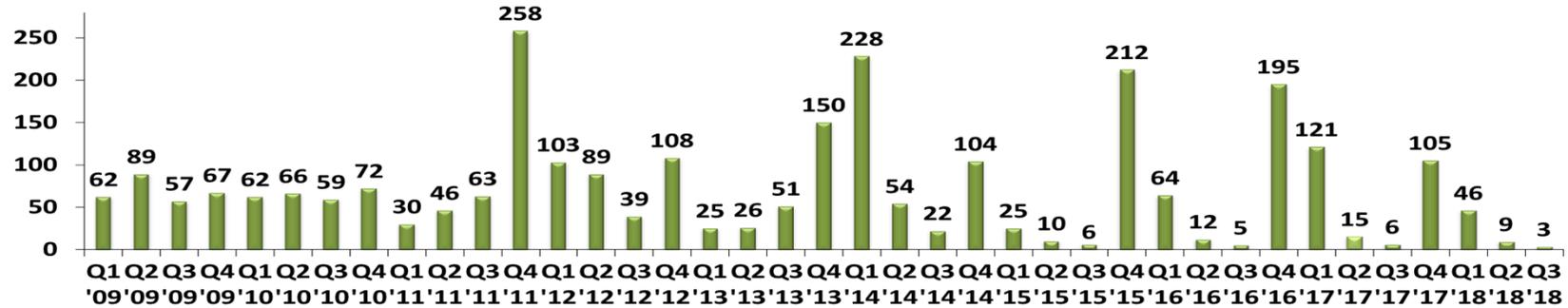
Presales since 2009

2009				2010				2011				2012				2013				2014				2015				2016				2017				2018		
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	Q1	Q2	Q3				
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	49	72	59	58	42	18	24



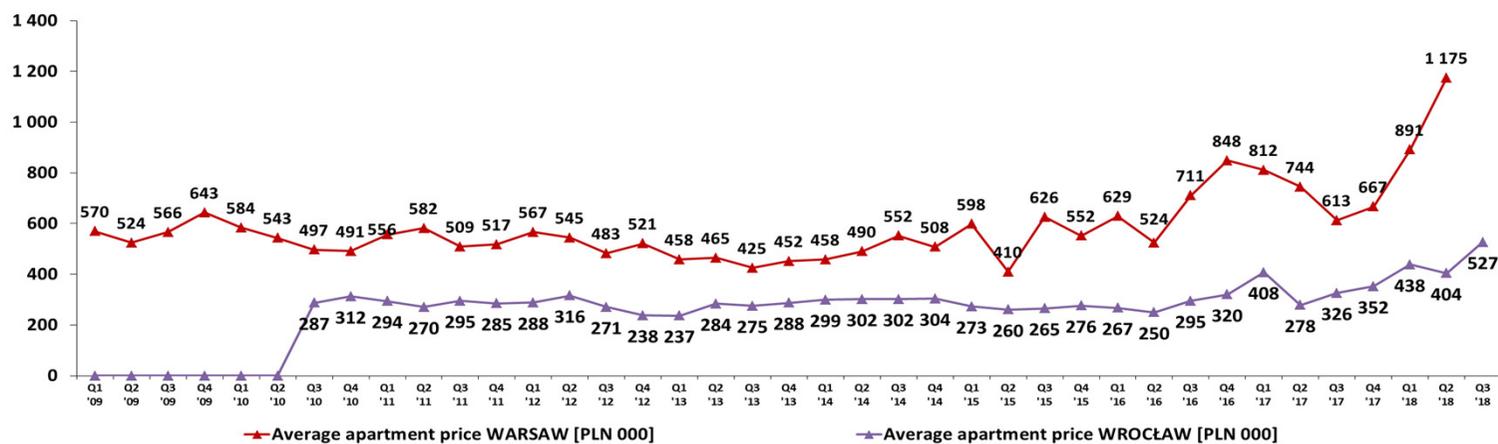
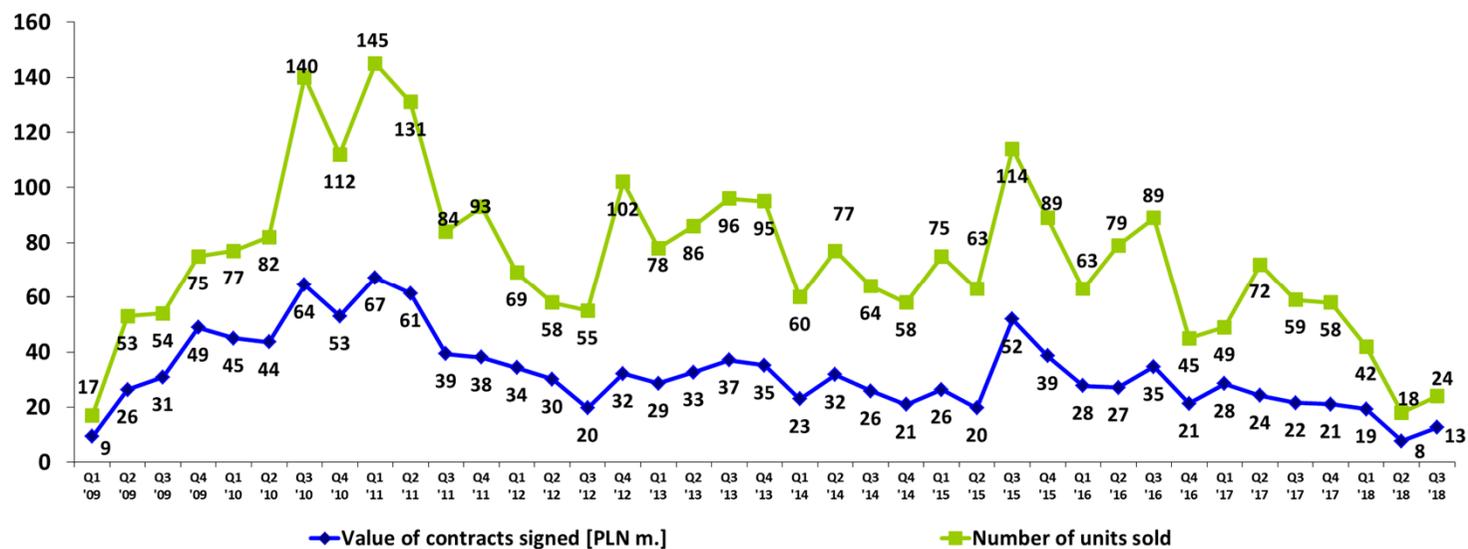
Deliveries since 2009

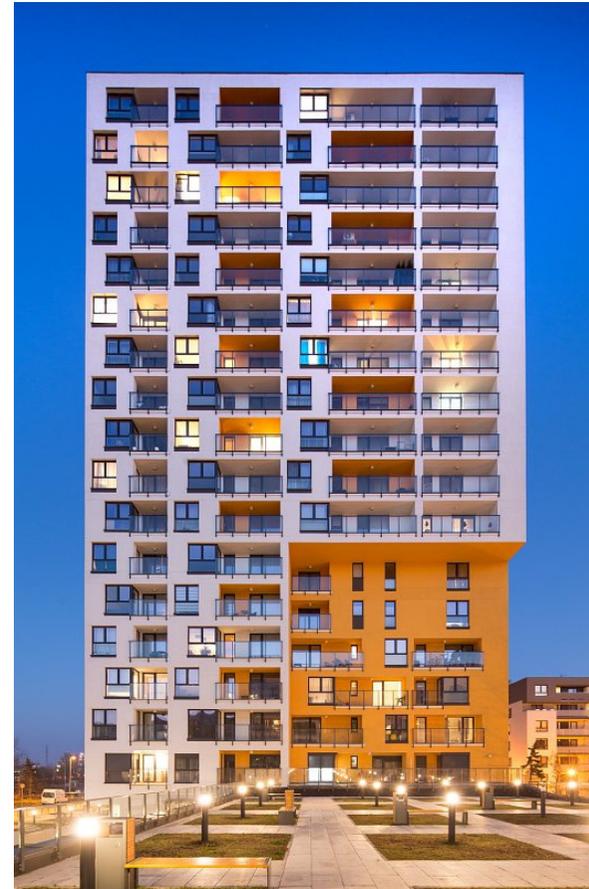
2009				2010				2011				2012				2013				2014				2015				2016				2017				2018		
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3				
62	89	57	67	62	66	59	72	30	46	63	258	103	89	39	108	25	26	51	150	228	54	22	104	25	10	6	212	64	12	5	195	121	15	6	105	46	9	3



Relevant information

- Quarterly Presales (since 2009)





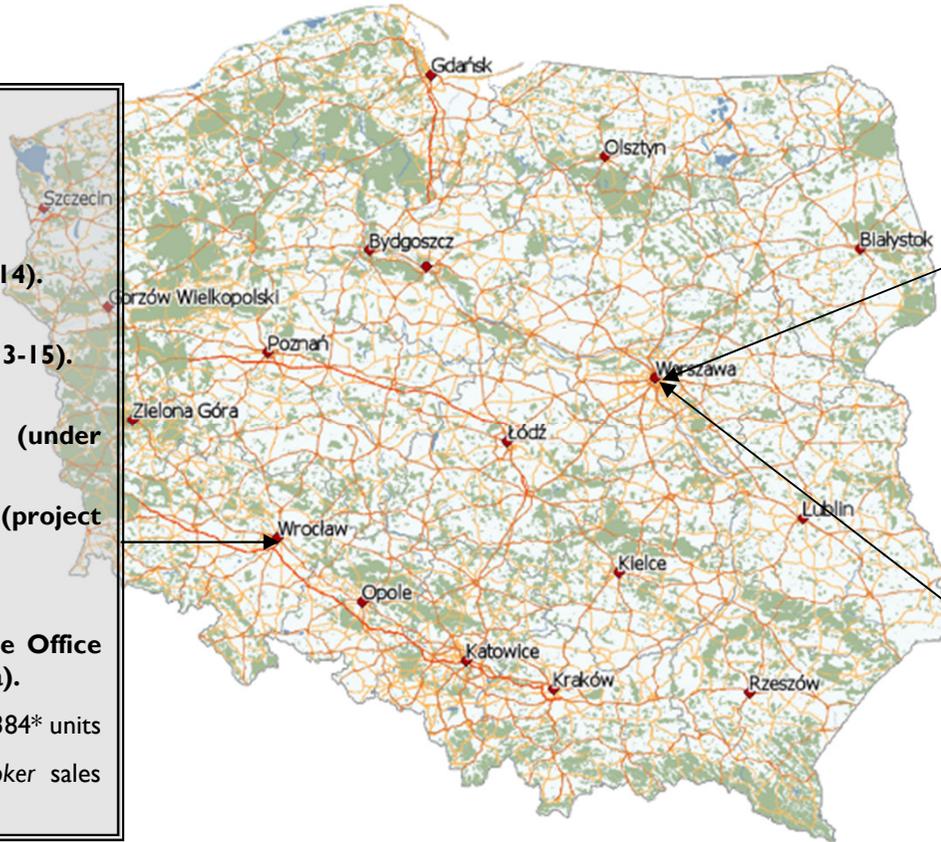
Different views of the first two towers of Apartamenty Innova. Wrocław (January 2018).

FPP, Projects in Poland

Wroclaw
Regional Office.
Projects:

1. **Osiedle Innova (2010-14).** Completed project.
2. **Osiedle Moderno (2013-15).** Completed project.
3. **Apartamenty Innova (under construction).**
4. **Innova Concept (project under development).**

Sales & Customer Service Office (located in Osiedle-Innova).
 • 1,384* units
 • Sales as well in *Home Broker* sales offices around the city.



Warsaw
Company's Head Office.
Projects:

1. **Ostoja Wilanów (2005-2017).** Completed project.

Sales & Customer Service Office (located in Ostoja-Wilanów).
 • 1,967 units

Powsin
Projects:

1. **Villa Botanica (project under development).**

• 343* apartments



FPP, Projects in Poland

Ostoja-Wilanów, Warsaw.
(1,929 residential units + 38 commercial units)



Osiedle-Innova, Osiedle-Moderno, Apartamenty Innova & Innova Concept, Wroclaw (1,370 residential units + 14 commercial units)



FPP, Projects in Poland

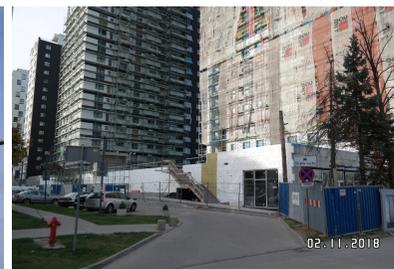
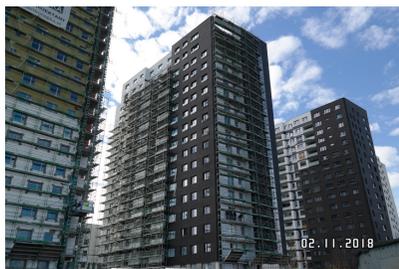
Villa Botanica, Powsin-Warsaw (343* residential units).



	Stage 1	Stage 2
Number of units	132	211*

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

- **Completed projects** (as at 30 September 2018). PAGES 14-17.
 - **19 stages:** 9 in Ostoja-Wilanów in Warsaw, and 10 in Wrocław (7 in Osiedle-Innova; 1 in Osiedle-Moderno and 2 in Apartamenty Innova).
 - **2,944 apartments completed:** 1,929 units in Warsaw and 1,015 units in Wrocław.
 - **213,237 sq. m completed:** 159,631 sq. m in Warsaw and 53,606 sq. m in Wrocław.
- **Units completed and unsold** (as at 30 September 2018).
 - **1,888.97 sq. m** completed and unsold (611,51 sq. m residential and 1,277.46 sq. m commercial).
 - **1 apartment** completed and unsold in Ostoja-Wilanów, Warsaw (87.44 sq. m residential).
 - **5 apartments** completed and unsold in Apartamenty Innova (building 6.3), Wrocław (524.07 sq. m residential).
 - **4 commercial units** in Ostoja-Wilanów, Warsaw (1,277,46 sq. m commercial).
- **Projects under construction** (as at 30 September 2018). PAGE 18.
 - **1 stage** (in Wrocław).
 - **211 apartments + 1 commercial unit under construction** (Wrocław).
 - **12,462 sq. m under construction.**
- **Projects under development** (as at 30 September 2018). PAGE 19.
 - **2 projects under development** (one new project in Wrocław and one project in Warsaw).
 - **487 apartments under development** (144 apartments in Wrocław and 343* apartments in Powsin-Warsaw).
 - **38,474 sq. m under development.**



FPP. Completed Projects

Promotion: *Ostoja-Wilanów* (Warsaw) 2005-2017: 9 stages completed: 1,929 apartments and 38 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) 2005-2017: 9 stages completed, 1,929 apartments and 38 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).



Ostoja-Wilanów (stage 6.A, building C2).
Date of delivery: November 2016.
No. of units: 120 apartments (12,531 sq. m).
Presold: 99% (as at 30 September 2017)



Ostoja-Wilanów (stage 8, building B2).
Date of delivery: October 2017.
No. of units: 43 apartments plus 3 commercial units (4,981 sq. m).
Presold: 98% (as at 30 June 2018).



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).



Park in Ostoja-Wilanów.
Location: north-east of Ostoja-Wilanów (between building B1 and C6).
Total area: 2 hectares.

FPP. Completed Projects

Promotion: *Osiedle Innova (Wroclaw) 2010-2014*: 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) 2014-2015.**
Completed (158 apartments).



Osiedle-Moderno
Date of delivery: November 2015.
No. of units: 158 apartments (7,243 sq. m).

Promotion: **Apartamenty Innova (Wroclaw) 2016 ahead: 2 stages completed**
(326 apartments plus 4 commercial units).



Apartamenty Innova I.
Date of delivery: December 2016
No. of units: 206 apartments plus
4 commercial units (10,274 sq. m).



Apartamenty Innova II.
Date of delivery: December 2017
No. of units: 120 apartments (8,295 sq. m).
Presold: 96% (as at 30 September 2018).

FPP. Projects under Construction

- I stage under construction (two buildings, both in Apartamenty-Innova, Wrocław).
- 211 apartments plus 1 commercial unit under construction in Wrocław.
- 12,462 sq. m under construction



Building 6.2 Apartamenty-Innova III, Wrocław

Apartamenty-Innova III, Wrocław (Building 6.2).

No. of units: 128 apartments (7,629 sq. m).

Breaking ground: March 2017.

Progress to date (building 6.2): 85% (as at 30 September 2018).

Delivery date: First quarter 2019.

On sale since: April 2017 (91% presold as at 30 September 2018).



Building 6.1 Apartamenty-Innova III, Wrocław

Apartamenty-Innova III, Wrocław (Building 6.1).

No. of units: 83 apartments plus 1 commercial unit (4,833 sq. m).

Breaking ground: March 2017.

Progress to date (building 6.1): 68% (as at 30 September 2018).

Delivery date: Second quarter 2019 (building 6.1).

On sale since: April 2017 (96% presold as at 30 September 2018).

FPP. Projects under Development

487 residential units under development in Powsin-Warsaw (343* units; 29,974 sq. m) and Wroclaw (144 apartments + 5 commercial units; 8,500 sq. m).



Villa Botánica, Powsin (Warsaw).

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

Stage 1 (13,071 sq. m)

Stage 2 (16,903 sq. m)

TTL: 29,974 sq. m



Innova Concept, Wroclaw.

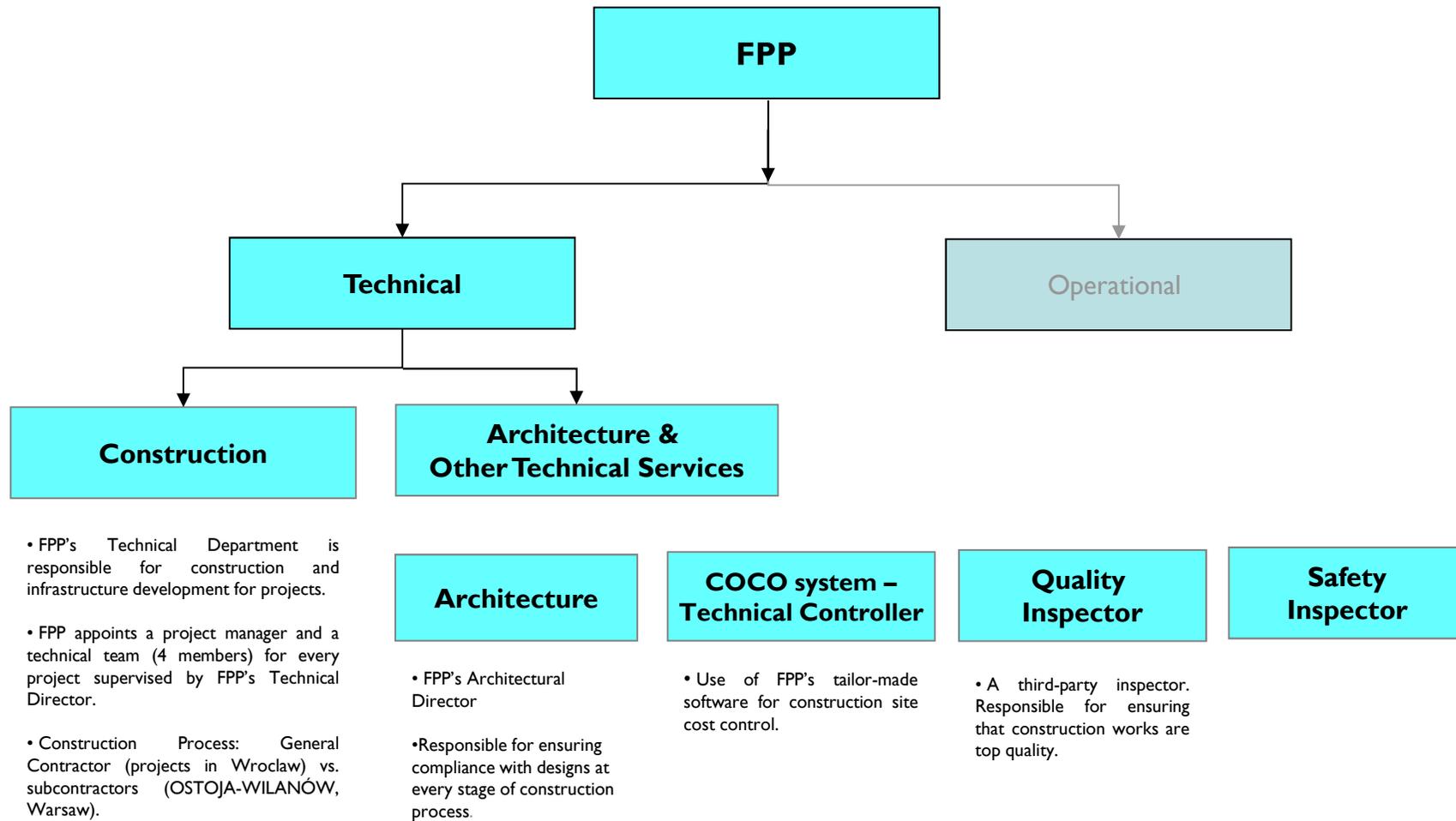
No. of units: 144 apartments + 5 commercial units.

TTL: 8,823 sq. m



Apartamenty Innova (towers). From left to right: buildings 6.1 and 6.2 (under construction), building 6.3 (finished in 2017) and building 6.4 (finished in 2016).

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

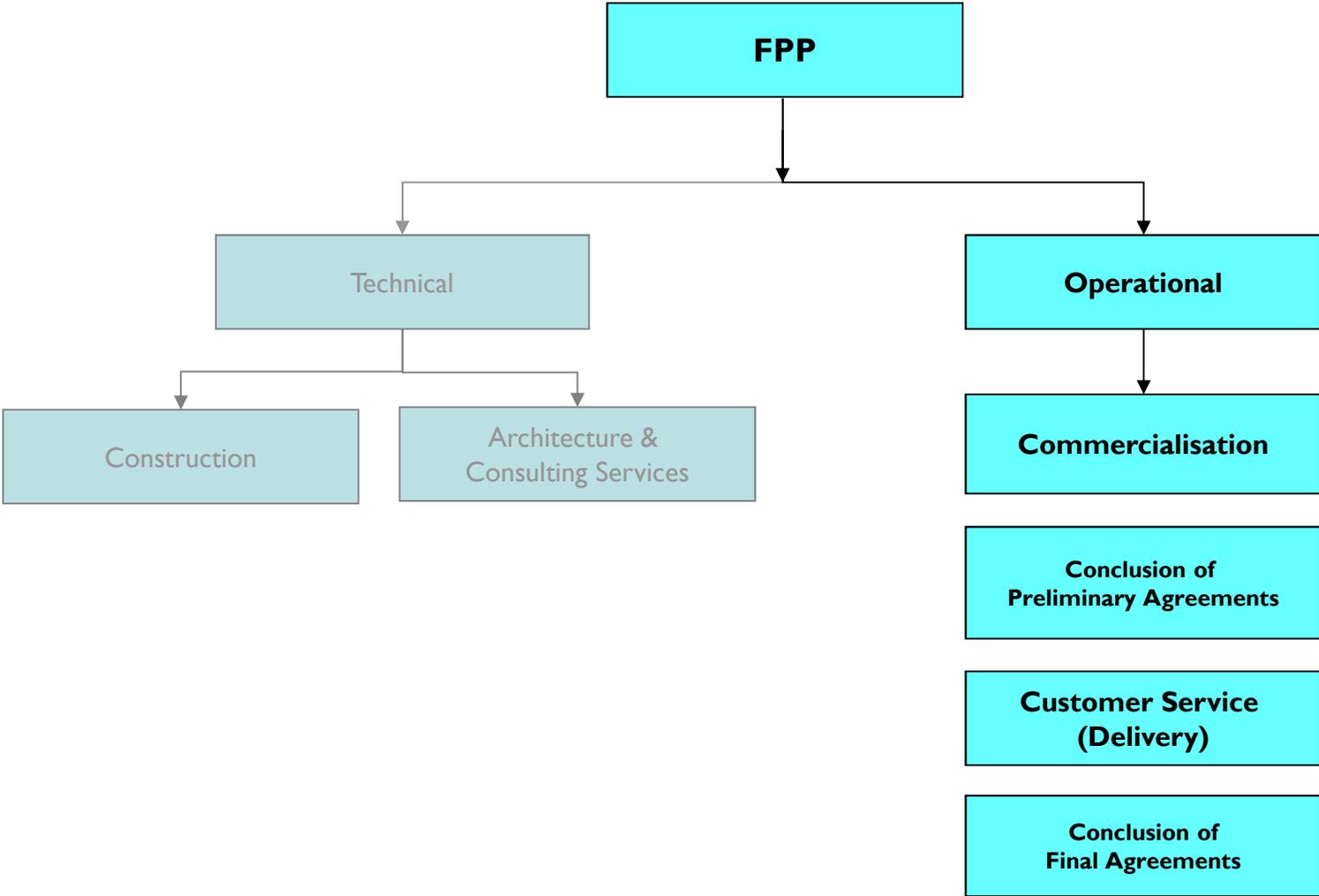


- FPP's Technical Department is responsible for construction and infrastructure development for projects.

- 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. As for the process of commercialization, apartments are sold no sooner than once month after the beginning of the construction works.

FPP has successfully applied the model to all the projects since 2009, that is for the total of 15 projects (1,752 apartments): 5 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), building C2 (126 residential units, 2015-2016) and building B2 (43 residential units, 2016-2017); 10 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), Apartamenty Innova I (206 residential units, 2014-2016) and Apartamenty Innova II (120 residential units, 2016-17).

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 in December 2017 with the completion of APARTAMENTY INNOVA II (120 apartments) in Wrocław (82% of the apartments presold by the end of the construction).

CONCLUSION: WITHIN A MAXIMUM PERIOD OF 42 MONTHS *Osiedle-Moderno case study*, **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	█																								█																		█					
258	Sale	█																								█																		█					
258	Delivery	█																								█																		█					
245	Final sales agreements	█																								█																		█					

FPP Contact Details

I. Company's Head Office:

1. Address: Aleje Jerozolimskie 94, 00-807 Warszawa (Śródmieście district).
2. Tel.: + 48 22 24 28 888
3. Email: biuro@fadesapolnord.pl
4. Website: www.fadesapolnord.pl

2. Sales & Customer Service Office in Warsaw:

1. Address: ul. Hłonda 10 B/UI13, 02-972 Warsaw (District of Miasteczko Wilanów).
2. Tel.: + 48 22 550 13 70
3. Email: ostojawilanow@fadesapolnord.pl
4. Website: www.ostoja-wilanow.com
5. Sales & Marketing Director: Małgorzata Gryc

3. Regional Office Wrocław:

1. Address: ul. Nyska 50, 05-505 Wrocław (Krzyki district).
2. Tel.: +48 71 712 04 02
3. Regional Director: Krzysztof Winnicki

4. Sales & Customer Service Office in Wrocław:

1. Address: ul. Nyska 50, 05-505 Wrocław (Krzyki)
2. Tel.: +48 71 712 04 02
3. Email (Osiedle-Innova): osiedleinnova@fadesapolnord.pl
4. Website (Osiedle-Innova): www.osiedle-innova.com
5. Website (Apartamenty Innova): www.apartamentyinnova.pl





Lake area in Ostoja-Wilanów, Warsaw. (October 2017)

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