

Management Board's report on the activity of J.W. Construction Holding S.A. Group for the 1st half of 2017



Ząbki, September 20, 2017



1. Introduction

J.W. Construction Holding S.A., a joint-stock company domiciled in Ząbki (the "Company"), registered with the Register of Companies of the National Court Register under number 0000028142, whose registration files are kept by the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register, is the parent company of the Capital Group of J.W. Construction Holding S.A. (the "Capital Group")

The Company was formed from transformation of Towarzystwo Budowlano - Mieszkaniowe Batory Sp. z o.o. domiciled in Ząbki, established (Company's agreement conclusion) on 10 February 1994 and registered by the Court on 7 March 1994. The transformation of a limited liability company into a joint stock company, executed under a notarial deed of 28 December 2000, was registered by the District Court for the Capital City of Warsaw, 16th Business and Registry Division on 15 January 2001.

Share capital of the Company amounts to PLN 17.771.888,60 and is divided into 88.859.443 bearer share with the nominal value of PLN 0,20 each. The capital is divided into A and B share series in the amount of 54.073.280 shares and C-series shares in the amount of 34.786.163 shares.

2. Company's Capital Group

Structure of Capital Group with information on consolidated entities is presented in the Consolidated Financial Statements.

3. Principles for preparation of the consolidated interim financial statements

Principles for preparation of the consolidated interim financial statements were included in the Financial Statements under "ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING"

4. Selected financial data including basic items of the consolidated financial statements for the period of six months

The table below presents selected financial data from both consolidated and unitary financial statements (also in EUR).

Consolidated Balance Sheet Item	30-06-2017		31-12-2016	
	PLN	EUR	PLN	EUR
Total assets	1 666 771	394 362	1 503 419	339 833
Fixed assets	658 324	155 761	658 284	148 798
Current assets	1 008 447	238 601	845 135	191 034
Total equity and liabilities	1 666 771	394 362	1 503 419	339 833
Equity	649 014	153 558	653 192	147 647
Long-term liabilities	385 965	91 320	337 049	76 187
Short-term liabilities	631 791	149 483	513 178	115 999

Consolidated Profit and Loss Account Item	01-01-2017 to 30-06-2017		01-01-2016 to 30-06-2016	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	135 310	31 857	255 033	58 220
Costs of products, goods and materials sold	105 121	24 749	186 898	42 666
Gross profit (loss) on sales	30 189	7 108	68 135	15 554
Sales expenses	11 155	2 626	13 359	3 050
Overheads	10 575	2 490	9 438	2 154
Profit (loss) on sales	6 813	1 604	43 219	9 866

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Operating profit (loss)	808	190	37 472	8 554
Gross profit (loss)	-6 919	-1 629	30 631	6 993
Income tax	-3 381	-796	4 527	1 033
Net profit (loss)	-3 538	-833	26 104	5 959

Issuer's Balance Sheet Item	30-06-2017		31-12-2016	
	PLN	EUR	PLN	EUR
Total assets	1 625 383	384 570	1 449 838	327 721
Fixed assets	710 636	168 138	708 549	160 160
Current assets	914 748	216 431	741 289	167 561
Total equity and liabilities	1 625 383	384 570	1 449 838	327 721
Equity	675 187	159 751	684 286	154 676
Long-term liabilities	266 007	62 938	191 979	43 395
Short-term liabilities	684 190	161 881	573 573	129 650

Profit and Loss Account Item	01-01-2017 to 30-06-2017		01-01-2016 to 30-06-2016	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	92 170	21 700	57 196	13 057
Costs of products, goods and materials sold	73 321	17 263	53 319	12 172
Gross profit (loss) on sales	18 848	4 438	3 876	885
Sales expenses	12 286	2 893	8 077	1 844
Overheads	8 999	2 119	7 439	1 698
Profit (loss) on sales	-4 083	-961	-13 759	-3 141
Operating profit (loss)	-9 858	-2 321	-19 555	-4 464
Gross profit (loss)	-9 171	-2 159	-26 891	-6 139
Income tax	-71	-17	-4 631	-1 057
Net profit (loss)	-9 099	-2 142	-22 259	-5 081

5. Group's activities and significant events during the first half of 2017.

Within the period covered by this statement the following significant events took place:

Corporate matters:

A tender offer for company shares

On January 20, 2017, Mr. Józef Wojciechowski, the dominant shareholder, announced a call for the sale of the Company's shares in connection with the intention to exceed the threshold of 66% of votes at the General Meeting. The tender comprised the sale of 30,247,179 shares of the Company constituting 34.04% of the Company's shares and entitling to 30,247,179 votes at the General Meeting. Those constitute 34.04% of the total number of votes at the General Meeting. Subscriptions for shares were sold during the period from 9 February 2017 to 15 March 2017. As a result of the tender offer, Mr. Józef Wojciechowski purchased 17,416,894 shares, representing approximately 19,60% of the total number of shares, entitling to 17,416,894 of votes at the General Meeting of Shareholders, constituting about 19,60% of the total number of votes at the General Meeting.

On 7 February 2017 (current report no. 6/2017), the Management Board of the Company expressed a positive attitude towards the announcement of the tender offer for shares of the Company by Mr. Jozef Wojciechowski. The Management Board of the Company informed that according to the Tender Offer, the intention of the Tenderer for the Company is defined as follows: "The Tenderer declares that it intends to take actions aimed at strengthening the Company's financial situation and its further development.

The caller stated that at the moment his intention is also to maintain the Company's shares traded on the regulated market of the Warsaw Stock Exchange.

The Management Board of the Company is of the opinion that the current activity and the established directions of the Company's development will be preserved.

General Meetings

On June 26, 2017, the Ordinary General Meeting of Shareholders took place. It adopted resolutions on the approval of financial statements and the Management Board statement on the activities of the Company and its Capital Group in 2016. It granted a vote of approval to the members of the Company's governing bodies, distributed the profit and appointed two members of the Supervisory Board in the persons of Mrs. Barbara Czyż and Mrs. Małgorzata Szwarc - Sroka.

Supervisory Board

On June 26, 2017, the Company received the statement of the entitled shareholder about the exercise of his personal right to appoint three members of the Supervisory Board in the following persons: Mr. Józef Wojciechowski, Mrs. Irminy Łopuszyńska and Mr. Jacek Radziwiłski.

Appointment of the Board

On 23 June 2017, in connection with the expiry of the term of office, the Management Board of the Company was appointed in the following composition:

Magdalena Starzyńska - appointed on the basis of a resolution of the Supervisory Board;

Wojciech Rajchert - appointed on the basis of a resolution of the Supervisory Board;

Małgorzata Ostrowska - appointed on the basis of the personal right granted to the entitled shareholder;

Piotr Suprynowicz - appointed on the basis of the personal right granted to the entitled shareholder.

Credits:

Credit agreement

On 10 February 2017, a subsidiary of the Issuer, Hanza Invest S.A. with its registered office in Ząbki as the investor signed an agreement with Alior Bank S.A. on the basis of which the Bank granted loans: investment loan amounting to PLN 138,789,712 and VAT loan of PLN 3,000,000. Loans were granted to finance and refinance expenses associated with the implementation of the Hanza Tower apartment building at Wyzwolenia Av. and Odzieżowa St. in Szczecin. The repayment date was set at 30 September 2020.

On March 23, 2017, the Company concluded an investment credit agreement with Getin Noble Bank S.A. for co-financing the costs of realization of the third stage of investment "Osiedle Nowe Tysiąclecie" in Katowice in the amount of PLN 42,000,000. The repayment date is set for December 20, 2019.

Annex to credit agreement

On 30 January 2017, the Company concluded an annex to the revolving credit agreement granted by Bank Polska Spółdzielczości SA. in the final amount of PLN 4,944,327, intended to finance current operations. Under the annexes, the deadline for use has been postponed and the repayment schedule has been established. The new repayment date was set at 31 December 2017.

On April 26, 2017, the Company entered into an annex to the overdraft agreement provided by PKO BP S.A. in the amount of PLN 10,000,000. Under the Annex, the deadline for the use and repayment of the loan has been postponed. The final repayment date is April 26, 2018.

Credit repayment

On April 14, 2017, a subsidiary of the Issuer, a company under the name Nowe Tysiąclecie Sp. z o.o. based in Ząbki, made a full repayment of the investment loan for the co-financing of the costs of realization of the „Nowe Tysiąclecie Budynek B1„ housing project in Katowice in the amount of PLN 24,000,000 taken from Getin Noble Bank SA.

On June 13, 2017, the Company made a full repayment of the loan for the co-financing of the housing project "Osiedle Kamerata" in Gdynia in the amount of PLN 9,700,000 incurred in Plus Bank SA.

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On June 23, 2017, the Company made a full repayment of the loan for financing commercial construction related to the execution of the investment project "Jerozolimskie Point" in Warsaw in the amount of PLN 23,000,000 taken in Millennium Bank S.A.

Construction and occupancy permits, other significant transactions:

Significant agreement between the subsidiaries

On 28 February 2017, subsidiaries of the Issuer company under the business name Hanza Invest S.A. based in Ząbki as an investor and a company under J.W. Construction Sp. z o.o. based in Ząbki as the General Contractor, concluded an agreement for the completion of a housing and service project in Szczecin at Wyzwolenia St. and Hanza Tower at Odzieżowa St. The remuneration was fixed at PLN 150,000,000 net, the date of obtaining the occupancy permit for 30 April 2019.

Building permit

On 9 February 2017 Nowe Tysiąclecie sp. z o.o. - a subsidiary of the Issuer- was granted a replacement permit enabling the construction of the 3rd stage of the Nowe Tysiąclecie investment. The license is valid and transferred to the Issuer who will be the investor.

On April 10, 2017, the Company received a building permit for a complex of multi-family buildings in the Lewandów IV housing estate (Wrzosowa Av.) comprising of 3 multi-family buildings together with land development. The permit is final.

On April 18, 2017, the company received a building permit for a complex of multi-family buildings, which are part of the Luanda III estate (Wrzosowa Av.) comprising 5 multi-family buildings together with land development - the decision was overruled by the Mazovian Voivode. The Company undertakes actions aimed at re-obtaining the permit in accordance with the guidelines of the voivode.

Occupancy permit

On April 7, 2017, the Company was granted the occupancy permit for a multi-family residential building with an underground garage in Warsaw at Marcina z Wrocimowic St. / Sprawna St. - Willa One housing estate. The permit is final..

On April 13, 2017, a company operating under the name Nowe Tysiąclecie Sp. z o.o. - was granted permission to use the multi-family building „Nowe Tysiąclecie phase B1” at Tysiąclecia St. in Katowice. The permit is final.

Preliminary contract for the purchase of land

On May 11, 2017, the Company entered into a preliminary agreement for the purchase of real estate located in Gdańsk at Jesionowa St. land plot No. 36/1 and 102/3 with a total area of 0.3136 hectares for which the land and mortgage register No. GD1G / 000168469/3 is kept for the amount of PLN 6.500.000 net + VAT. On signing the preliminary agreement, the Company paid PLN 1,000,000 in cash. The final sales contract is to be concluded by 11 May 2018.

On 13 June 2017, the Company entered into a preliminary agreement for the purchase of real estate located in Gdańsk at Starowiejska 67 St. with a total area of 0.9693 ha for the amount of 20.500.000 net + VAT. On signing the preliminary contract the Company paid the amount of 2,460,000 PLN as a deposit. The final sales contract is to be concluded by June 13, 2018.

Bonds:

Bonds issuance:

On 31 May 2017, the Company issued 70,000 unsecured bonds with a nominal value of PLN 1,000 each and a total value of PLN 70,000,000 with a definitive maturity date of May 29, 2020. The bond interest rate is based on

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WIBOR 6M + margin and payable in semi-annual periods. During the issue period, the Company will partially redeem the face value of each bond: On May 31, 2018, 10% of the face value, on May 31, 2019, of 40% of the face value. The bonds were registered with the KDPW under the ISIN code PLJWC0000118. The Bonds are traded in the Alternative Trading System operated by ASO BondSpot. Funds raised from the issue The Issuer intends to use for the development of its activity, including financing of expenses related to the preparation of development projects and the purchase of land.

Change in terms of the issuance of JWX0116 bonds

On May 8, 2017, the Company obtained the consent of the administrator to remove the mortgage of PLN 125,000,000 from the Land and Mortgage Register no. WA4M / 00440028/3 for plot No. 3/15 designated for stage D of Bliska Wola project in Warsaw at the junction of Kasprzaka St. from Al. Prymasa Tysiąclecia Av.. The mortgage was deleted on July 10, 2017. Removal of the mortgage resulted from the change of the nature of the bond to unsecured.

On June 30, 2017, the Company received the bondholders' consent to change the maturity date of the bonds. It has been postponed until June 1, 2020.

Interest payment

On April 24, 2017, the Company paid interest on series JWX0116 bonds.

On June 9, 2017, the Company paid interest on bonds marked with the ISIN PLJWC00000100 code.

Ongoing investments:

In the first half of 2017, the Group carried out 16 development projects for a total of 4,427 units with an area of 207,189 m2, including apart-hotels, detached houses and terraced houses. Front of the works included investments:

- in Warsaw: Bliska Wola/Wola Invest (phases C and E), Osiedle Willa One, Osiedle Zielona Dolina II phase I i II, Zielona Dolina III, detached and terraced houses – Villa Campina near Warsaw and Ożarów Mazowiecki, Jerozolimskie Invest apart-hotels,
- in Gdynia: Osiedle Bernadowo Park phase II and Osiedle Kamerata,
- in Katowice: Osiedle Nowe Tysiąclecie phase B1 and Osiedle Nowe Tysiąclecie phase III,
- in Szczecin: Hanza Tower.

In the first half of 2017 the following investments were carried out:

Investment	Number of units	Useable area (m2)	Apart-hotels-commercial area (m2)	% units sold as at 30 June 2017	% of construction completion as at 30 June 2017
Bliska Wola - Phase E – residential part, Warsaw	671	30 563	-	84%	15%
Zielona Dolina II phase II, Warsaw	570	25 360	-	17%	46%
Hanza Tower, Szczecin	501	21 952	10 721	18%	15%
Bliska Wola - Phase C – residential part, Warsaw	481	21 375	-	99%	95%
Bliska Wola - Phase C - Wola Invest, Warsaw	457	-	14 559	99%	68%
Bliska Wola - Phase E - Wola Invest, Warsaw	413	4 549	10 050	45%	9%
Nowe Tysiąclecie phase III, Katowice	346	18 264	-	13%	1%
Zielona Dolina II phase I, Warsaw	321	12 809	-	69%	99%

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Bernadowo Park phase II, Gdynia	236	13 180	-	51%	54%
Nowe Tysiąclecie, phase B1, Katowice	122	7 128	-	99%	100%
Jerozolimskie Invest, Warsaw	116	-	3 437	Nie wprowadzono do oferty	100%
Kamerata, Gdynia	55	3 420	-	80%	27%
Zielona Dolina III, Warsaw	54	2 269	-	43%	77%
Villa Campina – houses, Ożarów	42	4 588	-	83%	97%
Willa One, Warsaw	21	957	-	52%	100%
Alicja Houses, Ożarów	21	2 008	-	71%	6%
Total	4 427	168 422	38 767		

Construction started in the first half of 2017

From the aforementioned investments in the first half of 2017 the construction of the investment started: Osiedle Nowe Tysiąclecie phase III in Katowice, Hanza Tower in Szczecin, and terraced houses - another phase of Osiedle Villa Campina near Warsaw.

Construction started in H1 2017	Number of units	Useable area (m2)
Hanza Tower, Szczecin	501	21 952
Nowe Tysiąclecie phase III, Katowice	346	18 264
Alicja Houses, Ożarów	21	2 008
TOTAL	868	42 224

Construction finished in the first half of 2017

In the first half of 2017 investments for a total of 580 units were finished.

Residential investments finished in H1 2017	Number of units	Useable area (m2)	Aparthotel area
Zielona Dolina II phase I, Warsaw**	321	12 809	
Nowe Tysiąclecie, phase B1, Katowice	122	7 128	
Jerozolimskie Invest, Warsaw	116		3 437
Willa One, Warsaw*	21	957	
TOTAL	580	20 894	3 437

* Construction finished in 2016 occupancy permit obtained in the first half of 2017.

** Construction finished in the first half of 2017, in the process of obtaining occupancy permit.

Sales

In the first half of 2017 the Group sold a total of 850 units.

Transfers

In the period from 1 January to 30 June 2017 the company transferred and recognized revenue for 290 units. From the investments realized in the first half of the year and completed projects a total of 4 328 units are to be recognized in the forthcoming quarters, including 2 391 sold but not transferred, 1 821 offered for sale and 116 from completed investment but not yet introduced to the offer.

6. Planned investments and development perspectives

Planned investments

In the next few years, based on its land inventory, the Company plans to proceed with 17 new development and aparthotel projects. It plans to start selling residential, commercial and aparthotel units with total useable area of almost 151 thousand square meters. In the case of all planned development and aparthotel projects the Company is the owner or perpetual usufructuary of the land. In significant part of the future projects draft and preparatory work have already been carried out. The realization of investment will be funded from the Group's own funds, revenue received from Customers (in case of an open-ended escrow account) as well as investment credits. Projects to be implemented in the upcoming years are presented in the table below.

Summary of the planned investments- as at 30 June, 2017:

Investment	Number of units	Useable area (m2)	Aparthotel-commericla area (m2)
Warsaw, Bliska Wola phase Dk	1 073	25 297	17 409
Warsaw, Bliska Wola phase Dm	418	19 180	
Warsaw, ul. Berensona	264	11 855	
Warsaw, Pileckiego - Aparthotel	239		8 016
Warsaw, Antoniewska St.	221	13 763	
Gdynia, Spokojna St.	181		9 000
Domy phase VI and next	150	15 675	
Warsaw, Lewandów Park III phase II	146	4 709	
Warsaw, Mikołaja Trąby St.	122	5 500	
Warsaw, Odkryta St. II	82	4 158	
Warsaw, Lewandów Park IV	81	2 990	
Warsaw, Aluzyjna St. II	68	3 670	
Warsaw, Lewandów Park III phase I	40	1 631	
Warsaw, Aluzyjna St. I	32	1 850	
Houses phase V	30	2 878	
Houses phase IV	20	1 980	
Warsaw, Nowodworska St.	13	1 180	
Total	3 180	116 316	34 425

Goals and perspectives for development

The Group diversifies its revenues, therefore, in addition to the residential offer it introduces aparthotels as well, utilising the most effectively purchased land. The Group manages aparthotels using the knowledge and experience of the real estate, hotel and property management markets, where it has been present for many years. The Group is dedicated primarily to middle-income clients, thus planning and investing in attractive locations– tailored to the financial capacity of potential buyers, investments in the city centre –Bliska Wola, Białołęka – Zielona Dolina. The Group offers help to obtain mortgages. As part of the financing offer, programs tailored to the financial capacity of the offer recipients are proposed. The Group, thanks to many years of effective cooperation with the largest banks, has a diversified credit offer based on preferential terms, dedicated exclusively to Clients of the Group.

The Group is planning to increase sales in the coming and next year to reach the level of 1,500-2,000 units per year. This will be possible mainly thanks to the sale of the current offer and the introduction of not only new apartments, including the next stage of greatly popular among clients Bliska Wola phase D investment and investment in Warsaw Białołęka: at Lewandów , Berensona and Nowodworska St. , but also the sale of a new aparthotel in Warsaw at Pileckiego St.

Despite its focus on real estate development, the Group intends to continue to diversify its revenues, which started in previous years, through its presence in the hotel and aparthotel segment nationally, using its potential and potential for financing.

In conclusion, the Group, regardless of the market situation, diversifies risk through:

- realization of started residential real estate investments,
- extending the offer with apart-hotel units - apartments for rent,
- preparations to run a new investment in the capitol and other, various part of Poland,
- the continuation of hotel activity,
- moderate increase of involvement in commercial segment.

7. Factors which according to the Company are to have an impact on the results for the next quarter

The most important factors that may affect the Company's results:

- Pace of transferring premises onto tenants in ongoing investments, especially possibility of aforementioned transfer in the last quarter of the year on: Bliska Wola phase C (residential and aparthotel parts), Zielona Dolina II phase I and III, Jerozolimskie Invest and houses –Villa Campina.
- Maintaining a high rate of sales along with further offer expansion conditioned on:
 - Launching new investments,
 - Maintaining accessibility of mortgage loans on real estate market,
 - Low level of interest rates - reduced cost of servicing the loan for the Company and the purchaser of flat. It may have a positive impact on the pace of real estate sales,
 - Expanding the offer for new aparthotel units,
 - Pace of depletion of funds from the governmental "Mieszkanie dla Młodych" program,
 - Commencing investments on schedule.
- Economic situation, especially on the real estate market.

- Other one-off events, related to revaluation of real estate. The Company performs revaluation once a year (usually at the end of the year).

8. Events that occurred after the date of preparation of the condensed interim financial statements, and which could significantly affect the future financial results of the Company

Consent for the purchase of own shares

On August 16, 2017, the Extraordinary General Meeting adopted a resolution which approved the purchase of the Company's own shares for redemption. The Company will be able to spend up to PLN 10,000,000 for this purpose.

Preliminary agreements for the purchase of real estate

On July 25, 2017, the Company entered into a preliminary agreement for the purchase of residential premises located in Kraków at Wielopole St. 19-21 and Dietla St. 86, 88 and 90, which are one single-use commercial property with surface of 8,206.50 m² and ten residential units of the total area of 520,70 m² with associated cellars of 95,65 m² for the total amount of PLN 44,100,000 net. The deadline for the conclusion of the final agreement was 30 October 2017. So far, the Company has paid PLN 1,000,000.

On 22 August 2017, the Company entered into a preliminary agreement for the purchase of land plot no. 511/2 of the area of 1.7628 m² located in Małopole, Dąbrówka, for the amount of PLN 1,322,100. Under the agreement the Company has made an advance payment of PLN 132,210. The deadline for the sale has been set for August 22, 2020, subject to the adoption of a local land development plan covering the plot.

Loans:

Annex to the loan agreement

On 4 July 2017. J. W. Construction Sp. z o.o. a subsidiary of the Issuer concluded the Annex to the overdraft agreement granted by PKO BP S.A. in the amount of PLN 7,000,000. Under the Annex, the deadline for the use and repayment of the loan has been postponed. The new repayment date was set at April 26, 2018.

9. Significant risk factors and threats

The risks recognized by the Group include: interest rate risk, credit risk, liquidity risk, risks associated with administrative decisions and risks associated with competition on the real estate market.

Liquidity risk

The Company pays special attention to keeping the balance between financing its investment activities and timely payment of its obligations. Maintaining liquidity is dependent on the credit policy of banks in granting mortgages and investment credits as well. Lack of funding from banks especially along with the requirements of developer act developer and escrow accounts. In the case of developers and individuals it can affect: start of new investments, the demand for housing, timeliness of payments and thus cash flows.

Credit risk

A significant part of the Company's customers makes purchases with bank loans. Risks associated with offered loans are secured with insurance of particular debts on behalf of clients. In relation to no customer group is there a significant concentration of credit risk. Furthermore, the Company systematically evaluates payments made and the financial situation of its customers.

Administrative decisions risk

The basis for real estate activities are administrative decisions required in connection with present or future projects. The lack of licenses, permits or concessions or failing to obtain them in time may adversely affect the ability to commence, conduct or complete present and new investments by the Company. All of these factors may have an impact on financial flows and overall operations.

Risk related to the general macroeconomic situation

The activity of the Capital Group as well as its financial results to a large extent are dependent upon the current economic prosperity present mostly on the domestic market. The factors that shape the economic situation are among other things as follows: the rate of the GDP growth, the level of gross average remuneration, the unemployment level, the inflation level, currency exchange rates, bank interest rates, the availability of credit loans, the debt level of households. Despite the ongoing economic boom in Poland there is no certainty that positive tendencies will last in the future. It is possible that the economic growth will slow down in Poland. There is a risk that in the case of an economic slowdown in Poland there may occur the drop of real gross remunerations and further restriction with regard towards credit loans, including mortgage credits. This will result in the decrease of demand for the products and services offered by the capital group, especially with regard towards company apartments which are its key products. Consequently, this may have a negative effect influence on the sales level achieved by the Capital Group and cause the worsening of its financial results.

Risk related to the support program for the apartment customers

By the end of September 2018, apartment buyers may apply for co-financing of their own contribution under the Government's "Mieszkanie dla Młodych" (MdM) program. In the event that the scale of funds allocated to finance the program is insufficient or the program expires, the demand for housing may be reduced, particularly among those with lower income. An additional element of risk is the level of average conversion rates adopted in the program for establishing the maximum purchase price of an apartment and the amount of co-financing of own contribution. Fixing the value of this indicator at a level that is too low relative to the price of housing may result in a reduction in the number of dwellings fulfilling the program criteria and thus the potential for the program to be used by potential buyers. In this case, the downturn in the real estate market and the decline in sales of flats may have a negative impact on developers and their financial results, including the Group's performance.

In addition, the housing market in Poland may be affected by the government program "Mieszkanie Plus". It is currently difficult to predict the scale of its impact on the development sector. On the one hand, the program is addressed to people who do not have the creditworthiness to buy their own property, that is not to the customers of the Group. Moreover, the beneficiaries of the program are the people renting the apartment, not the buyers of the property. On the other hand, the program can compete for popular housing, especially if it is to include attractive locations in large cities. For the time being, however, it is difficult to predict this impact will be, as all details of the program are unknown.

10. The effects of changes in the organizational structure including mergers, acquisitions or disposals of Group entities, long-term investments, division, restructuring and discontinued operations

In the reporting period no significant changes were made.

11. Management Board's stance on realizing formerly published results forecast for the given year in light of the results presented in the interim statement

The Board of J.W. Construction Holding SA does not publish financial forecasts neither for the Company nor the Group.

12. Shareholders holding directly or indirectly significant stakes in the Company

As at 20 September 2017

Shareholder	Number of shares	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	28.182.933	31,72 %	28.182.933	31,72 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %

In the reporting period the following changes occurred :

On 22 March 2017, the Company received a notification from TFI PZU S.A. acting on behalf of the funds it manages to change the number of shares held and to go below the 5% threshold as a result of responding to the call announced by Mr. Józef Wojciechowski. Before the sale, funds managed by TFI PZU S.A. held 8,882,877 shares, which constituted 9,9965% of the total share capital and authorized to 8.882.877 votes at the General Meeting, which constituted 9,9965% of the total number of votes. The Company received notifications from Mr. Wojciechowski on increasing the number of shares held by him:

On January 17, 2017, the Company purchased 2,200,000 shares representing 2.48% of the total number of shares and entitling it to 2,200,000 votes at the General Meeting of Shareholders, representing 2.48% of the total number of votes at the General Meeting;

On 17 March 2017, the Company purchased 17,416,894 shares representing 19,60% of the total number of shares and entitling to 17,416,894 votes at the General Meeting, which constitutes 19,60% of the total number of votes at the General Meeting.

Józef Wojciechowski controls EHT S.A. with headquarters in Luxemburg.

13. Shares of the Issuer or the rights to them (options) held by persons managing and supervising the Issuer on a certain day, separately for each person

Shares held by members of the Management Board and Supervisory Board of the Company:

As at 20 September 2017

Shareholder	Function	Number of shares held
Józef Wojciechowski	President of Supervisory Board	28.182.933

In the reporting period the number of shares held by Mr. Wojciechowski increased by 19,616,894.

14. Litigation over 10% of the Issuer's equity

As at 30 June 2017, the value of court actions against the Company does not exceed 10% of the Company share capital.

As at 30 June 2017, the value of proceedings brought by the Company or the Group entities, conducted in common courts (ie in courts I and II) did not exceed 10% of the Company's equity

Proceedings with the Company as a party do not materially affect the Company's business.

15. Information about related transactions

Information on transactions with related parties are included under "Note 30. Transactions with related companies" of the financial statements


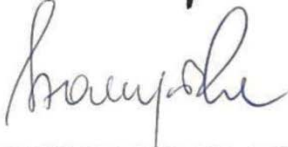


16. Information on granted and received sureties and guarantees

On February 10, 2017, the Company granted a surety to Alior Bank S.A. with its registered office in Warsaw up to PLN 141,789,712 for liabilities under loans granted by a subsidiary of Hanza Invest S.A. based in Ząbki. Hanza Invest S.A. acquired two loans: an investment of PLN 138,789,712 and a VAT of PLN 3,000,000 to finance some of the costs of the Hanza Tower project in Szczecin. The surety was granted until the repayment of the loan, whose term in the loan agreement was granted on September 30, 2020. The Company is the sole shareholder of Hanza Invest SA, which is a special purpose vehicle dedicated to the realization of the Hanza Tower project in Szczecin. The surety was granted for the obligation of an entity from the Issuer's GK.

17. Other significant information in the assessment of the Company's staff, assets, financial results, and information relevant for assessing the feasibility of Company's liabilities.

No other events than those included in the Financial Statements and Management Board Statement have taken place.

Podpisy Członków Zarządu

Wojciech Rajchert Członek Zarządu	Podpis	
Magdalena Starzyńska Członek Zarządu	Podpis	
Małgorzata Ostrowska Członek Zarządu	Podpis	
Piotr Suprynowicz Członek Zarządu	Podpis	

Ząbki, 20 września 2017 r.