

FPP Review

2Q19





FPP in Wrocław (bird's eye view of FPP projects in the city), May 2019.

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 30th June 2019, FPP had sold 3,206 and delivered 3,149 apartments. In the last ten years, the average annual sales revenues totalled 134,5 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 APARTAMENTY INNOVA (I, II & III) and currently finances INNOVA CONCEPT, all three projects located in Wroclaw. GETIN NOBLE S.A. currently finances INNOVA CONCEPT located as well in Wroclaw.

- Promotions:

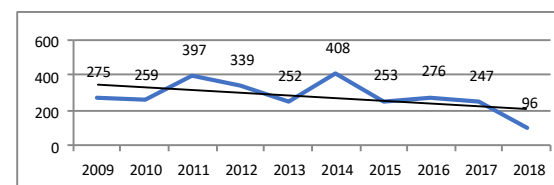
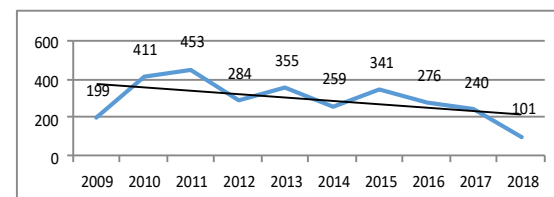
- Ostoja-Wilanów, Warsaw (1,967 units). www.ostoja-wilanow.com
- Osiedle-Innova, Wroclaw (535 units). www.osiedle-innova.com
- Apartamenty Innova (I, II & III), Wroclaw (542 units). www.apartamentyinnova.pl
 - Apartamenty Innova (buildings 6.4 and 6.5: 210 units).
 - Apartamenty Innova II (building 6.3: 120 units).
 - Apartamenty Innova III (buildings 6.1 and 6.2: 212 units).
- Osiedle Moderno, Wroclaw (158 units) www.osiedlemoderno.pl
- Innova Concept, Wroclaw (148 units). www.innovaconcept.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

- **3,206 apartments sold** as at 30 June 2019.
- **2,979 apartments sold** from 2009 to 30 June 2019. 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; 101 units sold in 2018)
AVERAGE (2009-2017): 292 u/y.
- **1,277 apartments sold in Wrocław** as at 30 June 2019.
- **3,149 units delivered** as at 30 June 2019.
- **2,979 units delivered** from 2009 to 30 June 2019. 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; 96 units delivered in 2018).
AVERAGE (2009-2018): 280 u/y.



From 1st January 2019 to 30 June 2019:

-Presales: 61 units.

-Deliveries: 179 units.

- **Financing:**
 - Bank PEKAO S.A.: *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 I*, buildings 6.4 & 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 (April 2017-December 2018) in Wrocław. GETIN NOBLE S.A. currently finances INNOVA CONCEPT (since February 2019) as well in Wrocław.



FPP Financial Highlights (PLN)

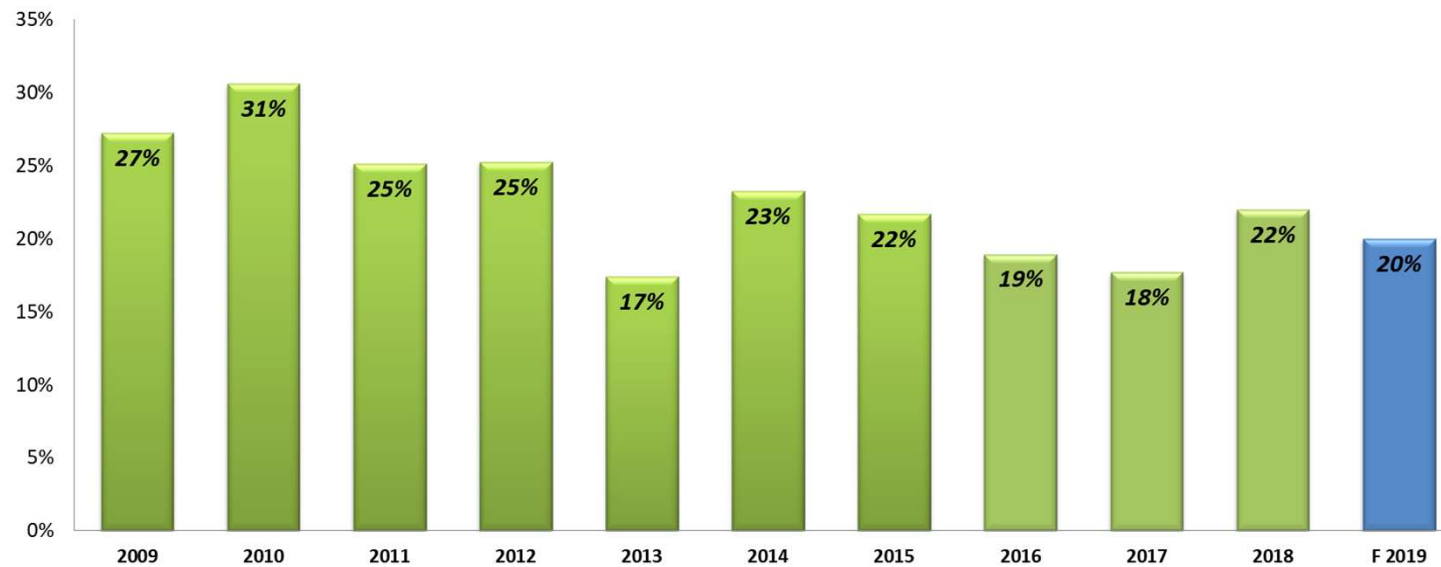
Selected financial data FPP Group [in PLN million]

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues	170.2	172.0	208.8	138.9	93.4	173.9	89.9	136.9	112.7	47.9
Gross sales profit	47.3	53.4	53.2	35.6	16.2	40.4	19.5	25.9	19.9	10.5
Gross margin	28%	31%	25%	26%	17%	23%	22%	19%	18%	22%
Profit on operating activities	45.9	32.7	28.0	21.0	3.6	33.2	9.2	14.1	8.0	1.3
Net profit	7.8	18.1	9.7	16.1	3.5	23.2	4.2	10.7	5.5	1.4
Assets	596.8	505.4	403.7	385.3	369.3	270.3	305.6	216.7	175.7	166.9
Equity	31.9	51.6	63.6	78.0	81.5	105.7	109.9	120.6	126.1	105.9
Credit liabilities	321.3	214.8	91.1	83.5	43.3	6.0	12.5	5.7	3.4	0



Relevant information

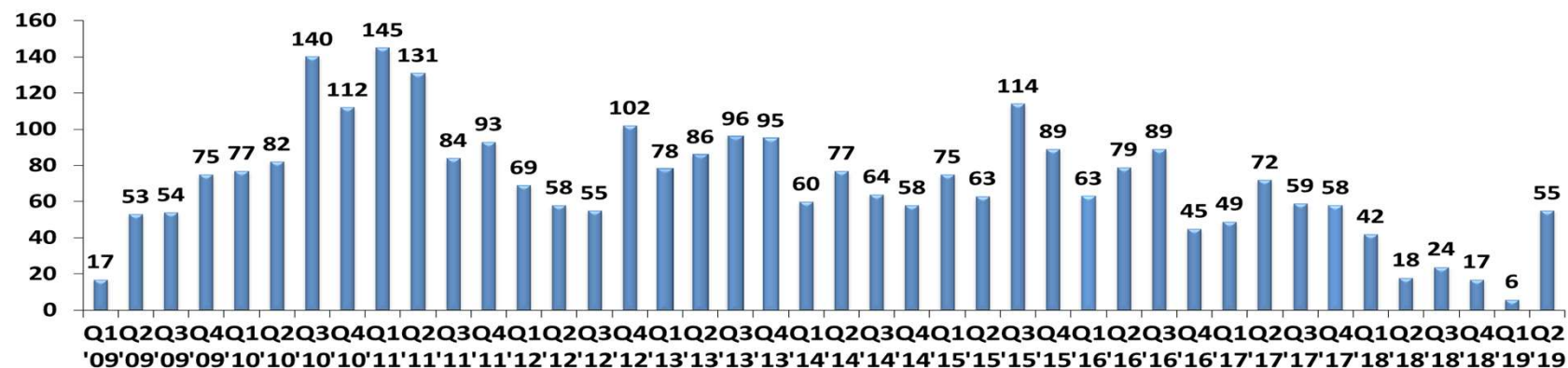
- **Gross Margin (since 2009).**



FPP Quarterly Presales & Deliveries (since 2009)

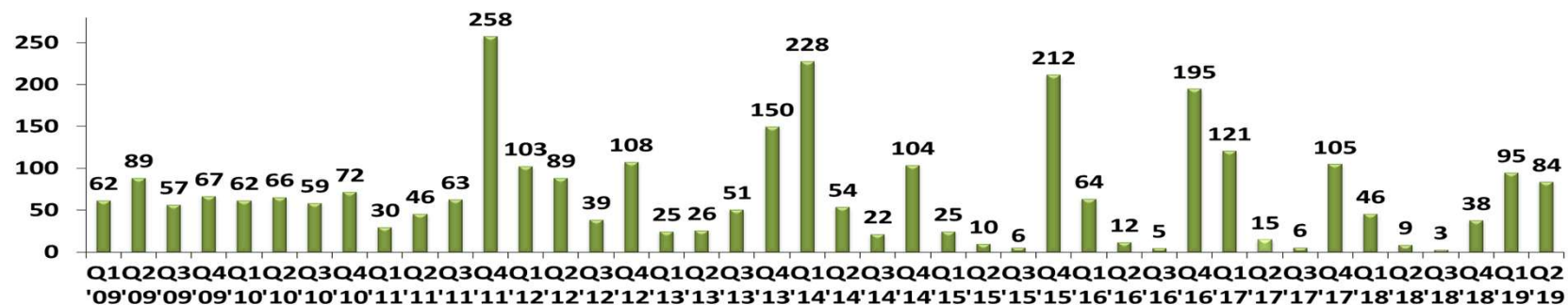
Presales since 2009

	2009				2010				2011				2012				2013				2014				2015				2016				2017				2018				2019	
	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	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	24	17	6	55



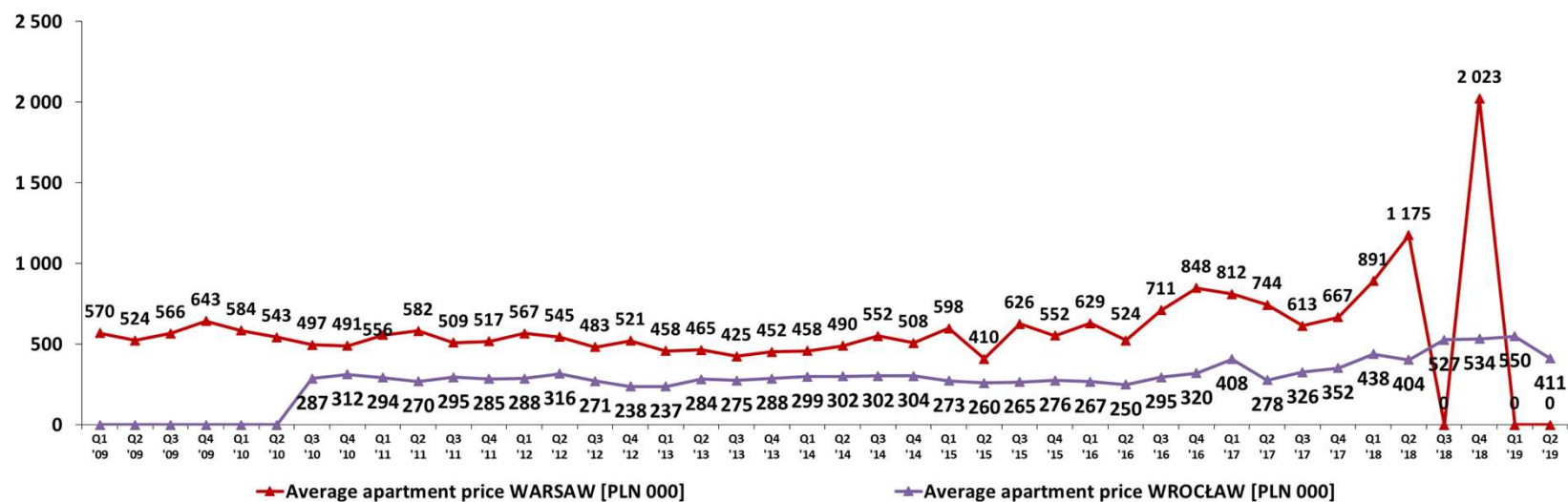
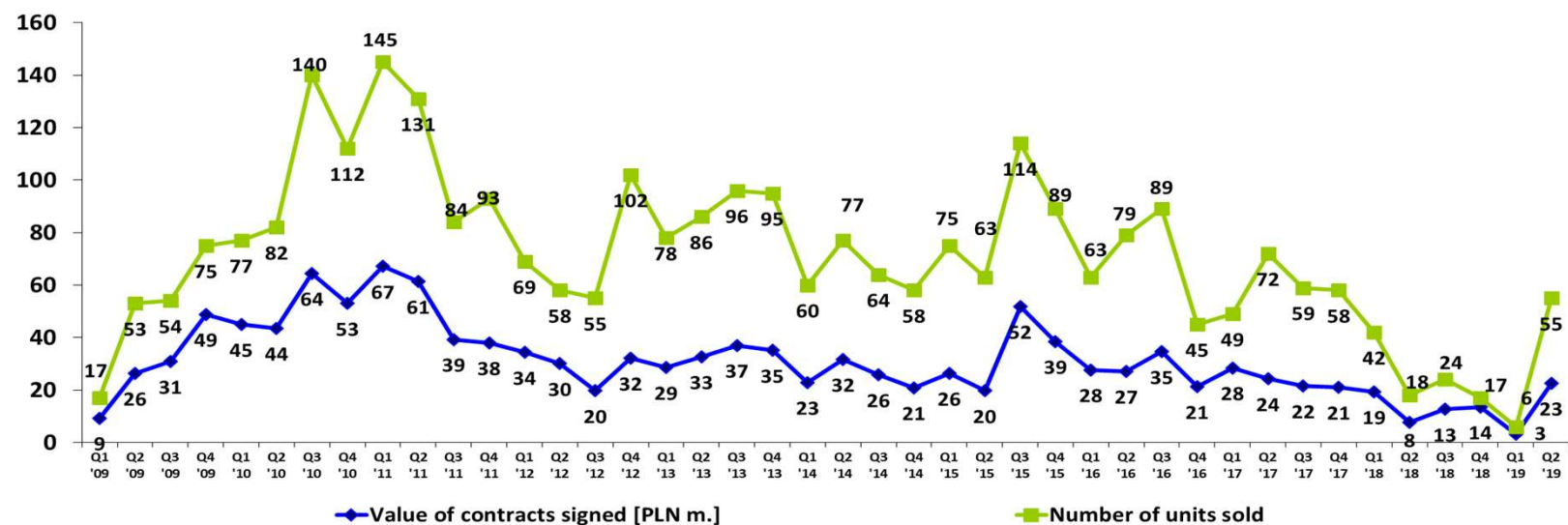
Deliveries since 2009

	2009				2010				2011				2012				2013				2014				2015				2016				2017				2018				2019	
	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	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	3	38	95	84



Relevant information

- Quarterly Presales (since 2009)





FPP in Warsaw (Ostoja-Wilanów in Warsaw, internal lake & green areas). June 2017.

FPP, Projects in Poland



FPP, Projects in Poland

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

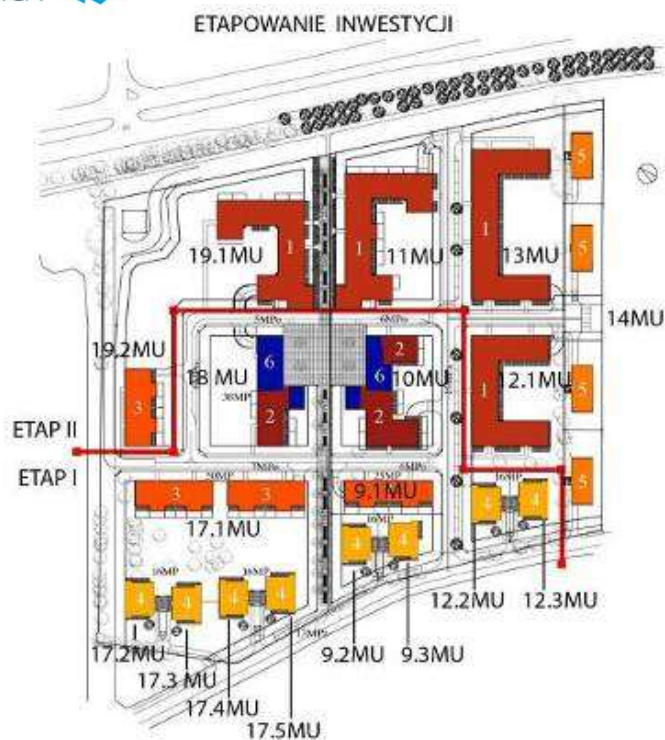


Osiedle-Innova, Osiedle-Moderno, Apartamenty Innova & Innova Concept, Wrocław (1,370 residential units + 13 commercial units)



FPP, Projects in Poland

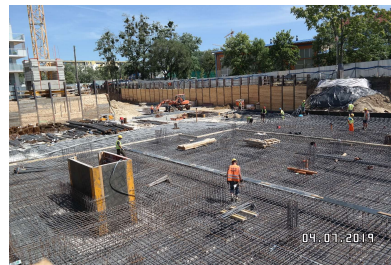
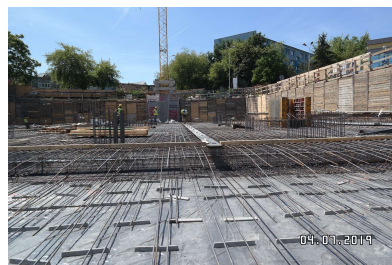
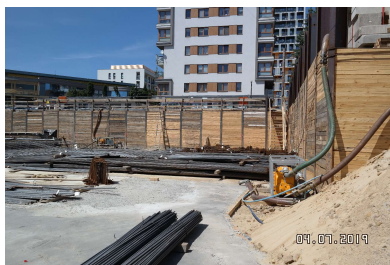
Villa Botanica, Powsin-Warsaw (343* residential units).



	Stage 1	Stage 2
Number of units	132	211*

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

- **Completed projects** (as at 30 June 2019). PAGES 14-17.
 - **20 stages:** 9 in Ostoja-Wilanów in Warsaw, and 11 in Wrocław (7 in Osiedle-Innova; 1 in Osiedle-Moderno and 3 in Apartamenty Innova).
 - **3,155 apartments completed:** 1,929 units in Warsaw and 1,226 units in Wrocław.
 - **225,647 sq. m completed:** 159,631 sq. m in Warsaw and 66,016 sq. m in Wrocław.
- **Units completed and unsold** (as at 30 June 2019).
 - **619,21 sq. m** completed and unsold (85.79 sq. m residential plus 533.42 sq. m commercial).
 - **1 apartment** in Apartamenty Innova III (building 6.2), Wrocław (85,79 sq. m residential).
 - **2 commercial units** in Ostoja-Wilanów, Warsaw (533.42 sq. m commercial).
- **Projects under construction** (as at 30 June 2019). PAGE 18.
 - **1 stage** (located in Wrocław).
 - **144 apartments + 4 commercial unit under construction** (Wrocław).
 - **8,793,32 sq. m under construction.**
- **Projects under development** (as at 30 June 2019). PAGE 19.
 - **1 project under development** (2 stages in Villa Botanica, Powsin-Warsaw).
 - **343* apartments under Development** in Villa Botanica, Powsin-Warsaw.
 - **29,974 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).



Ostoja-Wilanów (stage 8, building B2).

Date of delivery: October 2017.

No. of units: 43 apartments plus 3 commercial
units (4,981 sq. m).



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 (Wrocław) 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

Promoción: **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 I, II & III (Wroclaw) 2016-2019. Completed (537 apartments plus 5 comercial units).**



Apartamenty Innova (etapa I).

Fecha de entrega: Diciembre de 2016

Nº de unidades: 206 viviendas y 4 locales comerciales (10,274 m²).



Apartamenty Innova II.

Date of delivery: December 2017

No. of units: 120 apartments (8,295 sq. m).



Apartamenty Innova III (buildings 6.2 & 6.1).

Dates of delivery: December 2018 (building 6.2) and May 2019 (building 6.1).

No. of units: 128 apartments (7,629 sq. m) in building 6.2 and 83 apartments plus 1 commercial premise (4,833 sq. m) in building 6.1.

Presold (as at 30 June 2019): 99% (building 6.2) and 100% (building 6.1).

FPP. Projects under Construction

- 1 stage under construction (located in Wrocław).
- 144 apartments plus 4 commercial units under construction in Wrocław.
- 8,793.32 sq. m under construction



Construction site of Innova Concept, Wrocław.

Innova Concept, Wrocław.

No. of units: 144 apartments plus 4 commercial unit
(8,793.32 sq. m).

Breaking ground: 21 March 2019.

Progress to date: 7 % (as at 30 June 2019).

Delivery date: Second quarter 2021.

On sale since: May 2019 (37% presold as at 30 June 2019).

FPP. Projects under Development

343 residential units under development in Powsin-Warsaw (343* units; 29,974 sq. m).



Villa Botánica, Powsin (Warsaw).

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

Stage 1 (13,071 sq. m)

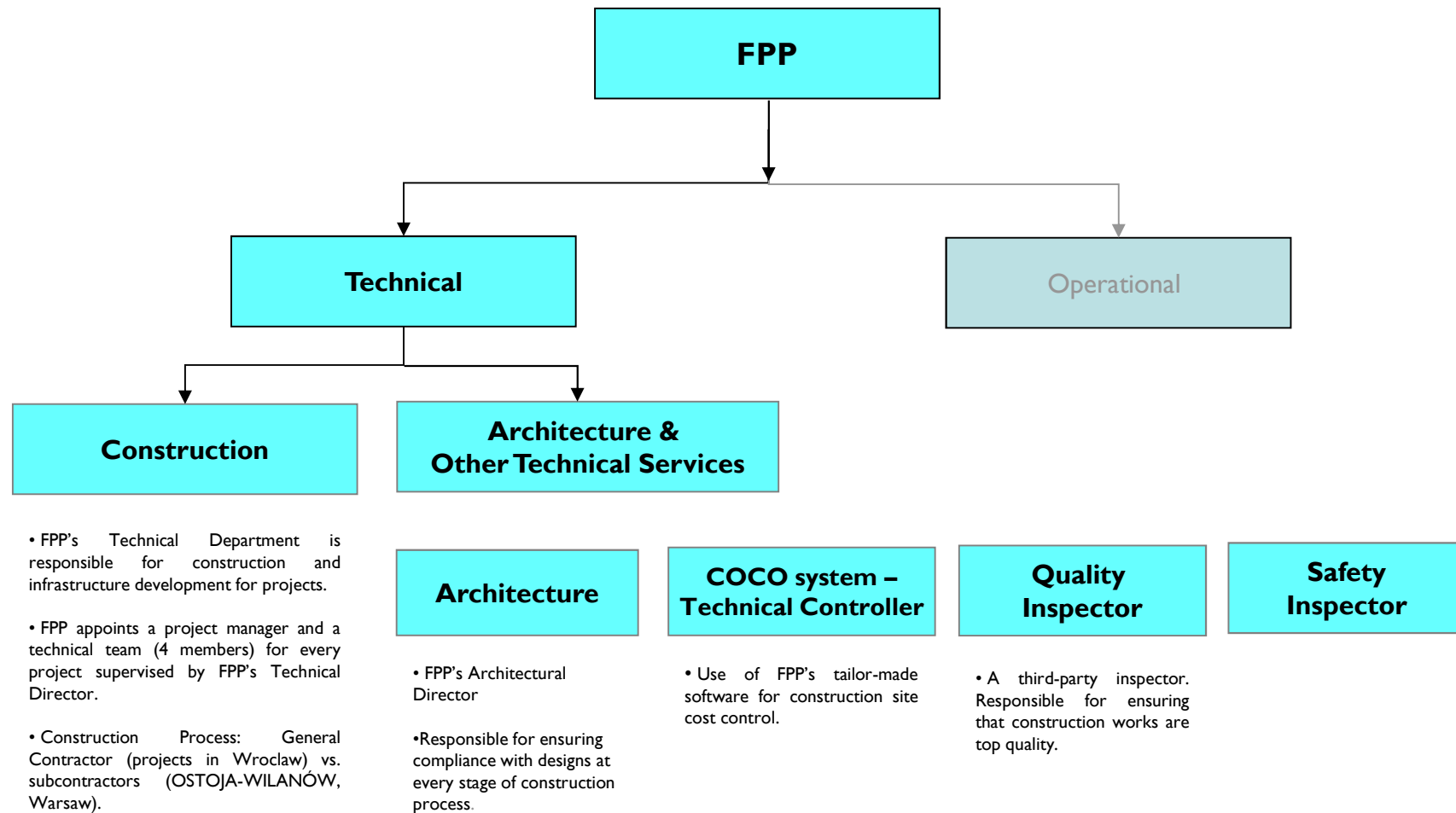
Stage 2 (16,903 sq. m)

TTL: 29,974 sq. m

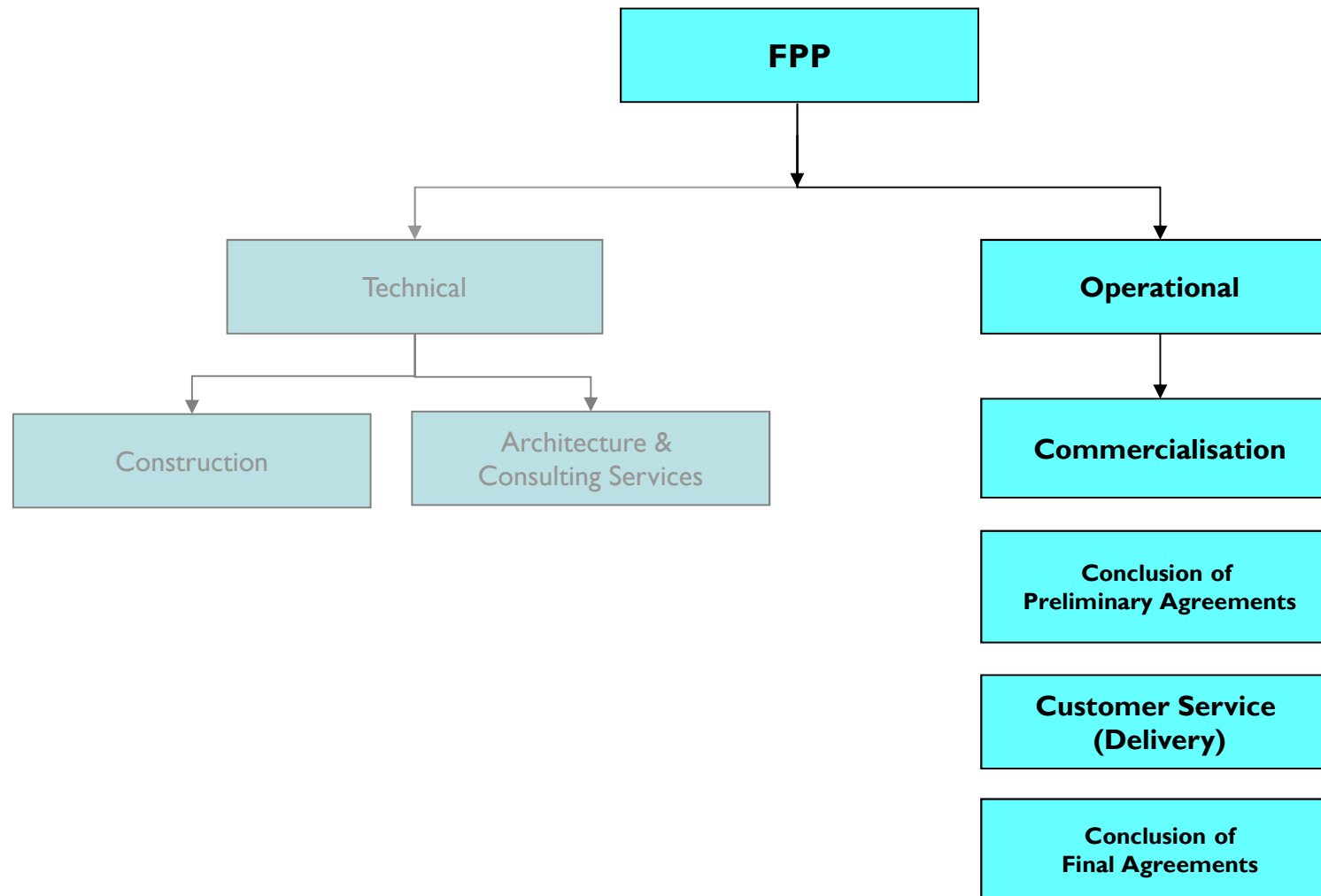


FPP in Wrocław (May 2019).

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



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, at least, 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 17 projects (1,963 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); 12 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), Apartamenty Innova II (120 residential units, 2016-17) and Apartamenty Innova III (building 6.2: 128 residential units, 2017-2018 & building 6.1: 83 residential units, 2017-2019).

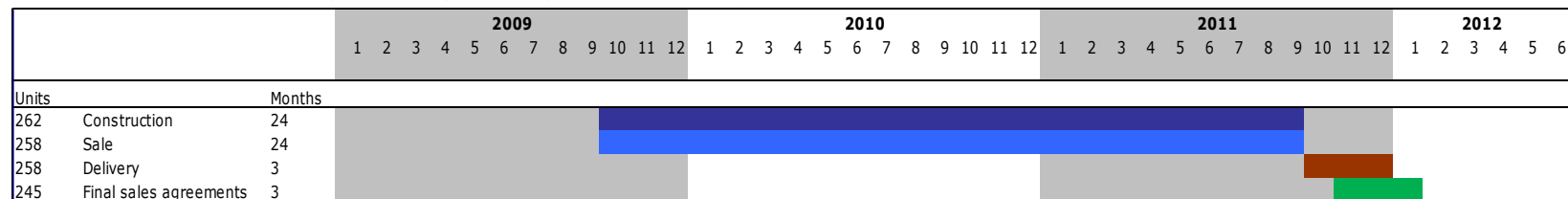
The gross margin (business plan) of at least **20%-25%**.

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 2018 and May 2019 with the completion of buildings 6.2 and 6.1 of APARTAMENTY INNOVA III (211 apartments) in Wrocław (97% of the apartments presold by the end of the construction).

CONCLUSION: WITHIN A MAXIMUM PERIOD OF 42 MONTHS *Osiedle-Moderno case study (2014-2015)*, **we achieve a return on our investment** (from project concept to delivery of units to customers).



FPP Contact Details

1. 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 & Customer Service Office in Warsaw:

1. Address: ul. Hłonda 10 B/UI3, 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
6. Website (Innova Concept): www.innovaconcept.pl





Ostoja-Wilanów (Warsaw).

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