



October 2018



PFR Group's Scope of Activity

The **Polish Development Fund (PFR)** is a group of financial and advisory institutions supporting companies, local governments and individuals and investing in sustainable social and economic development of Poland. PFR operates through five competence centres.



Investments

PFR is the Group's strategic centre, consolidating activities in: Infrastructure, Private Equity, Venture Capital and Real Estate.



 PFR Ventures

 PFR TFI

 PFR Nieruchomości



Export insurance

Export insurance company dedicated to entrepreneurs on foreign and domestic markets.



Banking

Development bank supporting social and economic growth of Poland.



Entrepreneurship

Entrepreneurship agency focused on backing SMEs.



Trade and FDIs

Foreign investment promotion agency with a network of 70 trade offices globally.





PFR Group's Key Client Segments



New innovative companies

Acceleration
Funding
Consulting
and training
Cooperation with
big business
Foreign fairs
and events



Small and medium enterprises

Innovation
development
Growth finance
Liquidity
Human capital
development
Start-up finance
International
expansion
Restructuring
Investor relations



Large enterprises

Innovation
development
Growth finance
Liquidity
International
expansion
Large investments
Restructuring
Investor relations



Local governments and the public sector

Growth finance
Liquidity
Infrastructure
Housing
Investor relations



Foreign companies

Liquidity
International
expansion
Investor relations



Individuals

Human capital
development
Start-up finance
Housing
Equal opportunities



Direct investments EUR 2.2bn

PFR

EUR 520m

Infrastructure equity. The fund invests in infrastructure: energy, transport, oil & gas, industrial goods and services, local government, community infrastructure and telecommunications providing equity.

EUR 520m

Infrastructure debt. The fund invests in infrastructure: energy, transport, oil & gas, industrial goods and services, local government, community infrastructure and telecommunications providing debt.

EUR 350m

Polish companies. The fund invests in companies with expansion strategy. The fund's particular focus is on industrial and service sectors. Investment time horizon is 5-10 years.

EUR 140m

Municipal Investments. The fund invests in municipal companies undertaking investment projects focused on roads, public transport, water utilities, social infrastructure, waste management, energy, gas supply and healthcare. Up to 20-year investment time horizon.

PFR TFI

EUR 230m

International expansion. The fund invests in Polish companies acquiring foreign assets as part of their international expansion strategy. Typical investment ticket is several million Euro with a 10-year investment time horizon.

PFR Nieruchomości

EUR 280m

Residential Real Estate. The fund invests in residential real estate and manages flat rentals in these buildings. Until the end of 2016, the fund has contracted 3 300 flats.

EUR 140m

Municipal Real Estate. The fund co-invests with municipal companies in real estate and revitalisation projects. Its single investment is in the range of EUR 1-12m.

Indirect investments as a Fund of Funds (FoF) EUR 670m

PFR TFI

EUR 150m

Private Equity FoF

The fund invests in Private Equity funds in the Central and Eastern Europe. Its investment tickets are between EUR 5m and EUR 25m.

PFR Ventures

EUR 180m

FoF Starter

The fund invests in Venture Capital funds investing in the earliest stage. Up to EUR 12.5m investment in a given fund with a single investment ticket of up to EUR 0.25m and additional EUR 0.5m as a follow-on.

EUR 60m

FoF BizNest

The fund invests in Business Angel Co-investment Funds. Up to EUR 7.5m investment in a given co-investment fund with a single investment ticket of up to EUR 1m including follow-on.

EUR 100m

FoF Open Innovation

The fund invests in Venture Capital funds investing or co-investing (deal by deal) in commercialization and acceleration of R&D projects. Up to EUR 20m investment in a given fund with a single investment ticket of EUR 1.25-15m.

EUR 80m

FoF KOFFI

The fund invests in Venture Capital funds focused on the expansion and growth stage investments. Up to EUR 15m investment in a given fund with a single investment ticket of EUR 0.25-15m.

EUR 100m

FoF CVC

The fund invests in Corporate Venture Capital funds and is the first Fund of this type in the world. Up to EUR 20m investment in a given fund with single investment ticket of up to EUR 15m.



Selected Investments Across All Sectors



Banking sector

Joint acquisition with PZU of 33% of Pekao SA's shares for a total amount of EUR 2.5bn

One of the largest transactions in the banking sector in Europe in recent years.

PFR acquired 12,8% of shares with an expected rate of return of over 10% on annual basis.

As a result of this transaction, local ownership in the Polish banking system reached a level of above 50%.

Energy

Investment with Tauron in a new energy unit in Jaworzno

PFR's investment of EUR 204m for the construction of the new 910 MW power unit in Jaworzno.

Investment made in the newest, low emission technologies will contribute to the energy sustainability and security.

Industrials

PFR invests in Ferrum S.A. jointly with a consortium of investment funds,

An agreement proved EUR 29m for the implementation of the development strategy on the market of specialised pipes and steel constructions.

New investors will refinance a significant part of the company's debt and then increase its capital and secure the funds necessary to maintain liquidity and launch of new investments.

Highway

Financing of the construction of the inner bypass of Cracow

The investment of EUR 232m will connect southern districts of Krakow.

PFR will provide EUR 46m in capital, BGK a loan of EUR 70m and EIB a loan of EUR 92m with additional EUR 232m in EU funds.

This will improve communication quality by increasing capacity and speed. The road will also increase security by significantly reducing traffic in the Krakow's historic city centre.

Port

Completion of the expansion of the Northern Port infrastructure

One of the largest investments in Pomerania worth EUR 232m.

Completion of the construction was possible thanks to financing, among others by BGK.

The investment will foster commodity turnover growth, especially with the fast-growing markets of the Far East.

It strengthens Poland's position as a regional logistic hub in Central and Eastern Europe.



PFR Group is Engaged in Several Strategic Projects



Housing Programme

Tackling shortage of affordable housing in Poland

More than 70 municipalities from all over Poland joined the program.

In December 2016 construction of the first 444 dwellings began, and a further 800 housing contracts were signed.

In cooperation with local governments, over 200 hectares of land have been acquired for construction of modern apartments for rent with the ownership option towards the end of the rent.

In addition, real estate is acquired from private investors and entities managing land owned by the State Treasury.



Central Communications Hub

A strategic infrastructure project that will establish Poland as a major logistic hub

Within a few years Okęcie Airport will reach its capacity.

CPK will enable creating a passenger airport (Central Airport) and a modern logistics and transportation centre (Central Intermodal Terminal).

The cost of CPL according to the preliminary analysis is about EUR 7bn, and project's completion period is targeted at 10-12 years

This investment can help make Poland a significant player in European logistics.



Capital Development Programme

Comprehensive plan to create a voluntary capital saving system in Poland (PPK)

PBK aims to increase the financial security of Poles and stability of the public finance system, develop the local capital market in order to increase the potential of economic development.

Occupational Pension Programmes (PPK) should cover all employees in companies (non-state employing more than 20 people).

The Programme will be managed by PFR acting as a public operator of the system.



Start in Poland Programme

Programme aimed at building a vibrant startup and venture capital ecosystem including €500m in investment in VC funds

10 Acceleration programmes Scale UP: Over 200 start-ups will gain access through accelerators to big enterprises, gaining financial support and mentorship by experienced managers.

3 Acceleration programmes Startup Prize: programmes dedicated to attract talent from abroad.

69 Trade Offices around the world and special programmes with geographical focus – e.g. GoChina, GoIndia.

PFR Ventures – launch of the largest investment platform in Central - Eastern Europe, managing EUR 500m in five funds of funds.



Flagship Programmes

Creation of image of Poland as a leader in several sectors.
Sectors and products with high international potential.
Development of competitive innovative products on international markets.
Dedicated support from various public institutions.



Electromobility

Development of electric buses production with the aim of producing 1000 items a year until 2025. Market size: EUR 580m.

Creation of strong firms in the electric bus value chain.



Polish Furniture

Development of products in the furniture sector (industrial design, Polish brands, technologies and modern design) to become European leader in furniture production.



Smart Mine

Development of the global position of the Polish mining and energy industry (integrated proposition of commercial leaders)



Biotechnology

Development of generic medicine production, cell and biologic therapy to create more innovative and affordable medicines.



„Żwirko&Wigura” Drones services

Development of integrated management systems gaining data from unmanned aerial vehicles – services based on the use of drones



PFR's Direct Investments: Infrastructure Investment Funds

Key Fund Terms

Fund size	PLN 4.4 bn
Sectors	Energy, transport, oil & gas, industrial goods and services, local government and community infrastructure, telecommunication
Average investment ticket	PLN 50-880 m
Investment time horizon	Depending on the project
Investment type	Equity, sub-debt, mezzanine

Infrastructure Investment Department – team



Marcin Piasecki
Chief Investment Officer at PFR S.A.
15 years of experience



Piotr Serafin
Managing Director, Department Head
22 years of experience



Janusz Ogłaza
Investment Director
11 years of experience



Krzysztof Perdzyński
Senior Investment Manager
11 years of experience



Dariusz Samolej
Senior Investment Manager
12 years of experience



Sebastian Zoła
Investment Associate
7 years of experience



Piotr Brzeziński
Investment Associate
6 years of experience



Jowita Sewerska
Investment Associate
3 years of experience

Investment Committee

Independent Chair
PE/IB expert
25 years of experience

Independent member
Senior executive in Energy
30 years of experience

Independent member PhD
computer science, ACCA,
15 years of experience

Member, LP's representative
Asset management/ banking
20 years of experience

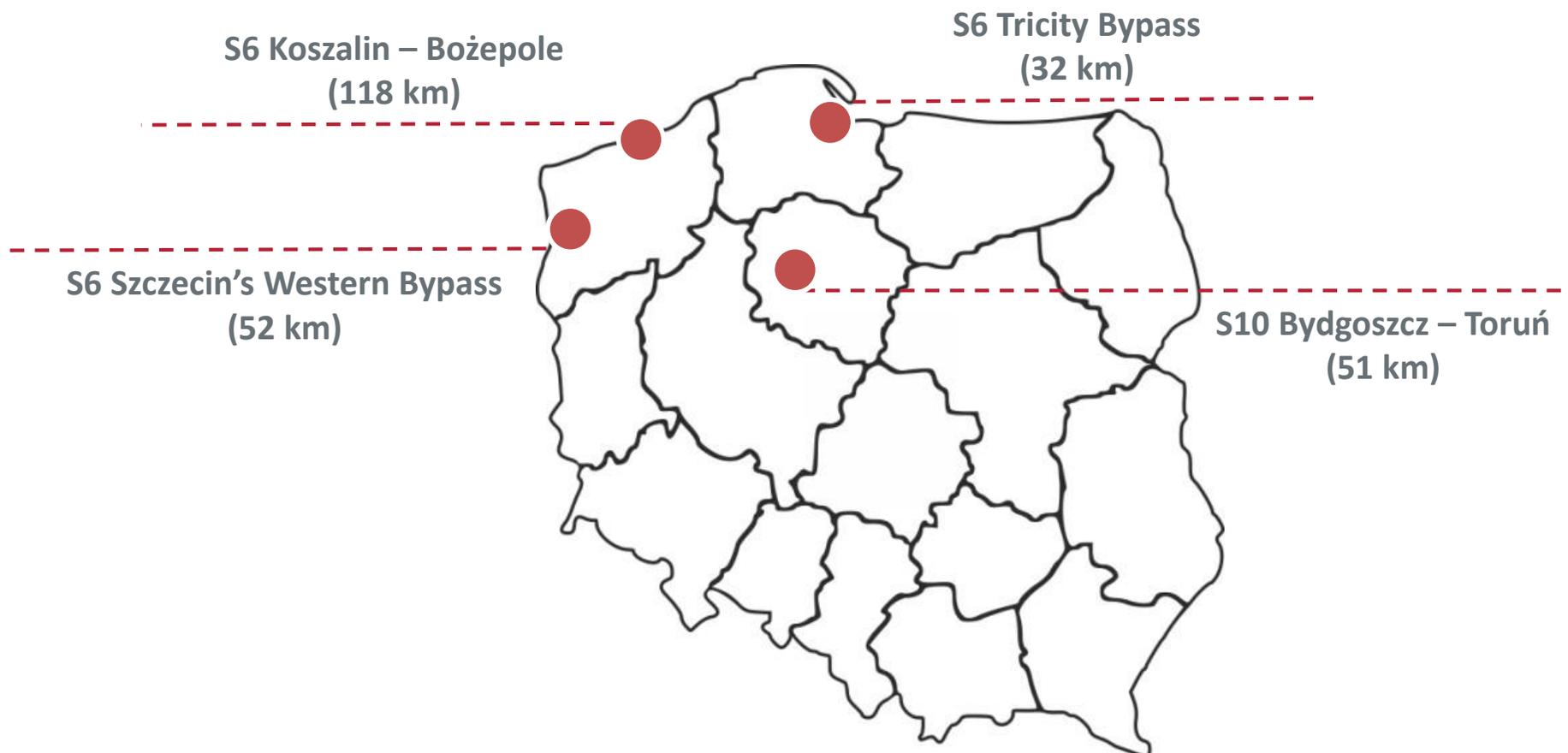
Member, LP's representative
PE/Investments expert
15 years of experience



PFR's Direct Investments: Infrastructure Investment Funds

Sample of potential PPP pipeline

- In June 2018 Polish Council of Ministers on the basis of studies and analyses (i.a. traffic, financial gap, economic cost & benefits) approved 4 road projects for development as PPPs with 30 yrs availability payment on State Treasury:





PFR's Direct Investments: Infrastructure Investment Funds

Sample of potential PPP pipeline

- Capex estimate for all 4 projects = ca. EUR 2.5bn
- Projects' contractual approach and risk structure - largely based on Bratislava Bypass PPP – to be further screened and qualified as non-government debt by the EUROSTAT
- Private partner due to:
 - provide **D**esign
 - secure permitting
 - **B**uild and **O**perate
 - secure **F**inancing
 - transfer after concession period
- First project tender – S6 Koszalin - Bożepole (final environmental decision already in place) - to be likely announced in 1Q2019
- Other tenders to follow on the basis of perceived absorption capacity by construction and financial markets in Poland



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