FPP

3000 SPRZEDANYCH MIESZKAŃ

1000 MIESZKAŃ WE WROCŁAWIU

FADESA POLNORD POLSKA (FPP)

18 July 2018 SP (ENG) PL

FPP Review

2Q18

FPP

FPP in Warsaw (Bird-eye view of Ostoja-Wilanów in Warsaw, June 2017).

FPP. The Firm

- FADESA POLNORD POLSKA (FPP).

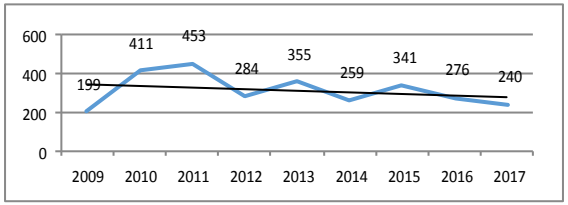
  FPP is a real estate developer deeply rooted in the Polish local market. FPP has been present in Poland since May 2005, focusing on the construction of medium to high-standard apartments. The company has two shareholders: Spanish MARTINSA-FADESA (51% interest) and Polish POLNORD (49% interest). The company operates in Warsaw and Wroclaw. As at 30 June 2018, FPP had sold 3,112 and delivered 2,933 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, both located in Wroclaw.

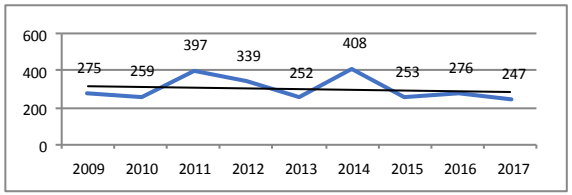
- Promotions:
  - Ostoja-Wilanów, Warsaw (1,965 units). www.ostoja-wilanow.com
  - Osiedle-Innova, Wroclaw (535 units). www.osiedle-innova.com
  - Osiedle-Innova II, Wroclaw (542 units).
    - *Apartamenty Innova* (buildings 6.4 and 6.5: 210 units). www.apartamentyinnova.pl
    - *Apartamenty Innova* II (building 6.3: 120 units). www.apartamentyinnova.pl
    - *Apartamenty Innova III* (buildings 6.1 and 6.2: 212 units). 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

- **3,112 apartments sold** as at 30 June 2018.
- **2,878 apartments sold** from 2009 to 30 June 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**.
- **1,184 apartments sold in Wroclaw** as at 30 June 2018.
- **2,933 units delivered** as at 30 June 2018.
- **2,762 units delivered** from 2009 to 30 June 2018. See chart to the right (deliveries per year).
(275 units delivererd 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 June 2018:

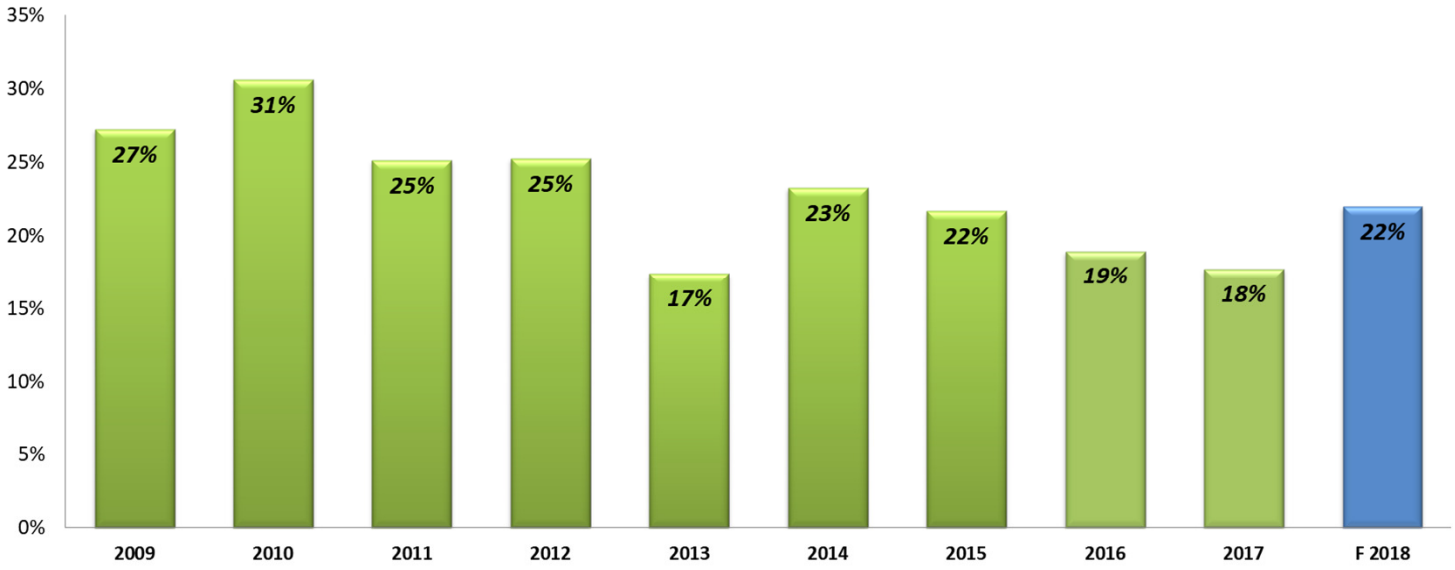
-Presales: 60 units.

-Deliveries: 55 units.

- **Financing:**
  – Bank PEKAO S.A. (Unicredit Group): *Ostoja-Wilanów* in Warsaw (from 2006 to 2016) and *Osiedle Innova* in Wroclaw (from 2011 to 2014).
  – GETIN NOBLE S.A.: *Osiedle-Moderno* in Wroclaw (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 Wroclaw.

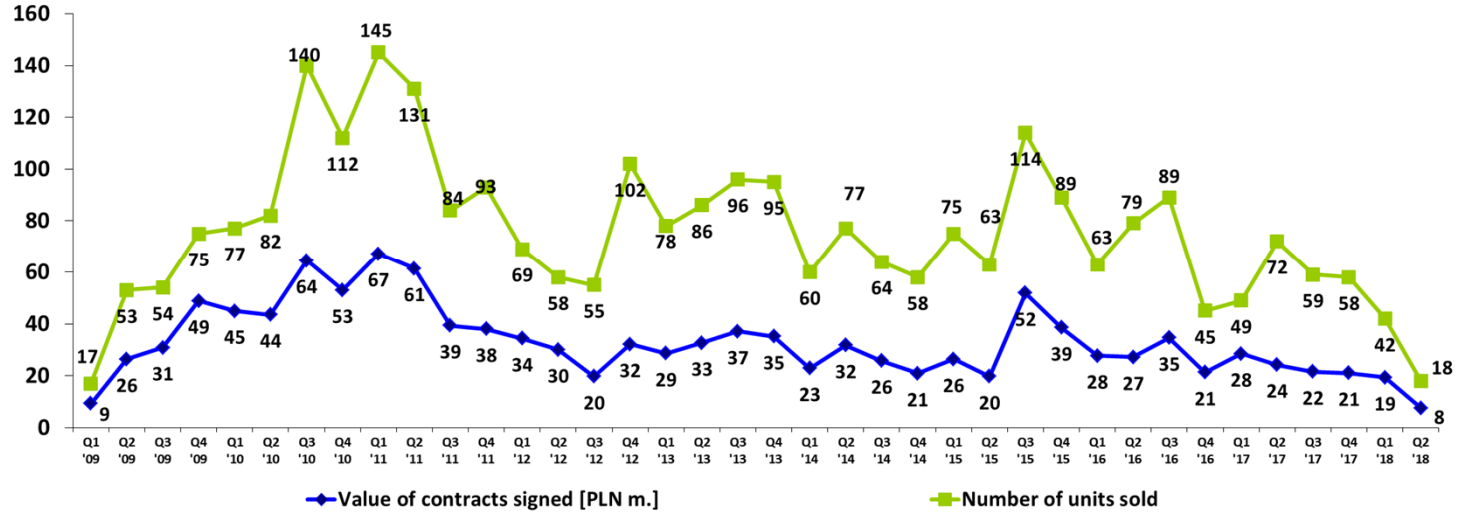
Relevant information

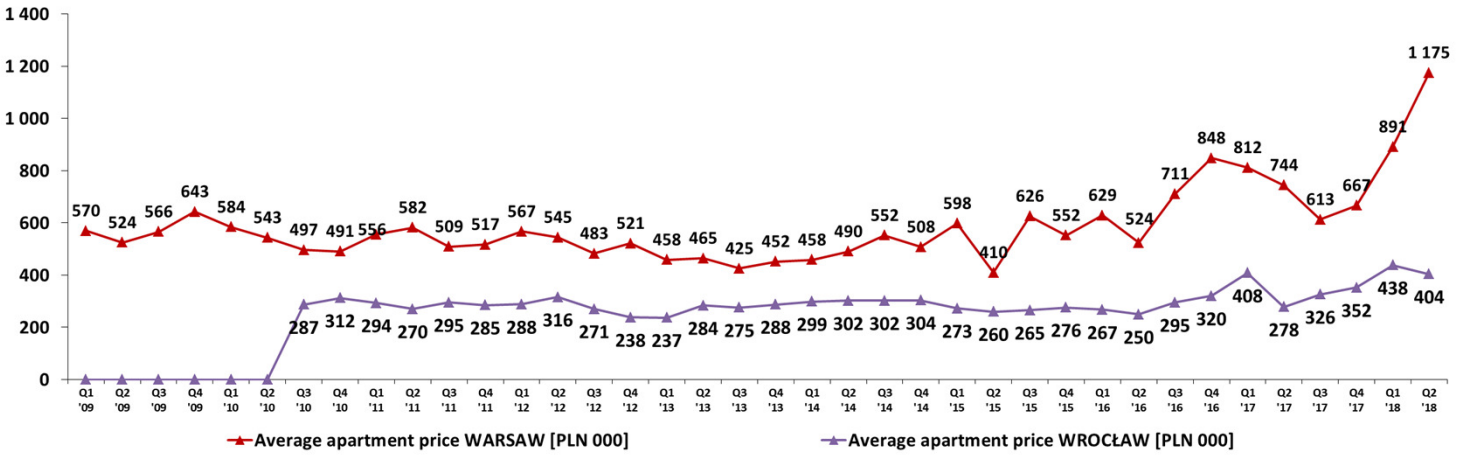
- **Gross Margin (since 2009).**



Relevant information

- **Quarterly Presales (since 2009)**





FPP, Projects in Poland

Ostoja-Wilanów, Warsaw.
(1,929 residential units + 36 commercial units)

ETAP 1 180 A1 180+7	ETAP 2 221 A2 127 B3 66 A1.1 28+4	ETAP 3 231 A3 167 C1 64	ETAP 4 228 B1 133 C6 59 C5 36	ETAP 5 178 B5 178+13
ETAP 6 262 C3 262+9	ETAP 6a 232 B4 136+1 C2 126	ETAP 7 324 C4 324	ETAP 8 43 B2 43+3	

Osiedle-Innova, Osiedle-Moderno & Apartamenty Innova, Wroclaw.
(1,226 residential units + 9 commercial units)

	LICZBA MIESZKAŃ	LICZBA LOKALI USŁUGOWYCH	LICZBA MIEJSC POSTOJOWYCH W GARAŻU
APARTAMENTY INNOVA	206	4	244
APARTAMENTY INNOVA II	120	-	145
APARTAMENTY INNOVA III	211	1	256
OSIEDLE MODERNO	158	-	189
OSIEDLE iNnova	531	4	504

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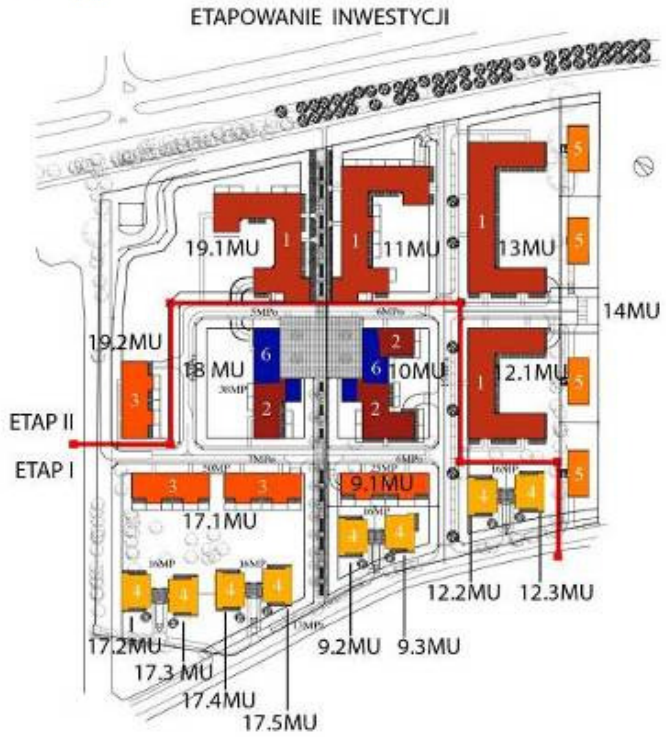
FPP, Projects in Poland

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

VILLA BOTANICA



	Stage 1	Stage 2
Number of units	132	211*

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Area of lifts on the ground floor in the building 6.3 of Apartamenty Innova II. Wroclaw (January 2018).

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

- **Completed** (as at 30 June 2018)**:**
  - **19 stages:** 9 in Ostoja-Wilanów in Warsaw, and 10 in Wroclaw (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 Wroclaw.
  - **213,237 sq. m completed**: 159,631 sq. m in Warsaw and 53,606 sq. m in Wroclaw.

- **Units completed and unsold** (as at 30 June 2018):
  - **2,335.09 sq. m** completed and unsold (922.77 sq. m residential and 1,412,32 sq. m commercial).
    - **1 apartment** completed and unsold in Ostoja-Wilanów, Warsaw (87.44 sq. m residential).
    - **8 apartments** completed and unsold in Apartamenty Innova (building 6.3), Wroclaw (835.33 sq. m residential).
    - **4 commercial units** in Ostoja-Wilanów, Warsaw (1,277,46 sq. m commercial).
    - **1 comercial unit** in Apartamenty Innova, Wroclaw (134.86 sq, m residential).
- **Under construction** (as at 30 June 2018):
  - **1 stage** (in Wroclaw).
  - **211 apartments + 1 commercial premise under construction** (Wroclaw).
  - **12,462 sq. m under construction.**
- **Under development** (as at 30 June 2018):
  - **2 projects under development** (one new project in Wroclaw and one project in Warsaw)**.**
  - **487 apartments under development** (144* apartments in Wroclaw and 343* apartments in Powsin-Warsaw).
  - **38,474 sq. m under development**.

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

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FPP. Completed Projects

Promotion: ***Ostoja-Wilanów* (Warsaw) 2005-2017: 9 stages completed: 1,965 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).

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FPP. Completed Projects

Promotion: ***Ostoja-Wilanów* (Warsaw) 2005-2017: 9 stages completed, 1,965 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).

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 comercial 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.

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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).

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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).

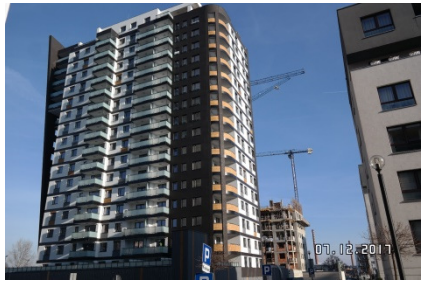
Promotion: ***Apartamenty Innova*** **(Wroclaw) 2016 ahead : 2 stages completed (326 apartments plus 4 comercial units).**

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: 93% (as at 30 June 2018).

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FPP. Projects under Construction

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

Building 6.2 Apartamenty-Innova III, Wroclaw

Building 6.1 Apartamenty-Innova III, Wroclaw

Apartamenty-Innova III, Wroclaw (Building 6.1 & 6.2).

No. of units: 211 apartments plus 1 commercial unit (12,462 sq. m).

Breaking ground: March 2017.

Progress to date (building 6.1): 75% (as at 30 June 2018).

Progress to date (building 6.2): 52% (as at 30 June 2018).

Delivery date: Q119 (building 6.2) & Q219 (building 6.1).

On sale since: April 2017 (Building 6.2: 84% presold as at 30 June 2018; building 6.1: 83% presold as at 30 June 2018).

Bird's eye view of Osiedle-Innova (foreground), Osiedle-Moderno (on the right side of the picture) and Apartamenty Innova (towers in the background).

PHOTO + VISUALISATION of two towers on the right side, buildings 6.2 & 6.1. March 2018

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FPP. Projects under Development

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

Villa Botánica, Powsin (Warsaw).

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

Stage 1 (13,071 sq. m)

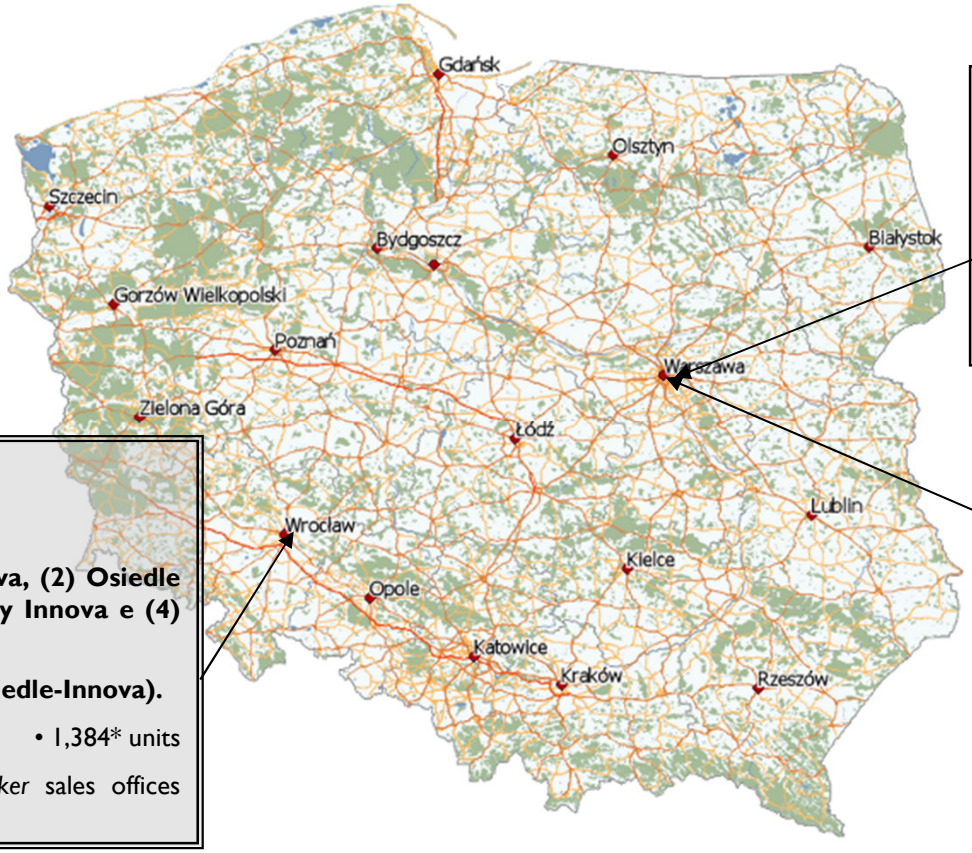
Stage 2 (16,903 sq. m)

TTL: 29,974 sq. m

New project, Wroclaw.

No. of units: 149* units.

TTL: 8,823 sq. m



Warsaw

Company's Head Office.

Project – Ostoja Wilanów.

Sales Office (located in Ostoja-Wilanów).

- 1,965 units

Wroclaw

Regional Office.

Projects: (1) Osiedle Innova, (2) Osiedle Moderno, (3) Apartamenty Innova e (4) Innova Concept.

Sales Office (located in Osiedle-Innova).

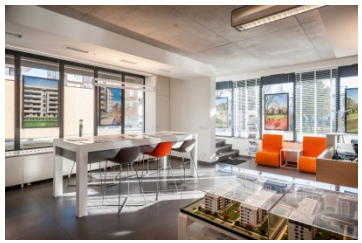
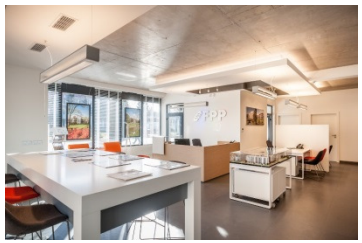
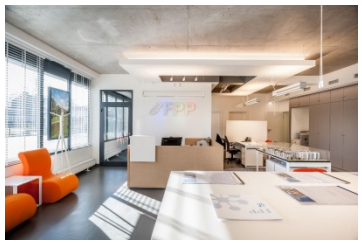
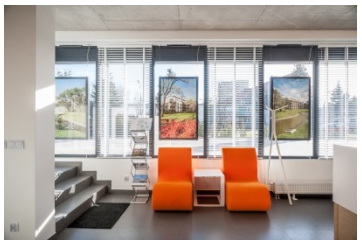
- 1,384* units

- Sales as well in *Home Broker* sales offices around the city.

Powsin

Project – Villa Botanica

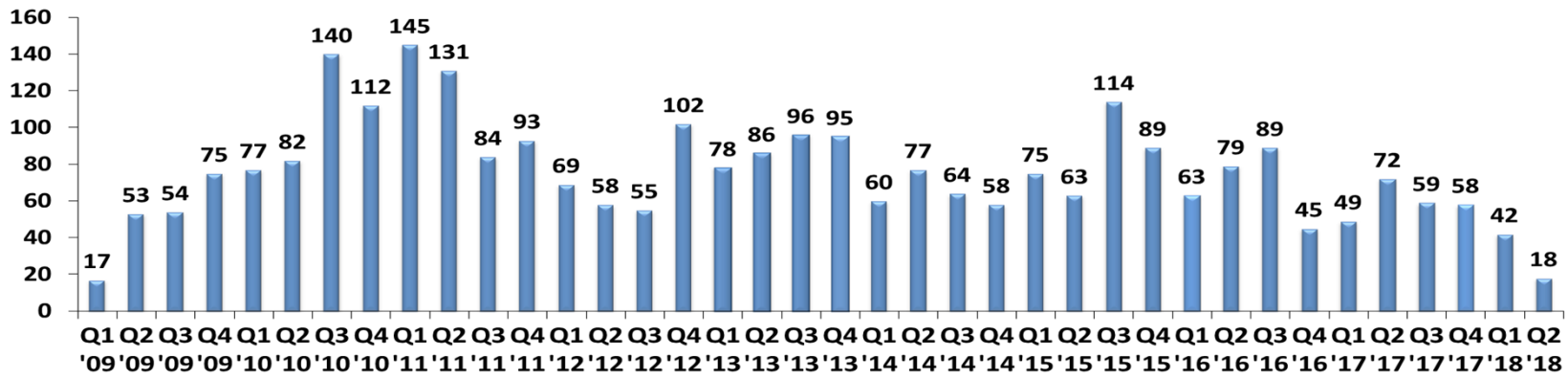
- 343* apartments

FPP Quarterly Presales & Deliveries (since 2009)

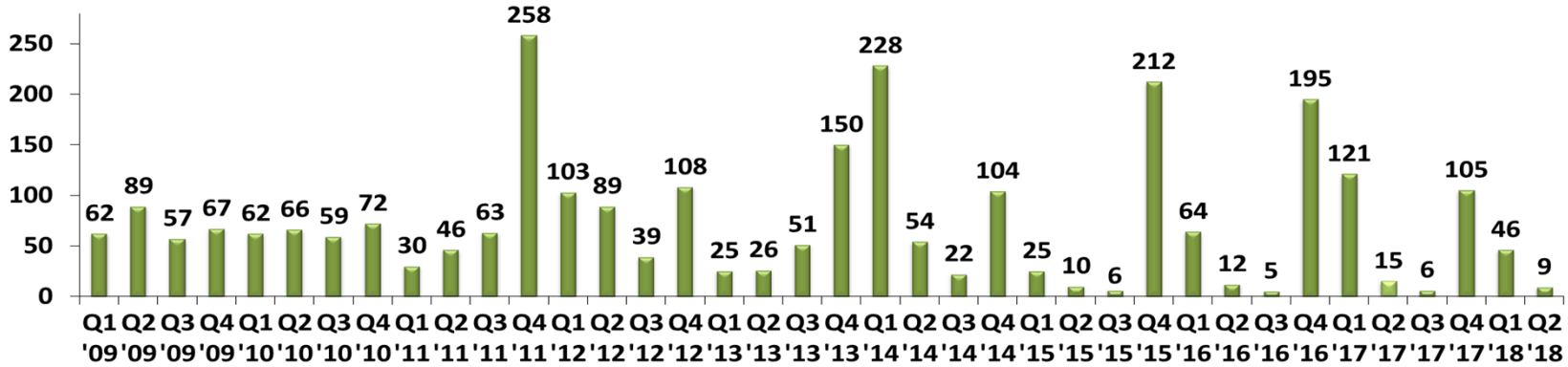
Presales since 2009

	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	Q4	Q1	Q2
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	49	72	59	58	42	18



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	Q4	Q1	Q2
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	121	15	6	105	46	9



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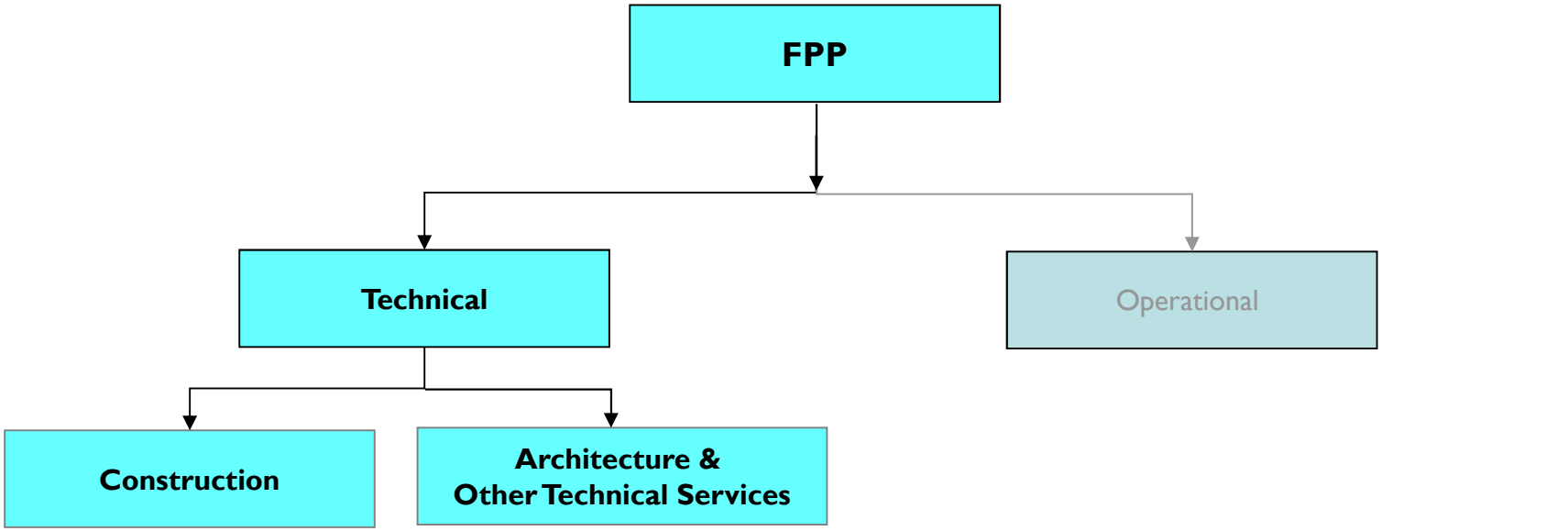
FPP. Internal Organisation: Technical Department (Construction, Architecture & Consulting)



• 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 Wroclaw) vs. subcontractors (OSTOJA-WILANÓW, Warsaw).

Architecture

• FPP's Architectural Director

•Responsible for ensuring compliance with designs at every stage of construction process.

COCO system – Technical Controller

• Use of FPP's tailor-made software for construction site cost control.

Quality Inspector

• A third-party inspector. Responsible for ensuring that construction works are top quality.

Safety Inspector

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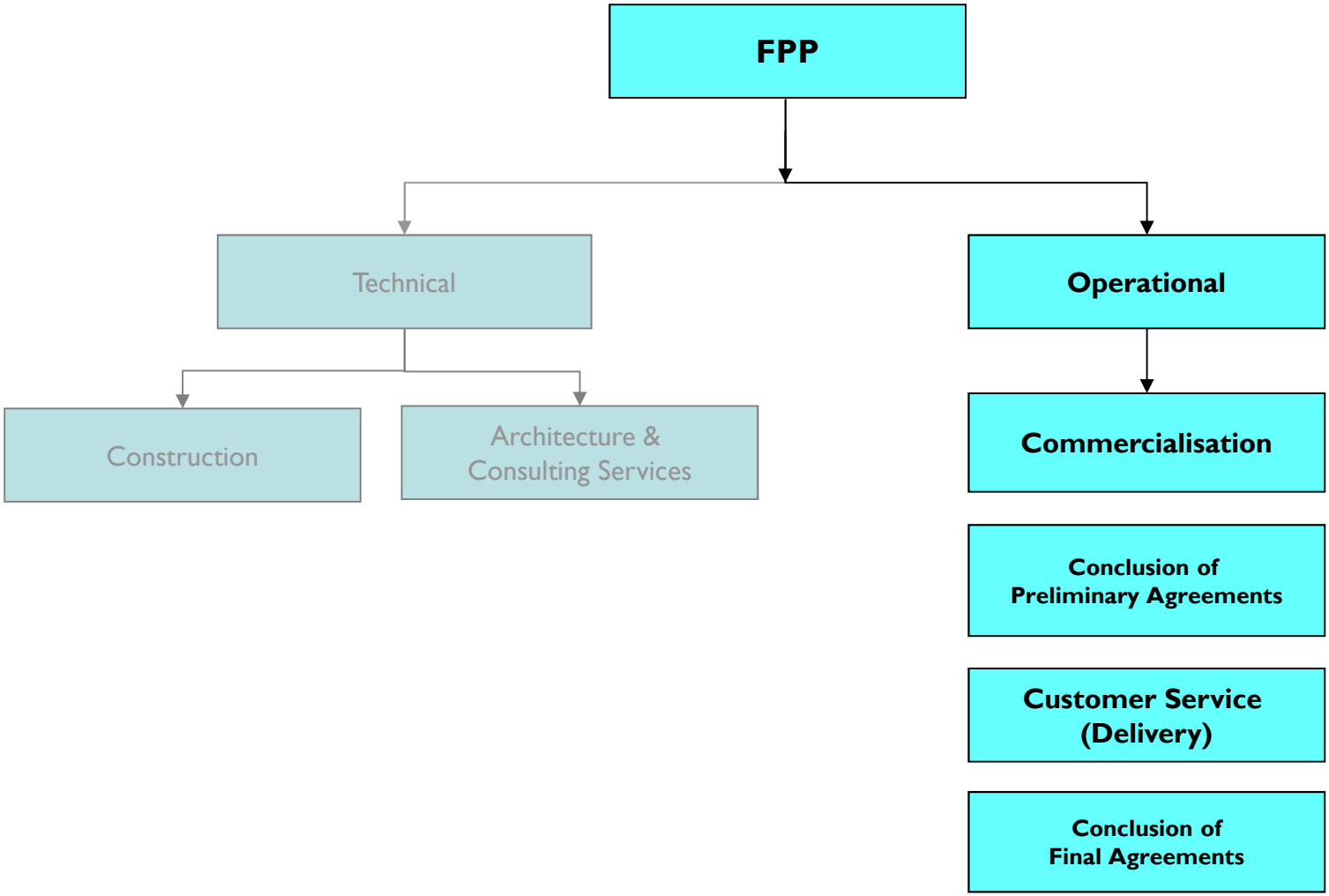
FPP. Internal Organisation. Operational Department



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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 Wroclaw, 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).

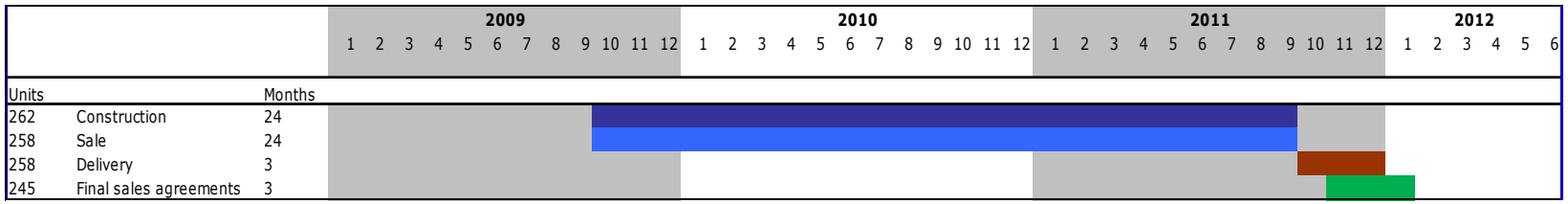
The gross margin (business plan) of at least **20%-25%**.

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 Wroclaw (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).



FPP

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    6. Website (Osiedle-Moderno) : www.osiedlemoderno.com
    7. Website (Apartamenty Innova): www.apartamentyinnova.pl

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