

STATEMENT OF THE MANAGEMENT BOARD ON THE ACTIVITY OF J.W. CONSTRUCTION HOLDING S.A IN 2019



Ząbki, 16 March 2020

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1. Introduction

General information

J.W. Construction Holding S.A. with its registered office in Żąbki (Dominant Entity) registered in the Register of Entrepreneurs of the National Court Register under no. 0000028142, whose registration files are kept by the District Court for the Capital City of Warsaw in Warsaw, XIV Commercial Division of the National Court Register, is the parent company of the J.W. Construction Holding S.A. Capital Group. ("Group").

The Group's history begins in 1993. The Company was established as a result of the transformation of Towarzystwo Budowlano Mieszkaniowego Batory Sp. z o.o. with its registered office in Żąbki, which was established (conclusion of the company agreement) on 10 February 1994 and registered on 7 March 1994. The registration of the transformation of the limited liability company into a joint-stock company was made on the basis of a notarial deed dated 28 December 2000 by the District Court for the capital city of Warsaw in Warsaw, XVI Commercial and Registration Department on 15 January 2001.

The registration of the Company in the Register of Entrepreneurs of the National Court Register took place on 16 July 2001, together with the registration of the change of the company name from the former Towarzystwo Budowlano - Mieszkaniowe Batory S.A. to the current one of J.W. Construction Holding S.A.

The Company's share capital amounts to PLN 17,771,888.60 and is divided into 88,859,443 ordinary bearer shares with a nominal value of PLN 0.20 each. The capital is divided into 54,073,280 series A and B shares and 34,786,163 series C shares.

There are four branches within the Company:

- J.W. Construction Holding S.A. Hotel 500" Branch in Żąbki - within the framework of which three Hotel 500 chain facilities located in Zegrze Południowe near Warsaw, in Stryków near Łódź and Tarnów Podgórny near Poznań operate.
- J.W. Construction Holding S.A. "Czarny Potok" Branch in Żąbki - where the Czarny Potok resort & spa in Krynica Zdrój operates.
- J.W. Construction Holding S.A. FIRST FLOOR Branch in Żąbki - within which the restaurant located at 31 Kasprzaka Street in Warsaw operates - branch established on 19 January 2019.
- J.W. Construction Holding S.A. Branch of Porta Szczecin in Żąbki - within the framework of which activity is conducted on the assets of the acquired company Porta Transport Sp. z o.o. in Szczecin and the Company's properties adjacent to them - branch established on 19 January 2019.

2. Basic consolidated economic and financial figures - J.W. Construction Holding S.A.

Profit and loss account

Basic items of the profit and loss account for the years 2019 and 2018 in thousand PLN and converted into EUR:

Profit and loss account item	01-01-2019 to 31-12-2019		01-01-2018 to 31-12-2018	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	576 316	133 972	384 262	90 056
Costs of products, goods and materials sold	430 949	100 180	310 041	72 662
Gross profit (loss) from sales	145 367	33 792	74 221	17 395
Costs of sales	29 611	6 883	22 692	5 318
Overheads	26 518	6 164	19 757	4 630
Profit (loss) from sales	93 901	21 829	26 495	6 209
Profit (loss) on operations	86 468	20 101	21 911	5 135
Gross profit (loss)	64 308	14 949	15 760	3 694
Income tax	13 020	3 027	-6 770	-1 587
Net profit (loss)	51 288	11 923	22 529	5 280

Structure and dynamics of changes in basic items of the profit and loss account:

Profit and loss account item	01-01-2019		01-01-2018	
	to 31-12-2019		to 31-12-2018	
	PLN	% of sales	PLN	dynamics 2019/2018
Net revenues from sales of products, goods and materials	576 316	100%	384 262	50%
Costs of products, goods and materials sold	430 949	75%	310 041	39%
Gross profit from sales	145 367	25%	74 221	96%
Profit on operations	86 468	15%	21 911	295%
Gross profit	64 308	11%	15 760	308%
Net profit	51 288	9%	22 529	128%

In 2019, the Company generated revenue of PLN 576.3 million, which is 50% higher than in the previous year. The reported result, net profit, was equal to PLN 51.3 million and increased by 128% compared to the previous year. The result achieved is mainly due to the transfer of flats from the EK and EM stages of Bliska Wola and Zielona Dolina stage II investments in Warsaw.

Structure of the Company's revenues in 2019:

In 2019, the Company's revenue structure is dominated by revenues from sales of products (85% of revenues), 14% are revenues from sales of services, approximately 2% are sales of goods - as shown in the table below.

OPERATING INCOME	01-01-2019	% share	01-01-2018	% share
	to 31-12-2019		to 31-12-2018	
Revenues from sales of products	489 702 003	85%	310 034 413	81%
Revenues from sales of services	77 936 586	14%	69 963 591	18%
Revenues from sales of goods	8 677 616	1%	4 263 793	1%
Total income	576 316 205	100%	384 261 798	100%

Balance

Balance of assets and liabilities as at 31 December 2019 and 31 December 2018 expressed in thousand PLN and EURO:

Issuer's balance sheet item	31-12-2019		31-12-2018	
	PLN	EUR	PLN	EUR
Total assets	1 448 473	340 137	1 637 599	380 837
Fixed assets	837 543	196 676	769 259	178 897
Current assets	610 930	143 461	868 340	201 940
Total liabilities and equity	1 448 473	340 137	1 637 599	380 837
Equity	771 571	181 184	753 958	175 339
Non-current liabilities	197 701	46 425	222 738	51 800
Current liabilities	469 205	110 181	660 903	153 698
Future long-term discounted lease payments	8 450	1 984	0,00	0,00
Future short-term discounted lease payments	1 546	363	0,00	0,00

Structure, dynamics of changes in assets and liabilities as at 31 December 2019 and 31 December 2018, expressed in thousand PLN:

Issuer's balance sheet item	31.12.2019		31.12.2018	
	PLN	% of assets	PLN	Change 2019/2018
Total assets	1 448 473	100%	1 637 599	-12%
Fixed assets	837 543	58%	769 259	9%
Current assets	610 930	42%	868 340	-30%
		% of liabilities		Change 2019/2018
Total liabilities and equity	1 448 473	100%	1 637 599	-12%
Equity	771 571	53%	753 958	2%
Non-current liabilities	197 701	14%	222 738	-11%
Current liabilities	469 205	32%	660 903	-29%
Future long-term discounted lease payments	8 450	1%	0	-
Future short-term discounted lease payments	1 546	0%	0	-

The structure of the balance sheet as at 31 December 2019 is as follows: fixed assets account for 58% of the balance sheet total, and current assets for 42% of assets. Compared to 2018 the balance sheet total decreased by 12%.

		2019	2018
Profitability ratio			
	Gross sales margin	25,2%	19,3%
	Net sales margin	8,9%	5,9%
	Return on assets	3,5%	1,4%
	Return on equity	6,6%	3,0%
Liquidity ratio			
	Liquidity ratio I	1,3	1,3
	Liquidity ratio II	0,3	0,3
Turnover ratio			
	Repayment rate in days	13,8	24,0
	Repayment rate of liabilities in days	26,0	41,6
Debt ratios			
	Debt ratio	46,0%	54,0%
Net debt ratio/equity	Net debt ratio/equity	0,28	0,27

3. Significant risk factors and threats

The main financial instruments used by the Company include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has other financial instruments, such as trade receivables and liabilities, which arise directly in the course of its business.

The main types of risk arising from the Company's financial instruments include interest rate risk, liquidity risk and credit risk. The Management Board verifies and agrees on the principles of managing each of these risks - these principles are briefly discussed below. The Company also monitors the market price risk for all its financial instruments.

Interest rate risk

The company has credit liabilities, for which interest are calculated on the basis of the variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion.

Due to the fact that the Company had, in the reporting period, both assets and liabilities bearing interest at a variable rate, which balanced the risk, and due to minor interest rate fluctuations in the past periods, as well as due to the lack of forecasts of rapid changes in interest rates in subsequent reporting periods, the Company did not use interest rate hedges as at 31.12.2019, considering that the interest rate risk is not significant.

Regardless of the current situation, the Company monitors its exposure to interest rate risk and interest rate projections and does not preclude future hedging activities.

The Company allocates financial costs from investment loans to individual development projects, which means that the impact of interest rate changes on the result is deferred.

The table below shows the sensitivity of the gross financial result to reasonably possible changes in interest rates, assuming that other factors remain unchanged (in connection with variable interest rate liabilities)

Year ended on 31 December 2019		
	% Increase/decrease	Influence on gross profit in thousands of PLN
PLN	1%	-1 500
PLN	-1%	1 500

Currency risk

The Company is exposed to the risk of changes in foreign exchange rates due to loans granted in foreign currencies to related parties. These are loans granted in EUR and USD.

The table below shows the sensitivity of the gross financial result to possible changes in the exchange rates of these currencies, assuming that other factors remain unchanged (in connection with receivables and loans in foreign currencies).

Change of EUR/PLN currency rate	Fair value as at 31.12.2019 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	40 371	80%	32 297	8 074
a 10% decrease	40 371	90%	36 334	4 037
no change	40 371	100%	40 371	0
a 10% increase	40 371	110%	44 409	-4 037
a 20% increase	40 371	120%	48 446	-8 074

Change of USD/PLN currency rate	Fair value as at 31.12.2019 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	15 935	80%	12 748	3 187
a 10% decrease	15 935	90%	14 341	1 593
no change	15 935	100%	15 935	0
a 10% increase	15 935	110%	17 528	-1 593
a 20% increase	15 935	120%	19 122	-3 187

Credit risk

The Company is exposed to credit risk, understood as the risk that creditors will not meet their obligations and thus cause the Company to incur losses.

In the case of receivables and loans from related companies, this risk is considered immaterial due to the ongoing monitoring of their financial standing.

The maximum exposure to credit risk is PLN 11,378 thousand as at the balance sheet date and was estimated as the balance sheet value of trade receivables from other companies.

In the opinion of the Company's Management Board, credit risk has been recognized in the financial statements through the creation of revaluation write-offs.

Credit risk related to bank deposits is considered immaterial as the Company has entered into transactions with well-established financial institutions.

Liquidity risk

The Company is exposed to liquidity risk, understood as the risk of losing the ability to settle liabilities. The risk results from the potential limitation of access to financial markets, which may result in the inability to obtain new financing or refinancing of the Group's debt.

The Company's operations are conducted using: equity, bank loans, and payments made by customers. The Company pays special attention to maintaining financial liquidity, among others by providing external financing for both current and investment activities.

The financial liquidity risk is diversified through:

- cooperation with various financial institutions: banks, leasing companies, brokerage offices,
- use of various forms of financing: bonds, bank loans (working capital, investment loans), leases, loans,
- entering into financial commitments with different maturity dates:
 - short-term, working capital financing for any purpose (working capital credits),
 - long-term - targeted financing, financing investments into assets,
 - bonds,
 - leasing,
 - 2-3 years investment loans,
 - preferential loans, under government or European programmes.

The above serves to hedge cash flows, in the short and long term and to diversify the risk of financial liquidity.

Risk of breach of covenants and termination of financing agreements

The concluded loan and bond issue agreements contain financial indicators (covenants), which the Company is obliged to meet. The Company analyses the level of debt and covenants on an ongoing basis, and is also in contact with financing institutions. In the Company's opinion, there is no threat of termination of the aforementioned agreements.

Risks resulting from the provisions of the Developer's Act

The Developers Act imposed a number of obligations on developers, regulating the process of financing residential projects. By introducing additional obligations, the Act creates additional costs, such as:

- ✓ preparing and making the prospectus available (under pain of criminal liability for failure to do so),
- ✓ participation (in equal part with the purchaser) in incurring notarial costs of concluding a development contract
- ✓ incurring court costs in perpetual usufruct proceedings related to registration in the land and mortgage register of the buyer's rights under the concluded development contract.
- ✓ an obligation to conclude an agreement to maintain an open or closed escrow account.

Furthermore, it is not excluded that development activities will be obliged to establish only closed residential escrow accounts. Such an additional obligation would force an increase in interest debt on the part of the Company, and thus increase the cost of operations, which could be reflected in the financial results.

Legislative risk

The planned amendment to the Act on the protection of rights of the purchaser of an apartment or single-family house, providing, among other things, for the introduction of obligatory contributions to the Developer Guarantee Fund, constitutes a risk which may affect the Group's operations and its financial results.

Administrative decisions risk

Development activities are based on administrative decisions required in connection with current or future projects. Failure to obtain permits, approvals or consents, or failure to obtain them on time, may adversely affect the Company's ability to commence, conduct or complete current and new development projects. All of these factors may therefore affect the Company's financial flows and all of its operations.

Risk related to participation of third parties in administrative proceedings concerning the investment process

The risk is connected with the participation of third parties, including among others: environmental organisations, in proceedings related to the implementation of the investment process. Third parties may, by participating in administrative proceedings relating to the investment process, take actions which might prevent the Company from obtaining positive administrative decisions, e.g. by appealing to the second instance authorities and courts for decisions issued in the course of the said administrative proceedings. The participation of third parties in proceedings related to the implementation of the investment process may at the same time be a source of litigation (before public administration bodies as well as before administrative courts). Actions taken by third parties in the course of administrative proceedings relating to the construction process may result in the suspension or delay of the investment process. The above factors may therefore have a material adverse effect on the Company's operations and financial position.

General macroeconomic situation risk

The Company's operations and financial results largely depend on the economic situation on the domestic market. Factors shaping the economic situation include: GDP growth rate, average gross salary level, unemployment rate, inflation rate, exchange rates, interest rates, credit availability, household debt level. Despite the ongoing economic upturn in Poland, there is no certainty about the sustainability of positive trends in the future. There is a risk that if the economic growth rate in Poland slows down, real gross wages and salaries may decrease and the availability of loans, including mortgage loans, may decrease. This will result in a reduction in demand for the products and services offered by the Company, and in particular for the primary product, i.e. flats. As a consequence, it may have a negative impact on the Company's sales and result in a deterioration of financial results. Increase in the prices of building materials and services may be reflected in higher investment implementation costs. Another factor is the shortage of workforce. The low unemployment rate in Poland causes problems with obtaining employees, which results in an increased risk of delays in the execution of construction contracts.

Risk related to support programmes for purchasers of residential units

The housing market in Poland may be affected by the government's "Mieszkanie Plus" programme. At present, it is 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 purchase their own property, i.e. not to the Company's customers. Moreover, the beneficiaries of the programme are to be persons renting flats and not buying them. On the other hand, however, the programme may compete with popular flats, especially if it is to include attractive locations in large cities. So far, the program has been conducted on a limited scale without any significant impact on the residential market or the Company's operations, however, in the long run, there is a risk of an increase in the supply of apartments on the market, which may result in a decrease in sales of apartments by development companies, which may adversely affect their financial results.

Risks related to the hotel industry economic situation

The hotel business (hotels and apart-hotels) is largely dependent on the economic situation in the tourism industry. There is, however, a risk that the results in this business segment may deteriorate due to adverse factors. The most important factors that may affect this area of the Company's operations include:

- ✓ lower demand for accommodation services in hotels and apart-hotels,
- ✓ the appearance of competing facilities in the immediate vicinity,
- ✓ decrease in interest of institutional customers in the offer of conference and hotel services caused by the reduction of advertising and promotional budgets of these entities.

Although the share of hotel operations in total revenues of the Company is small, the occurrence of the above factors may adversely affect financial results and decrease profitability of the Company.

Risk related to decreased attractiveness of locations of development projects in the Company's portfolio

The main factor determining the effective demand for residential units - apart from their price - is their attractive location, which takes into account both environmental elements (green areas, no troublesome industrial and communication facilities) and functional factors (availability of social infrastructure, convenient communication system). The Company takes this fact into account when calculating the sales price for its customers by optimising it so that the proposed prices do not constitute a barrier to demand. However, there is a risk of a

decrease in the attractiveness of a specific location as a result of unforeseen events after the purchase of the investment area (e.g. change in the development plan, route of communication routes, etc.), which may adversely affect the level of prices of the apartments sold and reduce the Company's revenues on projects.

Risk related to the schedule of implementation of development projects

The process of investment preparation and construction of a development project usually takes from 24 to 36 months and includes a number of stages, the most important of which are: obtaining the necessary permits, investment preparation, construction works, finishing works, cleaning works. At each of these stages there is a risk of delaying the completion of works, improper execution and the necessity of additional works, the risk of adverse weather conditions, etc. The occurrence of a delay in project implementation may result in:

- ✓ postponing the collection of some of the clients' construction funding deposited in an escrow account,
- ✓ increase in operating costs and even the need to pay contractual penalties or damages,
- ✓ increased financial costs resulting from a longer engagement of external capital in the project.

As a result, this may lead to significant delays in the completion of the ongoing development project. The above factors may also affect the Company's reputation and worsen its ability to sell residential units in the future. The occurrence of the above circumstances may result in an increase in construction costs and adversely affect the Company's financial results.

Risk of increased costs of real estate development projects

Contracts signed by the companies of the Company with construction contractors define the scope and rules of increasing the costs of construction works for a given investment. During the implementation of a development project, there may be an increase in project costs lying on the part of the contractor (increase in material costs) as well as resulting from the contracting authority's actions (changes in the construction project). As a result of these events, it may turn out that it is not possible to achieve the expected rate of return on investment, which may result in worse than planned financial results. Increased labour and material costs may also have a negative impact on the profitability of future development projects.

Risks arising from liability for payment of remuneration to subcontractors

Within the scope of its activity, the Company concludes construction contracts. In accordance with the provisions of the Civil Code, the investor and the contractor are jointly and severally liable for the payment of remuneration to the subcontractor. Therefore, one cannot exclude the risk that if the contractors of construction works fail to meet their obligations related to payment of remuneration to subcontractors of construction works, claims for payment of remuneration will be made against the Company. Also, a possible deterioration in the financial standing of contractors may lead to the loss of their ability to pay their liabilities to subcontractors on time and, consequently, may result in delays in the execution of development projects.

The above circumstances may also contribute to an increase in the costs of development projects.

The Company, in managing the risk, makes the payment of remuneration for general contractor's services dependent on the absence of arrears in payments to subcontractors, and monitors general contractor's payments to subcontractors on an ongoing basis.

Risk related to claims against contractors and against the Company due to sales of residential units

The Company concludes and will continue to conclude construction contracts with contractors under the general contractor formula. Contractors are liable for non-performance or incorrect performance of the scope of work. It

should be noted, however, that despite the fact that construction works contractors provide a guarantee of good performance, entering into a dispute with the contractor may lead to delays in the implementation of the development project or to exceeding costs. The Contractor may also be unable to fully satisfy all potential claims of the Company. As a result, the Company, which is directly responsible to apartment buyers, may not be able to fully compensate for the costs it will incur as a result of failure to complete or delay the project, as well as defects in the premises sold, which may adversely affect the Company's operations and financial condition.

Atypical factors influencing the financial result

An unusual event affecting the achieved financial result in 2019 was the creation of revaluation write-offs as a result of impairment tests carried out, concerning:

- shares in the companies: YAKOR HOUSE of Sochi Russian Federation, Bliska Wola 4 Spółka z o.o. 1 Sp.k. with its registered office in Ząbki, Bliska Wola 4 Spółka z o.o. 2 Sp.k. with its registered office in Ząbki,
- the loan granted to YAKOR HOUSE with its registered office in Sochi, Russian Federation
- the right of perpetual usufruct of an undeveloped plot of land located in Warsaw at 181 Górczewska Street, being the basis for goodwill recognized in the books.

Detailed information about the created provisions can be found in the financial statements.

4. Company's development perspectives

The Company has a land bank, which will allow it to carry out new projects for 5,241 units and, based on this bank, plans to maintain sales levels in the coming and subsequent years at approximately 1,500 units annually. This will be possible mainly thanks to the sale of units currently on offer, such as units from the Bliska Wola stage D investment and new investments in Warsaw, Tricity, Szczecin, Łódź, Chorzów and the vicinity of Poznań and Kraków.

Despite its focus mainly on development activities, the Company intends to continue the diversification of its revenues, started in previous years, through participation in the hotel segment, in which it has generated good financial results. An example are the hotels owned by the Group, which successively work out a surplus using their potential and diversifying their sales. In addition, a restaurant "First Floor" was opened at the aparthotel, owned by the dominant entity JWCH S.A.

The Company is consequently preparing the previously announced strategy for the construction of office and warehouse projects. The projects will be developed near Warsaw (near Radzymin) and in Szczecin. A complex of about 80,000 m² will be built near Warsaw. In Szczecin, however, the modern complex will ultimately consist of two buildings with a total area of about 53,000 m², the implementation of which will be phased in as commercialization progresses.

In the coming year, the Company intends to focus on:

- Continuation of the development of the existing land bank in accordance with the schedule and implementation of the previously adopted strategy related to the development of a large land bank - launching as many new projects as possible with a faster cash flow, in accordance with the adopted schedule.
- Expanding the offer with the sale of warehouse space
- Maintaining geographical diversification with the dominant position of the Warsaw market - expansion to other areas of Poland - preparation for launching new projects in the markets of the Tri-City, Kraków, Łódź, Chorzów, Szczecin and Poznań.
- Maintaining diversification of operations through activities aimed at increasing revenues and cash surpluses from hotel investments.
- Continuation of works related to preparation of design documentation and obtaining building permits for residential, commercial and warehouse development projects.
- Selective acquisition of new locations for development investments.
- Consolidated sales of approximately 1,500 units per year.
- Release of non-working assets.

Investments to be launched:

The Company plans to implement developer and warehouse investments. The investments will be carried out in Warsaw, as well as in other large Polish agglomerations, including Krakow, Tricity, Łódź, Chorzów, Szczecin and Poznań.

Over the upcoming years, the Company is preparing 20 new projects based on its land bank for a total of 5,241 units with a total area of 269 000 m² and 144 000 m² of commercial and warehouse space.

In the case of all planned development and warehouse projects, the Company is the owner or perpetual usufructuary of the land or has signed preliminary purchase agreements. In a significant part of the planned projects, the Capital Group has also carried out design and preparation works. The implementation of the investment will be financed from own funds, proceeds from customers in the case of an open trust account and from a bank loan.

The planned projects to be implemented in the upcoming years are presented in the table below.

Investments planned as at 31 December 2019

Investment	Location	Number of units	useable area	Commercial area
Zawada near Cracow	Cracow	1 170	57 206	
Celna St., Szczecin	Szczecin	810	34 000	14 796
Starowiejska St., Gdańsk- Letnica	Gdańsk	636	32 335	607
Waryńskiego St., Pruszków*	Pruszków	446	19 709	1 929
Radosława St., Nowogard	Nowogard	275	14 710	
Berensona St., Warsaw	Warsaw	264	11 855	
Poznańska St., Skórzewo near Poznan**	Poznań	258	14 516	
Krakowska St. / Kościuszki St., Chorzów	Chorzów	254	11 911	
Kilińskiego St., Łódź	Łódź	245	10 300	100
Pileckiego St., Warsaw	Warsaw	239		8 148
Modlińska St., Warsaw	Warsaw	219	10 569	
Wrzosowa Aleja III stage II, Warsaw	Warsaw	146	4 709	
Houses stage VII and further, Ożarów Mazowiecki	Kaputy near Ożarów Mazowiecki	126	13 167	
Aluzyjna St., stage II, Warsaw	Warsaw	68	3 670	
Wrzosowa Aleja III, stage I, Warsaw	Warsaw	40	1 631	
Aluzyjna St., stage I, Warsaw	Warsaw	32	1 850	
Nowodworska St., Warsaw	Warsaw	13	1 180	
Port (warehouses), Szczecin	Szczecin			53 000
Wielopole/Dietla St., Cracow	Cracow			10 899
Małopole (warehouses), near Warsaw***	Małopole near Warsaw			80 000
TOTAL		5 241	243 318	169 479

*partially launched for sale in 2019, reservation sale

** launched for sale in 2019, reservation sale

***preliminary purchase agreement

Market conditions

The analysis of the real estate market and our own recognition of purchasers' preferences indicate the appropriateness of conducting the current strategy, which consists mainly in satisfying the needs of middle-class customers, but also in skillfully adapting the offer to the requirements of wealthy people, to whom the miniapartments offer will be addressed mainly (flats for rent). Recently, there have been more and more clients who, seeing that the rates of return on bank deposits are not at a satisfactory level for them, are investing in real estate. On the other hand, the needs of middle-income Poles are growing.

The economic situation in the main markets in which the Company operates, in particular in the residential and commercial real estate market and in the hotel market, depends, among other things, on the macroeconomic situation.

The condition of the real estate development market is also influenced by non-economic factors of political, social and cultural nature, including:

- demographic changes affecting population growth and size,
- migration of the population to large urban agglomerations,
- decrease in the scale of emigration and increase in the scale of economic immigration as a result of an increase in the standard of living in the country,
- changes within households - processes of family formation and disintegration (increasing number of divorces),
- implementation of support programmes for young households and social support - Mieszkania Plus.

The main measures of economic activity indicate that good economic conditions will continue. According to preliminary estimates, the gross domestic product (GDP) in 2019 was 4.0% higher in real terms compared to 2018. The unemployment rate in December 2019 stood at 5.2% (according to data from the Central Statistical Office), i.e. at a very low level.

According to the NBP's Report on the Stability of the Financial System, the domestic residential real estate market remained in a phase of high activity. A high level of demand was still observed in the largest cities, including investment demand. JLL data shows that 2019 was the second best year in the history of the development market, after the record-breaking 2017. In 2019 there was a 0.8% increase in the sale of residential units compared to 2018. The maintenance of the sales level was influenced by the increase in credit activity. Last year was a record year in terms of mortgage sales. In 2019, banks granted mortgage loans in the amount of PLN 65.02 billion, almost 15% more than in 2018. The increase in the value of mortgage loans taken out in 2019 stemmed, among other things, from an increase in the average value of the mortgage granted, an increase in household income, the maintenance of low interest rates and an increase in property prices. The Credit Information Bureau forecasts further growth in this segment. Investment demand for apartments is associated with buyers expecting higher rates of return on rent than on financial assets. > Low interest rates on treasury deposits and bonds, causes that investment in apartments is still perceived attractive.

Sales throughout the year exceeded new supply, which translated into a reduction in the offer compared to the end of the previous year. The Company is aware that the housing market is cyclical and therefore, after many years of prosperity, is prepared for a possible slowdown. In recent years, the company has significantly improved

the structure of its balance sheet, reduced its net debt, has been diversifying geographically and on the market (apart from the main residential market, it operates on the hotel market and plans to enter the warehouse space market), and through over 25 years of operations, the company has acquired experience in operating in both good and bad economic conditions.

5. Primary products of J.W. Construction Holding S.A.

The Company currently offers premises in the area of development activity, which can be divided into the following market segments:

- Popular residential units: flats in residential buildings and housing estates located mainly outside the very centre of major urban agglomerations. An example of popular flats are, among others, investments: Wrzosowa Aleja and Willa Wiślana located in Białoleka in Warsaw.
- High-standard flats: flats in this category are located relatively close to the city centre in popular districts, in buildings of a higher architectural standard. Examples of such projects include the Bliska Wola estate (Warsaw), the Bliska Wola Tower or the Nowe Tysiąclecia estate (Katowice).
- Domy w zabudowie szeregowej oraz wolnostojące: osiedle Villa Campina, zlokalizowane w niewielkiej odległości od granic Warszawy - w gminie Ożarów Mazowiecki.

In 2019, as in the previous year, the apartments were offered in developer standard as well as with turnkey finishing. Following the new trends in interior design and arrangement, we offered our clients 4 programs: Basic, Silver, Gold and Platinum. The variety of options has created the comfort of choice and the possibility of introducing a variety of personalized solutions to the finished interiors, tailored to individual tastes and financial possibilities of buyers. The range of programs included a wide selection of finishing materials from renowned manufacturers with a rich selection of patterns and colours of the offered products.

In 2019, the Company was developing 12 housing and commercial investments for a total of 3,298 premises (including: commercial units and terraced houses) with an area of almost 147,000m². The frontline of works carried out included investments all over the country: the Bliska Wola housing estate in the area of Kasprzaka Street and Prymasa Tysiąclecia Avenue Stages E and D (residential and residential-commercial stage), Wrzosowa Aleja and Willa Wiślana in Warsaw, Nowe Tysiąclecia Housing Estate Stage III in Katowice, Kamerata Housing Estate in Gdynia and 4 stages of terraced houses - Villa Campina near Ożarów Mazowiecki.

The table below presents the investments carried out by the Company in 2019

In 2019, the following investments were being carried out:

Investment	Number of units	useable area	Commercial area	% of units sold as at 31.12.2019	% advancement of construction works as at 31.12.2019
Bliska Wola - stage D (residential-commercial), Warsaw	1 059	25 417	17 078	48%	23%
Bliska Wola - stage Em (residential), Warsaw	671	30 452		100%	100%
Bliska Wola - stage Ek (residential-commercial), Warsaw	433	4 535	10 074	100%	100%
Bliska Wola - stage D (residential), Warsaw	418	19 178		99%	13%
Nowe Tysiąclecie - stage III, Katowice	345	18 261		72%	69%
Willa Wiślana, Warsaw	141	5 872		62%	42%
Wrzosowa Aleja, Warsaw	81	2 958		100%	80%
Kamerata, Gdynia	55	3 435		100%	100%
Villa Campina Houses - Alicja (rank F), Ożarów	30	2 857		73%	53%
Villa Campina Houses - Alicja (rank G), Ożarów*	24	2 605		0%	29%
Villa Campina Houses - Alicja (rank D), Ożarów	21	2 017		100%	100%
Villa Campina Houses - Alicja (rank E), Ożarów,	20	2 003		95%	99%
Total	3 298	119 590	27 152		

* launched for sale in the first quarter 2020

Additionally, Hanza Invest S.A. is developing Hanza Tower investment for 509 units with a total area of 32,984 m². In 2019, the Group was developing 13 residential and commercial investments with a total of 3,807 units (including: commercial units and terraced houses) with an area of almost 180,000 m².

Construction commenced in 2019

In 2019, a total of 165 units out of the above mentioned investments were started:

Investment	Number of units	useable area
Willa Wiślana, Warsaw	141	5 872
Villa Campina Houses - Alicja (rank G), Ożarów	24	2 605
Total	165	8 477

Construction sites with occupancy permit in 2019

In 2019, occupancy permits were obtained for a total of 1,180 units:>

Investment	Number of units	useable area	Commercial area
Bliska Wola - stage Em (residential), Warsaw	671	30 452	
Bliska Wola - stage Ek (reidential-commercial), Warsaw	433	4 535	10 074
Kamerata, Gdynia	55	3 435	
Villa Campina Houses - Alicja (rank D), Ożarów	21	2 017	
Total	1 180	40 439	10 074

Sales in 2019

The number of development contracts, preliminary sales contracts (i.e. concerning completed investments, contracts with entities other than individual customers and service premises) and paid bookings was 901, concluded by the Company in the period from 1 January 2019 to 31 December 2019. The Group sold a total of 1 026 units in 2019.

Transferred units in 2019

In the period from 1 January to 31 December 2019, the Company transferred and recognized 1 485 units in its revenues.

The total potential of units to be recognized in the result in subsequent quarters is 2,605 units. Including 1,461 units sold, also under reservation agreements, but not yet transferred to customers, and 1,144 units in the offer for sale. Within the Group, the potential of units to be recognized in the following quarters is 3,114, of which 1,834 are units sold also under reservation agreements but not yet transferred to customers, and 1,280 are still unsold.

Information on received permits

a) construction permit

On 22 August 2019 the Company received the final decision upholding the decision of 18 April 2017 on the building permit for the complex of multi-family buildings, constituting part of the Lewandów III estate (Wrzosowa Aleja) in Warsaw, including 5 multi-family buildings together with land development. The aforementioned decision was appealed to the Voivodship Administrative Court by the owner of the adjacent premises. Therefore, the above-mentioned building permit is final but not legally binding. The commencement of construction on the basis of the above mentioned decision was suspended until the complaint is settled.

On 4 October 2019 the Company received a building permit for the construction of a complex of 10 multi-family residential buildings with underground garage halls in Skórzewo, near Poznań. The permit is final.

On 11 October 2019 the Company received a building permit for a complex of 13 single-family terraced houses located in Kręczki Kaputy, Ożarów Mazowiecki commune. The permit is legally binding.

On 6 November 2019 the Company received a building permit for a complex of 11 single-family terraced houses located in Kręczki Kaputy, Ożarów Mazowiecki commune. The permits are final.

b) occupancy permit

On 4 April 2019, the Company obtained an occupancy permit for a complex of multi-family residential buildings and semi-detached buildings at Sochaczewska Street in Gdynia. The permit is final

As part of the complex of terraced houses - "Alicja Stage D" located in Kręczki Kaputy, Ożarów Mazowiecki commune, the Company received occupancy permits for 21 single family terraced houses. The permits are final.

On 27 August 2019 the Company received occupancy permit for a multi-family residential building marked with „Em” symbol from the residential and commercial complex, stage E, in the area of the Bliska Wola investment, in Warsaw, in the area of Kasprzaka Street and Prymasa Tysiąclecia Av. The permit is final.

On 6 September 2019 the Company received occupancy permit for a multi-family residential building marked with „Ek” symbol from the residential and commercial complex, stage E, in the area of the Bliska Wola investment, in Warsaw, in the area of Kasprzaka Street and Prymasa Tysiąclecia Av. The permit is final.

Hotels

In 2019, the Group continued its hotel operations. Currently the Company's hotel base includes five hotels and two apart-hotels. The hotel base consists of: three stable and prosperous hotels of the Hotel 500 chain located in: Zegrze near Warsaw, Tarnów Podgórny and Stryków. Moreover, the Company is the owner of a luxury facility "Czarny Potok Resort & SPA", opened in 2012 in Krynica Zdrój and the subsidiary Dana Invest Sp. z o.o. is the owner of the Dana Business & Conference hotel, the revitalization of which was completed at the end of 2015 (Dana Hotel operates as a subsidiary of Dana Invest Sp. z o.o.) and 2 apart-hotels: Varsovia Apartments Jerozolimskie at Aleje Jerozolimskie and Varsovia Apartments Kasprzaka at Kasprzaka Street in Warsaw. Both apart-hotels are managed by Company's subsidiary of Varsovia Apartamenty Sp. z o.o.

The value of revenue from the sale of hotel services in 2019 amounted to PLN 55,180,568. In 2019, revenue from hotel operations increased by 14% compared to the previous year. The structure of hotel clients has remained unchanged for years, thanks to the established position of the Hotel 500 chain and the "Czarny Potok Resort & SPA" facility. It is still dominated by corporations and organized tourist groups.

Real estate management

The Company also takes care of the proper course of the process of settling the property, starting from the transfer of premises to the Clients, transfer of ownership by notary deed, to the management of the properties built within the framework of the established Housing Communities. The Company performs the function of Manager and Administrator, as well as accounting and debt collection services.. The full service, besides management and administration, includes accounting, technical and legal services, as well as cleaning and care of greenery. The goal is to improve the quality of both the residence and operation of the facilities, and in the long term, to increase their value and optimize their maintenance costs.

Thanks to many years of experience in real estate management, committed staff and transparent rules of operation, the Company has the ability to adapt to the ever-growing requirements of customers and the market. Currently, there are 30 housing communities under the care of the management team, including over 10,000 flats and about a thousand commercial premises.

Many years of experience and a dynamic increase in the number of housing estates have resulted in the creation of a thriving 40-person team of specialists - property managers, administrators, accounting and debt collection staff. Persons in constant contact with property owners must, in addition to a sound knowledge of their duties, also demonstrate interpersonal skills in order to meet the challenges of "everyday life" in housing estates.

The real estate management team is constantly improving their qualifications, giving themselves a reputation as an experienced, yet flexible and dynamic partner for many Housing Communities and companies. In order to meet the ever-growing market requirements and high expectations of our customers, the real estate team works on maintaining the quality of services and initiates innovative solutions which will result in the future in further expansion of the number of housing estates and maintaining the reputation of existing customers.

In 2019, the Company's revenues from sales of products and services by segments were as follows:

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products and services by segment	567 638 589,52	379 998 004,67
-real estate development	505 940 602,33	325 466 280,72
-business activity related to hotels	55 180 567,74	48 581 294,41
-real estate management	6 517 419,45	5 950 429,54

6. Market information

Currently, the largest and basic market for the Company's operations is the Warsaw market. In the Company's assessment, the Warsaw market is the largest, most stable residential market in Poland, with the highest prices per square meter of residential space and the highest levels of return on investment.

Taking advantage of its stable position on the developer market and the competitiveness of its offers, the Company successfully continues to develop projects on the markets of other large urban agglomerations such as Gdynia, Gdańsk, Szczecin, Katowice, Poznań, Łódź, Chorzów and Kraków.

7. Suppliers and customers

The Company uses the services of various suppliers, which are selected through tenders. The Company purchases materials for production from a number of entities, therefore there is no dependence on any supplier of materials in this respect.

Delivery of services is performed both within the Group (by J.W. Construction sp. z o.o.) and by external entities.

In 2019, the largest scope of construction work for the Company was performed by the following external entities:

Company	Value of work performed in 2019
Fabet Konstrukcje Sp. z o.o.	PLN 69,0 million
J. W. Construction sp. z o.o. (subsidiary)	PLN 44,3 million

Among the Company's customers one main contractor cannot be distinguished, the vast majority of the Company's customers are individual buyers of residential units.

8. Agreements significant for the operations of the Company

8.1 Construction contracts

In the reporting period, the Company carried out work under contracts concluded in the previous years.

8.2 Insurance contracts

The Company concludes various insurance agreements resulting from the nature of their business activity. These are both compulsory and voluntary insurance.

As part of construction projects, insurance policies are taken out to cover potential damages that may occur during the implementation of the investment, including third party liability on account of the works being carried out. Contracts are concluded for the period of investment execution.

The company has insurance contracts for fixed assets owned by it. The value of the policies is determined on the basis of the replacement value of assets in Polish zloty or Euro, depending on the currency of purchase of a given fixed asset. The policies are concluded for a period of 1 year.

The Company has a separate civil liability insurance agreement for its business activities, including development, property management and hotel services.

After the completion of the investment and expiry of the insurance for construction works, the Company takes out insurance for the buildings it has constructed. After the establishment of the housing community, the rights resulting from the insurance agreement are transferred, by way of an annex, to the community management of the insured property.

At 31 December 2019 Company held the following policies

Insurance coverage	Value	Insurance companies
D&O	50.000.000 pln	Colonnade
Penal and fiscal	5.000.000 pln	AXA
Civil liability on account of business activities	35.200.000 pln	PZU, Generali, Allianz, Warta Ergo Hestia, AXA,
CAR budowy	358.830.277 pln	Warta, Ergo Hestia
Property insurance	977.256.841 pln	PZU, Ergo Hestia, Allianz, Chubb, Compensa VIG, Wiener VIG

8.3 Information on financial agreements entered into and terminated during the financial year

8.3.1 Credits terminated

Neither in 2019 nor in the period from the balance sheet date to the date of this Report on the Company's activities in 2019 any loan agreements were terminated.

8.3.2 Credits taken out

Detailed information on loan liabilities as at 31 December 2019 is presented in Note 12 to the financial statements.

In 2019, the following events related to credit agreements occurred:

Credit agreement

On 27 March 2019 the Company concluded an agreement with Bank Ochrony Środowiska S.A. on the basis of which the Bank granted a revolving credit in the amount of PLN 28,400,000. The final repayment date of the loan was set for 20 March 2024 (ultimately PLN 4,270,394 was used).

Credit repayment

On 31 December 2019 the Company made a full repayment of the revolving credit, granted by Bank Polskiej Spółdzielczości S.A. for financing the current activity, in the amount of 4.500.000 PLN,

Annex to credit agreement:

On 25 April 2019, the Company concluded an Annex to a credit agreement in the current account granted by PKO BP S.A. Under the Annex, the credit limit was increased from PLN 10,000,000 to PLN 15,000,000 and the deadline for use and repayment date have been postponed. The new loan repayment date was set at 25 April 2020.

On 10 May 2019, the Company concluded an Annex to a credit agreement in the current account granted by Bank Millenium SA in the amount of PLN 16,830,000. Under the Annex, the deadline for use and repayment date have been postponed. The new loan repayment date was set at 31 May 2020.

8.3.3 Leasing

On 11 December 2019 the Company entered into agreements relating to the leasing of a developed property belonging to the Company located in Ząbki at 326 Radzymińska Street ("Property"). On the basis of the agreement, the Company sold to BPS Leasing S.A. with its registered office in Warsaw the Real Property for the amount of 40,108,617 PLN plus VAT. Under the lease agreement, the Company acquired the right to use the Property by paying: an initial fee of PLN 10,283,949.92 plus VAT, a periodic fee "0" of PLN 2,149,721.35 and VAT on the financial lease of the land of PLN 1,892,988.69. On account of using the Property, the Company shall pay a monthly lease installment of PLN 194,643.86 for 10 years.

On the basis of the preliminary sale agreement, the Company acquired the right to purchase the Property after the end of the lease agreement, but no later than until 31.12.2029, for the price of PLN 15,260,055.72 plus the related taxes and fees applicable on the date of conclusion of the sale agreement.

8.3.4 Credits taken out

In the reporting period, the Company did not take out any loans.

8.3.5 Loans granted

In the reporting period, the Company granted the following loans:>

	Creditor	Borrower	Date	Amount	Repayment date	Interest
1	J.W. Construction Holding S.A.	Hanza Invest S.A.	07.02.2019	PLN 500.000	30.04.2021	3M WIBOR + margin
2	J.W. Construction Holding S.A.	Varsovia Apartamenty Sp. z o.o.	11.06.2019	PLN 700.000	31.12.2021	3M WIBOR + margin
3	J.W. Construction Holding S.A.	J.W. Construction Sp. z o.o.	29.03.2019	PLN 9.000.000	31.12.2020	3M WIBOR + margin
4	J.W. Construction Holding S.A.	J.W. Construction Sp. z o.o.	30.09.2019	PLN 7.000.000	31.12.2020	3M WIBOR + margin
5	J.W. Construction Holding S.A.	J.W. Construction Bulgaria EOOD	124.454,96 pln	12.03.2019	31.12.2022	3M WIBOR + margin
6	J.W. Construction Holding S.A.	J.W. Construction Bulgaria EOOD	PLN 17.769,11	09.10.2019	31.12.2023	3M WIBOR + margin
7	J.W. Construction Holding S.A.	YAKOR HOUSE	PLN 86.780,11	07.03.2019	31.12.2022	3M WIBOR + margin
8	J.W. Construction Holding S.A.	YAKOR HOUSE	PLN 95.165,27	06.06.2019	31.12.2022	3M WIBOR + margin
9	J.W. Construction Holding S.A.	YAKOR HOUSE	PLN 174.462,60	09.10.2019	31.12.2023	3M WIBOR + margin
10	J.W. Construction Holding S.A.	Józef Wojciechowski	PLN 4.000.000	05.12.2019	31.12.2022	3M WIBOR + margin
11	J.W. Construction Holding S.A.	Wroński Sp. jawna	PLN 1.000.000	11.03.2019	28.02.2022	n/a

8.4 Agreements concluded between shareholders that would be material to the Company's operations.

The Company is not aware of any agreements concluded between its shareholders that would be material to its business.

8.5 Issuance of securities

Bond processing

In the reporting period, the Company processed the issued bonds.

Interest paid

On 25 April 2019 the Company paid interest on bonds JWX0116 series.

On 15 May 2018 and 15 November 2019 the Company paid interest on bonds marked with the PLJWC0000126 code

On 30 May 2018 and 29 November 2019 the Company paid interest on bonds marked with PLJWC0000118 ISIN code.

Partial bonds redemption

In the reporting period, the Company partially redeemed the nominal value of the following bonds in accordance with the terms and conditions of the issue of bonds:

On 30 May 2019, the Company partially redeemed, in accordance with the terms of the bond issue, 40% of the original nominal value of series JWC0520 bonds, coded ISIN PLJWC0000118, issued pursuant to the Resolution of the Management Board of the Company of 15 May 2017 with the maturity date of 29 May 2020, in the total number of 70,000, in the initial nominal value of PLN 1,000 each bond and in the total issue value of PLN 70,000,000. After the redemption, the value of each bond is equal to PLN 500 and the total value is PLN 35,000,000.

On 15 November 2019, the Company partially redeemed, in accordance with the terms of the bond issue, 45% of the original nominal value of series JWC1120 bonds, coded ISIN PLJWC0000126, issued pursuant to the Resolution of the Management Board of the Company of 2 November 2017 with the maturity date of 16 November 2020, in the total number of 94,000, in the initial nominal value of PLN 1,000 each bond and in the total issue value of PLN 94,000,000. After the redemption, the value of each bond is equal to PLN 450 and the total value is PLN 42,300,000.

Change of bond redemption date

On 15 November 2019 the Company changed the date of redemption of series JWX0116 bonds issued pursuant to the Resolution of the Management Board of the Company of 24 April 2013. The new redemption date of JWX0116 series bonds is 24 April 2021.

8.6. Information on sureties and guarantees granted and received

Surety

In the reporting period the Company granted sureties exceeding 10% of its equity.

During the reporting period, the Company granted a surety in the amount of PLN 72,000,000 for the liability of Hanz Invest S.A. with its registered office in Żabki on account of the renewable credit agreement concluded with Bank Ochrony Środowiska S.A. with its registered office in Warsaw on 07 February 2019 in the amount of PLN 48,000,000 to cover the costs of the Hanza Tower investment in Szczecin.

In the reporting period, the surety granted on 10 February 2017 to Alior Bank S.A. with its registered office in Warsaw up to the amount of PLN 141,789,712 on account of the following loans: investment loan in the amount of

PLN 138,789,712 and VAT in the amount of PLN 3,000,000, granted to the company under the name of Hanza Invest S.A., in connection with the realisation of the Hanza Tower investment in Szczecin at 46 Wyzwolenia Av., expired.

In 2019, the Company reported granting the following sureties:

OFF-BALANCE SECURITIES - other	31-12-2019
Guarantee of J.W. Construction Holding S.A. for Hanza Invest SA investment credit from Bank Ochrony Środowiska S.A.	72 000 000
Guarantee of J.W. Construction Holding S.A. to the benefit of Dana Invest Sp. z o.o. for incurred at BZ WBK SA.	29 694 876
Guarantees to the benefit of J.W. Construction Sp. z o.o. for credit and leasing in PKO BP	17 100 450
Sureties to the benefit of TBS "Marki" Sp z o.o.	22 400 000

Guarantees and sureties granted within the Company as at 31 December 2019 is presented in Note 26 to the financial statements.

8.7 Information on the control system for employee share-based incentive schemes

The Company does not have an employee share ownership program.

8.8 Other significant agreements

8.8.1 Real estate purchase agreements

Purchase of real estate

On 25 January 2019. The Company concluded an agreement for the acquisition of the ownership right to real estate located in Szczecin at Celna St., constituting a plot of land No. 5/1 with an area of 0.8219 ha, for the amount of PLN 8,900,000 net plus VAT at the applicable rate. The Company plans to build approx. 48,800 m2 of usable area on plots of land at Celna Street (purchased in December 2018 and January 2019).

On February 5, 2019, in performance of the contingent agreement of December 19, 2018, the Company concluded an agreement for the purchase of perpetual usufruct right to undeveloped plots with numbers 28/8 and 28/9 with a total area of 0.7471 ha, located in Łódź at Jana Kilińskiego Street, for the amount of PLN 4,725,000 net plus VAT at the applicable rate. The Company intends to build approx. 10,400 m2 of usable area of premises on the said plots.

On 22 March 2019 the Company concluded agreements under which it acquired ownership rights to plots located in the Białłęka district of Warsaw, near Modlińska and Zakątna Streets, with a total area of 11,718 m2 and shares in a road plot for a total gross amount of PLN 14,330,422 (including VAT of PLN 1,635,422). The Company intends to build approx. 10,600 m2 of usable area of residential units on the said plots.

On 28 August 2019, in performance of the conditional agreement, the Company acquired the ownership right to the undeveloped plots of land with a total area of 1,2208 ha located in Chorzów, between Krakowska and

Tadeusz Kościuszki Streets, for the net amount of PLN 3,950,000 plus VAT at the applicable rate. The Company intends to build approx. 12,000 m² of usable area on the acquired property.

On 18 October 2019, in the performance of the conditional contract in connection with the non-exercise of the pre-emptive right by the State Forest Enterprise, the Company concluded a contract of purchase of: the ownership right to the developed land plots with a total area of 8.2798 ha, the ownership right to the undeveloped land plot with a total area of 0.0797 ha and the right of perpetual usufruct of the developed land plot with a total area of 4.0355 ha, located in the municipality of Serock, in Jachranka, for the total net price of PLN 12,500,000 plus VAT at the applicable rate. The Company intends to develop a multifamily residential complex with sports and hotel facilities on the property.

Preliminary property purchase agreement

On 19 August the Company concluded a preliminary agreement for the purchase of an undeveloped plot of land located in Małopole, with an area of 2.71 ha. The final agreement is to be concluded after the adoption of the local development plan, but not later than by 31 December 2020. The price was agreed between the parties for the amount of PLN 2,140,900. The Company intends to realize warehouse projects on the purchased property.

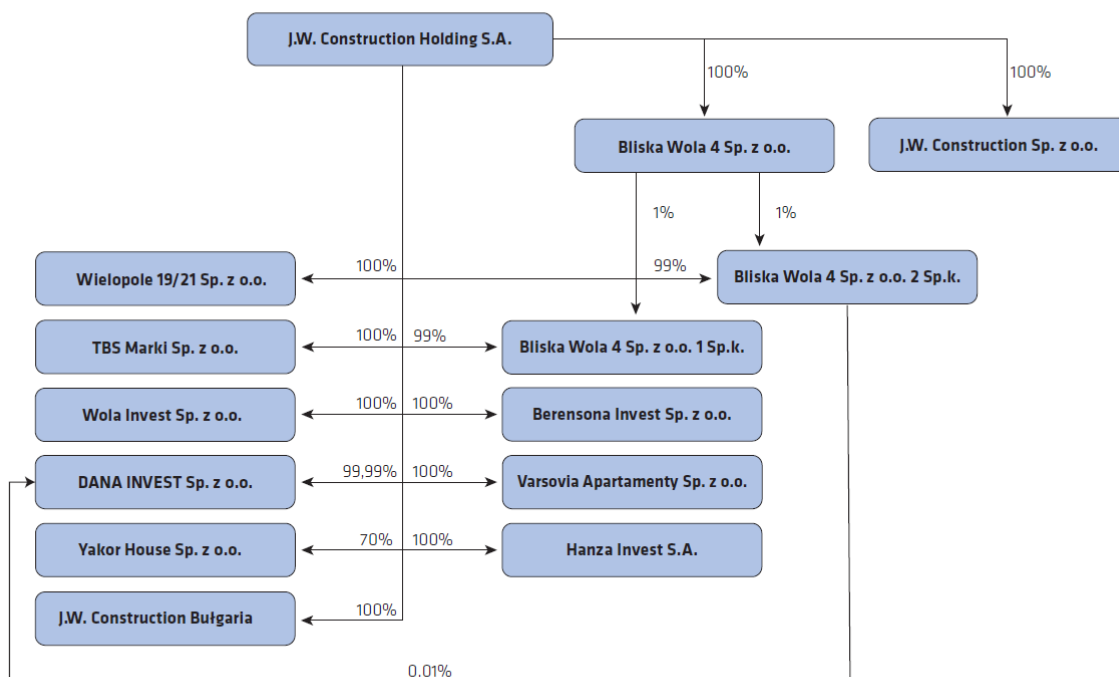
On 18 November 2019 the Company concluded with its subsidiary, J.W. Construction Spółka z o.o. with its registered office in Żąbki, a preliminary agreement to acquire the right of perpetual usufruct of developed plots of land numbered 439/8 and 439/9 located in Tłuszcz at 40 Nowa Street. The sale price was set at PLN 6,500,000.00 net plus VAT at the applicable rate; the deadline for concluding the final agreement was set to 31 December 2020.

8.8.2 Real estate sales agreements

On 31 January 2019, in performance of the concluded preliminary and contingent agreements, the Company concluded an agreement for the sale of the ownership right to properties located in Łeba, constituting plots of land No. 78/11 with an area of 1.7405 ha, 78/12 with an area of 3.6367 ha, a share of 546/3822 in plot 78/4 and a share of 1613100/1014909090 in plot 79 (road plots) for the net amount of PLN 9,486,000.

On 30 November 2019 the Company concluded, in performance of the preliminary contract, a contract of sale of the right of perpetual usufruct of developed land plots located in Szczecin, Druckiego-Lubeckiego Street, with a total area of 6.4545 ha, for a total net price of PLN 9,256,300 plus VAT at the applicable rate. It is a part of the area owned by the Company in this region not intended for the construction of warehouses.

9. Organisational and capital affiliations of the Company as at 31.12.2019.



J.W. Construction Sp. z o. o.

J.W. Construction Sp. z o.o. with its registered office in Ząbki, registered in the Register of Entrepreneurs under the number KRS 300959. The company holds 100% of shares in J.W. Construction Sp. z o.o. The main activity of J.W. Construction Sp. z o.o. is construction and assembly production and production of prefabricated construction elements.

TBS Marki Sp. z o.o.

TBS Marki Sp. z o.o. with its registered office in Warsaw was entered into the Register of Entrepreneurs on 28 November 2001 under the number KRS 65232. The Company holds 100% of shares in TBS Marki. TBS Marki Sp. z o.o. was established as a social housing association within the meaning of the Act on Certain Forms of Supporting Housing Construction. The Company owns four housing estates : Lisi Jar and Marki V in Marki, Warszawa Białoleka at Kowalczyka St. and Sochaczew at Piłsudskiego St.

Yakor House Sp. z o.o.

Yakor House Sp. z o.o. with its registered office in Sochi, Russian Republic. The Company holds 70% of the share capital in the company, which is 10,500,000 roubles. It owns a real estate in Sochi, intended for multi-family development.

J.W. Construction Bulgaria EOOD

J.W. Construction Bulgaria EOOD was registered by the Sofia City Court (Bulgaria) on 8 October 2007. (established under Bulgarian law - equivalent of a Polish limited liability company). Currently, J.W. Construction Bulgaria EOOD has its registered office in Varna, where the Company holds 500 (five hundred) shares with a nominal value of BGN 10 (ten) each and a total value of BGN 5,000 (five thousand). These shares represent 100% of the share capital of J.W. Construction Bulgaria EOOD. J.W. Construction Bulgaria EOOD owns property in Golden Sands

Dana Invest Sp. z o.o.

Dana Invest Sp. z o.o. with its registered office in Ząbki, entered in the register of entrepreneurs on 30 December 2013 under the number KRS 492262. The Company holds directly 99.99% of shares in Dana Invest Sp. z o.o. Dana Invest Sp. z o.o. is the owner of a hotel building in Szczecin.

Bliska Wola 4 Sp. z o.o. 1 Spółka komandytowa

Bliska Wola 4 Spółka z o.o. 1 Spółka Komandytowa with its registered office in Ząbki, entered into the register of entrepreneurs on 29.04.2016 under the number KRS 614745, which was formed from the transformation of Bliska Wola 1 Sp. z o.o. from a limited liability company into a limited partnership. The Company has directly 99% share in profits in Bliska Wola 1 Sp. z o.o. 1 Sp. k., the remaining share is held by a subsidiary of the Issuer. Through Bliska Wola 4 Sp. z o.o. 1 Sp. k. stage B1 in the investment of Bliska Wola in Warsaw at Kasprzaka Street was executed.

Bliska Wola 4 Sp. z o.o. 2 Spółka komandytowa

Bliska Wola 4 Spółka z o.o. 2 Spółka Komandytowa with its registered office in Ząbki, entered into the register of entrepreneurs on 29.04.2016 under the number KRS 616121, which was formed from the transformation of Bliska Wola 2 Sp. z o.o. from a limited liability company into a limited partnership. The Company has directly 99% share in profits in Bliska Wola 4 Sp. z o.o. 2 Sp. k., the remaining share is held by a subsidiary of the Issuer. Through Bliska Wola 4 Sp. z o.o. 2 Sp. k. stage B2 in the investment of Bliska Wola in Warsaw at Kasprzaka Street was executed.

Wola Invest Sp. z o.o.

Wola Invest Spółka z o.o. with its registered office in Ząbki, entered in the register of entrepreneurs on 23.01.2014 under the number KRS 495616 The Company holds 100 % of shares in Wola Invest Sp. z o.o. The company was planned for managing apart-hotels in the investment of Bliska Wola.

Bliska Wola 4 Sp. z o.o.

Bliska Wola 4 Spółka z o.o. with its registered office in Ząbki, entered in the register of entrepreneurs on 24.01.2014 under the number KRS 495669 The Company holds 100% of shares in Bliska Wola 4 Sp. z o.o. The Company is a General Partner in two limited partnerships.

Hanza Invest S.A.

Hanza Invest S.A. with its registered office in Ząbki, entered in the register of entrepreneurs on 14.2.2015 under the number KRS 590627. The Company holds 100% of shares in Hanza Invest S.A. Hanza Invest S.A. is a special purpose vehicle within the framework of which the investment of Hanza Tower in Szczecin at 46 Wyzwolenia Avenue is executed.

Varsovia Apartamenty

Varsovia Apartamenty Spółka z o.o. with its registered office in Ząbki entered in the register of entrepreneurs on 23.01.2014 under KRS No. 495612 The Company holds 100% of shares in Varsovia Apartamenty Sp. z o.o. Varsovia Apartamenty Sp. z o.o. is the operator of an aparthotel belonging to the Company, located in Warsaw at 216 Jerozolimskie Avenue and the operator of an aparthotel located in Warsaw at 31 Kasprzaka Street.

Berensona Invest Sp. z o.o.

Berensona Invest Spółka z o.o. with its registered office in Ząbki, entered in the register of entrepreneurs on 28.01.2014 under the number KRS 496087. The Company holds 100% of shares in Berensona Invest Sp. z o.o.

Wielopole 19/21 Sp. z o.o.

Wielopole 19/21 Spółka z o.o. with its registered office in Ząbki, entered in the register of entrepreneurs on 14.12.2016 under the number KRS 652369. The Company holds 100 % of shares in Wielopole 19/21 Sp. z o.o.

10. Company's investments in shares and stocks

In the reporting period there were no significant investments in shares or stocks.

On 30 December 2019 the Company purchased from the subsidiary J.W. .Construction Spółka z o.o. with its registered office in Ząbki all rights and obligations to which it is entitled as a partner in the Bliska Wola 4 Sp. z o.o. 2 SK with its registered office in Ząbki. The purchase price was set at PLN 12,745,500.00. As a result of the transaction, the Issuer is directly 99 % partner in Bliska Wola 4 Sp. z o.o. 2 SK.

Information on the Company's capital investments is included in the financial statements - note 4, note 8.

11. Transactions entered into by the Company or its subsidiary with related parties on terms other than market terms and conditions

All transactions with related parties entered into by the Company are on market terms, and a description of these transactions can be found in Note 27 of the financial statements.

12. Explanation of differences between financial results disclosed in the annual report and previously published result forecasts

In the reporting period, the Company did not prepare and did not publish any results forecasts.

13. Management of financial resources of the Company

Management of financial resources of the J.W. Construction Holding S.A. is based on ensuring its liquidity in all segments of activity, including mainly development activity. The primary objective of the Company's operations is to provide sources of financing for all the projects underway while maintaining liquidity ratios at a safe level. Net debt remains at a constant level and stands at 0.28. The subject of daily analysis is the company's turnover and financing structure in order to ensure current and future liquidity at the optimum possible level. In 2019, the Company generated profits at a satisfactory level. Monitoring the daily turnover, the Company repays all loans concluded for the execution of investments on an ongoing basis. The economic and financial situation is secured in the form of proceeds from completed investments and those planned to be transferred in 2020 and other assets. In addition, the Company has been cooperating with various banks on a regular basis for years to ensure financing of both investment and ongoing activities.

14. Evaluation of the possibility of realization of investment plans of the Company

The Company is preparing for the implementation of new residential projects, however, it may face formal and legal problems, which largely concern administrative decisions. Failure to obtain permits, approvals or permissions, or failure to obtain them within the assumed period of time may adversely affect the Company's ability to commence new development projects. The operations will continue to be financed using equity, advances paid by customers, bank loans based on the Development Act. These will continue to be predominantly loans in the form of safe renewable lines using trust accounts opened, where the balance of funds shortfall during the period will be financed, or trust accounts closed, where all costs related to the investment are financed in excess of the Company's own contribution required by the bank. Acquiring financing is based on many years of very good cooperation with banks, where on the basis of mutual experience credit formulas have been worked out, taking into account the specificity of the construction industry

15. Factors having a significant impact on the operations of the Company

External factors the Company considers to have the most significant impact on financial results are:

- good economic situation on the residential real estate market,
- low level of interest rates - reduced cost of credit servicing for buyers,
- high interest of buyers buying apartments and miniapartments for investment purposes,
- good labour market situation: declining unemployment and rising average wages.

Internal factors influencing the dynamics of revenues include:

- constantly expanding offer, including residential offer with investments outside Warsaw as well as introduction apartments for rent,
- ongoing marketing activities,
- flexible approach to the customer - prices can be negotiated depending on the amount and schedule of payments,
- free of charge credit advice and constant cooperation with banks, aimed at providing the Company's customers with the best possible financing conditions for the purchase of residential units,

- maximum use of the potential of the land bank, based on adaptation of the process of launching new investments to the existing demand.

Forecasts of the Company's core business development for the following years assume the occurrence of the aforementioned factors in the future. Threats to the Company's sales market are seen primarily in the difficult and long-term process of obtaining the necessary administrative decisions for current and planned projects and the Development Act, which still hinders the rapid procedure for obtaining financing and forces an increase in financial costs. The Company's activity may also be affected by legal changes concerning conducting business activity, in particular on the real estate market.

16. Changes in the basic principles of management of the Company's enterprise

In the reporting period there were no changes in the basic principles of management of the Company.

17. Number and nominal value of all shares of the Company and shares and stocks in related entities of the Company held by persons managing and supervising the Company

As at 31.12.2019

Shareholder	Company	Number of shares held	Nominal value per share	Total nominal value of shares held	% of shares
Józef Wojciechowski	J.W. Construction Holding S.A.	28.594.963	PLN 0,20	PLN 5.718.992,60	32,18 %

18. Proceedings pending before a court, an authority competent for arbitration proceedings or a public administration authority.

As at 31 December 2019, no proceedings to which the Company or any of its subsidiaries, either as plaintiff or defendant, were material to the Company's business.

However, with reference to the previously provided information concerning the proceedings brought by the Capital City of Warsaw against the Company, for payment of annual fees (2009-2013) for perpetual usufruct of real estate allocated in the local zoning plan for a public road, of which the Company informed in reports for earlier periods, the Company informs that, on 25 September 2019 it received information about the refusal to accept the cassation appeal by the Supreme Court, filed on 22 December 2018, against the verdict of the Court of Appeal in Warsaw of 04 June 2018, as a result of the reexamination of the case as a result of the aforementioned verdict of the Supreme Court of 9 March 2018, under which the Company's appeal against the judgment of the Court of First Instance was again dismissed.

19. Agreements concluded between the Company and managing persons, providing for compensation in the event of their resignation or dismissal from their position.

Members of the Management Board of the Company do not have any special agreements providing for compensation in the event of resignation or dismissal from their position.

Members of the Management Board are subject to the mandatory provisions of the labour law.

20. Remuneration, awards, benefits and non-financial components of remuneration for each member of the Company's management or supervisory bodies

The amount of remuneration, awards and benefits for members of the Company's management and supervisory bodies is presented in Note 25 to the financial statements.

20.1. Non-financial components of remuneration of members of the Management Board and key executives

Non-financial remuneration of members of the Management Board and key executives consists of non-wage components in the form of company cars also used for private purposes.

20.2 Remuneration policy

The remuneration policy for members of the Company's governing bodies and key managers is conducted in accordance with generally applicable laws and the Company's internal rules. The aim of the policy is to shape remuneration appropriately in relation to the Company's needs and to respond flexibly to market conditions. In the reporting period there were no significant changes in this respect.

20.3 Information on liabilities resulting from pensions and benefits of similar nature for former members of management and supervisory bodies.

The Company has no liabilities on account of pensions and benefits of a similar nature for former members of management and supervisory bodies.

21. Information on agreements known to the Company as a result of which changes in proportions of shares held by current shareholders may occur in the future.

The Company is not aware of any agreements as a result of which changes in proportions of shares held by current shareholders may occur in the future.

22. Information on the agreement with the entity authorized to audit the financial statements and review the financial statements

On 11 July 2018, the Company concluded an agreement with Mazars Audyt Sp. z o.o., an entity authorised to audit financial statements, for an interim review and audit of the financial statements for 2019

The auditor's remuneration for the audit of the financial statements for the financial year ended 31.12.2019 was set at PLN 167 thousand, of which PLN 116 thousand for the review and the non-consolidated financial statements audit, and PLN 51 thousand for the interim review and annual audit of the consolidated financial statements. The auditor's remuneration for services related to the consolidated financial statements for the

financial year ended 31.12.2019 amounted to 51 thousand PLN, of which 33 thousand PLN for the annual consolidated audit and 18 thousand PLN for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the non-consolidated financial statements drawn up for the financial year ended 31.12.2019 amounted to 116 thousand PLN, of which 87 thousand PLN for the annual non-consolidated audit and 29 thousand PLN for the interim review. The amounts indicated are net amounts

The companies from the Issuer's Capital Group concluded agreements with Mazars Audyt Sp. z o.o. for the audit of financial statements of subsidiaries of the J.W. Construction Holding S.A. Capital Group for 2019: TBS Marki Spółka z o.o. with its registered office in Warsaw: remuneration of 18.5 thousand PLN, J.W. Construction Sp. z o.o. remuneration of 18 thousand PLN, Dana Invest Spółka z o.o. with its registered office in Żąbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Żąbki: remuneration of 14 thousand PLN, Mazars Audyt Sp. z o.o. did not provide other services for the Company.

In the previous financial year, the financial statement was audited by Mazars Audyt Sp. z o.o. with its registered office in Warsaw.

The auditor's remuneration for the audit of the financial statements for the financial year ended 31.12.2018 was set at PLN 167 thousand, of which PLN 116 thousand for the review and the non-consolidated financial statements audit, and PLN 51 thousand for the interim review and annual audit of the consolidated financial statements. The auditor's remuneration for services related to the consolidated financial statements for the financial year ended 31.12.2018 amounted to 51 thousand PLN, of which 33 thousand PLN for the annual consolidated audit and 18 thousand PLN for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the non-consolidated financial statements drawn up for the financial year ended 31.12.2018 amounted to 116 thousand PLN, of which 87 thousand PLN for the annual non-consolidated audit and 29 thousand PLN for the interim review. The amounts indicated are net amounts

The companies from the Issuer's Capital Group concluded agreements with Mazars Audyt Sp. z o.o. for the audit of financial statements of subsidiaries of the J.W. Construction Holding S.A. Capital Group for 2018: TBS Marki Spółka z o.o. with its registered office in Warsaw: remuneration of 18.5 thousand PLN, J.W. Construction Sp. z o.o. remuneration of 18 thousand PLN, Dana Invest Spółka z o.o. with its registered office in Żąbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Żąbki: remuneration of 14 thousand PLN, Mazars Audyt Sp. z o.o. did not provide other services for the Company.

23. Statement on application of corporate governance in J.W. Construction Holding S.A. in 2019

a. Principles of corporate governance applied by the Company

In 2019, the Company was subject to the rules indicated in the Code of Best Practice for WSE Listed Companies 2016 adopted by the Exchange Supervisory Board on 13 October 2015.

The Code of Best Practice for WSE Listed Companies is available at:

https://static.gpw.pl/pub/files/PDF/inne/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf

b. Scope in which the Company abstained from the provisions of the corporate governance rules applied by it, indication of these provisions and explanation of the reasons for the abstaining.

J.W. Construction Holding S.A. did not apply the following rules:

Publishing on the Company's website a diagram of the division of tasks and responsibilities between the members of the Management Board, prepared in accordance with rule II.Z.1(I.Z.1.3.).

The Company does not have a division of tasks and responsibilities between members of the Management Board, which would be formalised and reflected in the form of a document that could be published on the Company's website. Due to their knowledge and education, individual members of the Management Board are leaders figures in given areas,

Placing on the Company's website information containing a description of the Company's diversity policy in relation to the Company's governing bodies and key managers, the description should include such elements of the diversity policy as gender, education, age, professional experience, as well as indicate the objectives of the diversity policy and the manner of its implementation in a given reporting period; if the Company has not developed and is not implementing the diversity policy, it shall provide an explanation of such a decision on its website (I.Z.1.15.)

The Company has no formalised diversity policy with respect to the Company's governing bodies and key managers. Members of the Company's governing bodies are selected taking into account industry conditions, based on a number of criteria, including: education, professional experience, knowledge, skills, with every effort to ensure that the principles of diversity such as gender and age are also preserved. However, in the opinion of the Company's Management Board, the application of the diversity policy is now fully applicable to the current composition of the Management Board, Supervisory Board and key managers. The management and supervisory bodies include both women and men aged 40-70 with economic, technical and property management education. These people mostly have been associated with the Company for years, which in the past had the opportunity to be promoted.

Publishing on the Company's website a record of the General Meeting in audio or video form (I.Z.1.20.)

By placing on the agenda of the General Meeting a draft resolution on consent to the recording of the meeting, the Company asks the Shareholders for consent to make a recording. The disposers of the course of the General Meeting are the Shareholders and their consent depends on the consent for the recording of the course of the meeting. Due to the lack of such consent, so far the course of General Meetings has not been recorded.

The internal division of responsibility for particular areas of the company's activity among members of the management board should be formulated in an unambiguous and transparent manner, and the division scheme should be available on the company's website (II.Z.1).

The Company does not have a division of tasks and responsibilities between members of the Management Board, which would be formalised and reflected in the form of a document that could be published on the Company's website. Due to their knowledge and education, individual members of the Management Board are leaders figures in given areas,

Subject to principle III.Z.3., persons responsible for risk management, internal audit and compliance report directly to the President or a member of the Management Board and have the possibility to report directly to the Supervisory Board or audit committee (III.Z.2.).

Due to the size and type of business conducted by the Company, there is no separate person within the Company's structure responsible only for risk management, internal audit and compliance. The Company applies appropriate procedures for these areas.

With regard to the person in charge of the internal audit function and other persons responsible for the performance of its tasks, the principles of independence set out in generally accepted international standards for the practice of professional internal audit (III.Z.3.) shall apply.

Due to the lack of application of Rule III.Z.2. and lack of a person in charge of the internal audit function, it is not possible to apply, as of today, the rule in question.

At least once a year, the person responsible for internal audit (in the case of separation of such function in the company) and the Management Board shall present to the Supervisory Board their own assessment of the effectiveness of the systems and functions referred to in principle III.Z.1. together with an appropriate report (III.Z.4.).

Due to the lack of application of Rule III.Z.2. and lack of a person in charge of the internal audit function, it is not possible to apply, as of today, the rule in question.

If it is justified due to the shareholding structure of the company, the company shall ensure a commonly available real-time transmission of General Meetings (IV.Z.2.).

The rule in question is not applied due to the current shareholding structure. 86.02% of shares and votes were present at the last General Meeting of Shareholders, moreover, the Company has almost 6.75% of shares which it acquired in order to redeem them.

The Company determines in its internal regulations the criteria and circumstances in which a conflict of interest may occur, as well as the rules of conduct in the face of a conflict of interest or the possibility of its occurrence. The company's internal regulations take into account, inter alia, the ways of preventing, identifying and resolving conflicts of interest, as well as the rules of excluding members of the management board or supervisory board from participation in the consideration of an issue which is or may be subject to a conflict of interest (V.Z.6.).

The Company does not have a formalised procedure regarding possible conflicts of interest, however, members of the Company's governing bodies in the event of a possible conflict of interest inform other persons who assess whether there is a real conflict of interest and the member should be excluded from decision making.

Incentive programmes should be formulated in such a way that, among other things, the level of remuneration of members of the company's management board and its key managers depends on the actual, long-term financial situation of the company and long-term growth of shareholder value and stability of the company's operations (VI.Z.1.).

At present, the company does not have an incentive scheme in place.

c. Main features of internal control and risk management systems applied in the Company's Capital Group in relation to the process of preparing financial statements and consolidated financial statements.

In compliance with the recommendations concerning the credibility and reliability of the prepared financial statements, in particular the requirements contained in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities (...), the Company applies the following control mechanisms:

Defining competencies and responsibilities at different levels of governance

In the Company, all payment documents are approved on the merits by designated employees, and then the highest authority approving this documentation is the Management Board. The process of preparing the materials is carried out through organizational units of accounting and economic departments. Financial materials are subject to review and review by the lower level managers of the finance and accounting divisions, and are then accepted by the accounting and economic divisions.

Separation of specialised accounting and financial departments within the organisational structure

Together with the definition of a sequence of activities approving and monitoring financial processes, it became necessary to separate specialized departments within the organizational structures of the company. Thus, the following organisational units have been separated in the Company: investment budgeting department, financial accounting department, controlling department, financial liquidity management department, internal control department.

Implementation of the integrated IT system - SAP R/3

The Company has implemented an integrated IT system -SAP R/3. This IT tool covers the areas of logistics, warehouse management, investment preparation and execution, accounting and controlling. Accounting books are kept in SAP R/3, at the same time the computer system takes care of the correctness of the records of economic events - from planning, through the request for material or service, ordering from the supplier, to the moment of settlement of the purchase document.

Entrusting the independent external auditor with the control over the periodical reports

The annual financial statements prepared by the Company are audited by an independent auditor, a statutory auditor. Semi-annual reports are subject to review. The audit involves verifying the presented numerical values, as well as confirming the correctness of the methodology of data collection and processing to comply with the accounting principles.

d. Shareholders holding, directly or indirectly, a significant stake in the company

As at 31.12.2019

Shareholder	Number of shares held	% of capital share	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	28.594.963	32,18 %	28.594.963	32,18 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Company – shares for redemption	5.971.660	6,72 %	5.971.660	6,72 %

Mr. Józef Wojciechowski controls the Company EHT SA based in Luxembourg.

In the reporting period the following changes in significant shareholdings took place:

On 27 December 2019 Mr. Józef Wojciechowski disposed of 3,500,000 (say: three million five hundred thousand) shares of the Company, constituting approx. 3.94% of the Company's share capital, giving the right to 3,500,000 (say: three million five hundred thousand) votes at the Company's General Meeting, constituting approx. 3.94% of the total number of votes in the Company.

As part of the Company's share buy-back, pursuant to Resolution No. 4 of the Extraordinary General Meeting of Shareholders of 15 March 2019, in the reporting period the Company acquired a total of 5,971,660 shares, representing approx. 6.72% of the share capital and entitling to 5,971,660 votes at the General Meeting, which represents approx. 6.72% of the total number of votes.

The acquisition was made as follows:

- as part of the call submitted on 5 April 2019, 1,413,861 shares were purchased, on 26 April 2019, at the price of PLN 2.70 per share and for the total price of PLN 3,817,424.70;
- as part of the call submitted on 5 December 2019, 4,405,231 shares were purchased on 27 December 2019, at the price of PLN 2.99 per share and for the total price of PLN 13,171,640.00;

- in connection with the request of 29 May 2019 to the Company to purchase shares pursuant to Article 83 of the Act on Public Offering (...), on 26 June 2019 the Company acquired 93,000 shares at the price of PLN 2.70 per share and for the total price of PLN 251,100.00;
- within the buy-back conducted pursuant to art. 5 MAR, the Company purchased a total of 59,568 shares for a total price of 169,417,07 PLN.

As at 16.03.2020 - publication of the annual report

Shareholder	Number of shares held	% of capital share	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	28.594.963	32,18 %	28.594.963	32,18 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Company – shares for redemption	5.996.429	6,75 %	5.996.429	6,75 %

In the period from the date of publication of the last interim report, i.e. the report for the third quarter of 2019, on 14 November 2019 to the date of publication of the annual report, the following changes in significant shareholdings occurred:

On 27 December 2019 Mr. Józef Wojciechowski disposed of 3,500,000 (say: three million five hundred thousand) shares of the Company, constituting approx. 3.94% of the Company's share capital, giving the right to 3,500,000 (say: three million five hundred thousand) votes at the Company's General Meeting, constituting approx. 3.94% of the total number of votes in the Company.

The Company purchased, pursuant to Resolution No. 4 of the Extraordinary General Meeting of Shareholders of 15 March 2019 on the purchase of shares, 4,450,194 shares constituting 5.01% of the share capital and authorizing to 4,450,194 votes at the General Meeting constituting 5.01% of the total number of votes.

The purchase took place:

- as part of the call submitted on 5 December 2019, 4,405,231 shares were purchased on 27 December 2019, at the price of PLN 2.99 per share and for the total price of PLN 13,171,640.00;
- within the buy-back conducted pursuant to art. 5 MAR, the Company purchased a total of 44,963 shares for a total price of 140,875,83 PLN.

e. Securities that grant special control rights, their holders and a description of the rights

Pursuant to §14 section 2 of the Company's Articles of Association, a shareholder holding more than 50% of the Company's shares has the personal right to appoint and dismiss half of the members of the Management Board, including the President of Management Board. In the case of an odd number of members of the Management Board, the shareholder referred to above shall have the personal right to appoint and dismiss, respectively: two members of the Management Board (in the case of a three-person Management Board), three members of the Management Board (in the case of a five-person Management Board) and four members of the Management Board (in the case of a seven-person Management Board). These rights are exercised by way of a written statement delivered to the Company on appointment or dismissal of a given member of the Management Board or entrusting or releasing a given member of the Management Board from the function of the President of the Management Board.

As at 31 December 2019, Mr. Józef Wojciechowski was entitled to the above-mentioned rights. In the event of an event as a result of which the entitled shareholder does not hold more than 50% of the Company's shares, the

rights granted personally expire and the relevant provisions of the Commercial Companies Code apply, with the proviso that this does not apply to the case in which Józef Wojciechowski holds at least one share of the Company, and together with his subsidiaries within the meaning of the Act on Public Offering or entities over which he exercises control within the meaning of the Accounting Act of 29 September 1994 (i.e. Journal of Laws of 2013, item 330 as amended) in the wording of these acts in force on the date of entry into the Register of Entrepreneurs of the amendment to the Articles of Association made by resolution of the General Meeting No. 2 of 16 February 2007, will hold jointly, directly and indirectly, more than 50% of the Company's shares.

Pursuant to §16 section 2 of the Company's Articles of Association, a shareholder holding more than 50% of the Company's shares has the personal right to appoint and dismiss half of the members of the Supervisory Board, including the Chairman of the Supervisory Board. In the event of an odd number of members of the Supervisory Board, the shareholder referred to hereinabove has the personal right to appoint and dismiss, respectively: three members of the Supervisory Board (in the case of a five-member Supervisory Board), four members of the Supervisory Board (in the case of a seven-member Supervisory Board) and five members of the Supervisory Board (in the case of a nine-member Supervisory Board). These powers are exercised by way of a written statement delivered to the Company on appointment or dismissal of a given member of the Supervisory Board, or on entrusting or dismissing him/her from the function of the Chairman of the Supervisory Board.

As at 31 December 2019, Mr. Józef Wojciechowski was entitled to the above-mentioned rights. In the event of an event as a result of which the entitled shareholder does not hold more than 50% of the Company's shares, the rights granted personally expire and the relevant provisions of the Commercial Companies Code apply, with the proviso that this does not apply to the case in which Józef Wojciechowski holds at least one share of the Company, and together with his subsidiaries within the meaning of the Act on Public Offering or entities over which he exercises control within the meaning of the Accounting Act of 29 September 1994 (i.e. Journal of Laws of 2013, item 330 as amended) in the wording of these acts in force on the date of entry into the Register of Entrepreneurs of the amendment to the Articles of Association made by resolution of the General Meeting No. 2 of 16 February 2007, will hold jointly, directly and indirectly, more than 50% of the Company's shares.

f. Restrictions on the exercise of voting rights or provisions under which, in cooperation with the Company, the capital rights attached to securities are separated from the possession of securities.

There are also no statutory or contractual restrictions on the exercise of voting rights, and the capital rights attached to the securities are not separated from the possession of the securities.

g. Restrictions on the transfer of ownership of the Company's securities

There are no statutory or contractual restrictions on the transfer of ownership rights to securities, the restrictions result from the mandatory provisions of law.

h. Rules of appointing and dismissing Management Board members and their rights, in particular the right to make decisions on the issue or redemption of shares

According to the Company's Articles of Association, the Company's Management Board consists of 3 to 8 members, including the President of the Management Board. The number of Members of the Management Board

is determined by the Supervisory Board. A shareholder holding more than 50% of the Company's shares has the personal right to appoint and dismiss half of the Management Board Members, including the President of the Management Board. In the event of an odd number of Management Board Members, a shareholder holding more than 50% of the Company's shares shall be entitled to appoint, respectively: 3 (in case of the Board of Directors of five persons) and 4 (in case of the Board of Directors of seven persons) Members of the Board. The above entitlement shall be exercised by way of a written statement delivered to the Company on the appointment or dismissal of a given Management Board Member. The other Members of the Management Board are appointed and dismissed by the Supervisory Board. Members of the Management Board are appointed for a joint three-year term of office.

The Management Board represents the Company in and out of court. Two Members of the Management Board must act jointly to make declarations and sign on behalf of the Company.

Share issuance

The Company's shares may be issued according to the general principles provided for in the Commercial Companies Code and require resolutions of the General Meeting.

i. Rules for amending the issuer's articles of association

The amendment of the Company's Articles of Association, pursuant to Article 430 § 1 of the Commercial Companies Code, requires a resolution of the General Meeting and an entry in the register. The Company's Management Board shall report the change in the Articles of Association to the registry court. The General Meeting of the Company may authorize the Supervisory Board to determine the consolidated text of the amended Statute or to introduce other editorial changes specified in a resolution of the General Meeting.

j. The manner of operation of the General Meeting and its basic prerogatives as well as the description of shareholders' rights and the manner of exercising them, in particular the rules resulting from the regulations of the General Meeting.

The General Meeting meets as an Ordinary or Extraordinary General Meeting and acts as a governing body of the Company pursuant to the provisions of the Act of 15 September 2000. Commercial Companies Code (Journal of Laws 2000, No. 94, item 1037, as amended), the Company's Articles of Association and the provisions of the Regulations of the General Meeting.

General Meetings of the Company are convened by the Management Board and are held at the Company's registered office (in Ząbki) or in Warsaw. The Ordinary General Meeting is held within 6 months after the end of each financial year.

Members of the Management Board and Supervisory Board of the Company participate in the General Meeting without the need to receive invitations. At the invitation of the Management Board, other persons, in particular certified auditors and experts, may participate in the meeting or an appropriate part thereof, if their participation is justified by the need to present opinions on the matters under consideration to the participants of the General Meeting. The certified auditor shall be present at the General Meeting concerning the Company's financial matters.

A Shareholder Meeting shall be convened in the manner and according to the principles indicated in generally applicable regulations. This means that

an announcement of convening a Shareholder Meeting is made in a current report and published on the Company's website (www.jwc.pl) no later than 26 days before the date of the General Meeting. Shareholders holding the Company's shares on the 16th day before the date of the General Meeting, which is the record date, are entitled to participate in the General Meeting. The basis for allowing a shareholder to participate in the general meeting is the inclusion of the shareholder in the list made available to the Company by the National Depository for Securities no later than one week before the date of the general meeting. The basis for allowing a shareholder to participate in a general meeting is the inclusion of the shareholder in the list made available to the Company by the National Depository for Securities no later than one week before the date of the general meeting.

Resolutions are adopted by an absolute majority of valid votes cast, unless the provisions of the Commercial Companies Code or the Articles of Association provide otherwise. Voting may take place using an electronic system for casting and calculating votes.

A resolution concerning removal from the agenda of the General Meeting or abandonment of consideration of matters included in the agenda, placed on the agenda at the request of shareholders, requires for its validity a majority of $\frac{3}{4}$ of votes cast, after the prior consent of all present shareholders who submitted such a request.

After signing the attendance list and checking it, the Chairman puts the agenda to a vote. The General Meeting may adopt the proposed agenda without changes, change the order of the meeting or remove certain matters from the agenda, subject to the provisions of the Articles of Association. The Chairman of the Meeting shall not have the right to remove or change the matters included in the agenda without the consent of the General Meeting.

Each participant of the General Meeting may speak on matters included in the adopted agenda, which are currently being considered. Each participant of the General Meeting may submit a motion on a formal matter. In formal matters, the Chairman shall give the floor outside the order of precedence. Motions on formal matters shall be deemed to be motions on the manner of discussion and voting.

The General Meeting adopts resolutions on matters included in the agenda after voting. Voting is open, subject to the relevant provisions of the Statute and the Commercial Companies Code.

The content of resolutions adopted by the General Meeting is available on the Company's website at: http://inwestor.jwc.pl/pl/walne_meetings/

k. Members of the Management Board, Supervisory Board or Administrative Board of the issuer and their committees, as well as changes that occurred during the last financial year

Management Board

Management Board Members

As at 31.12.2019 Management Board comprised of:

Wojciech Rajchert – Management Board Member

Małgorzata Ostrowska – Management Board Member

Małgorzata Pisarek – Management Board Member

Piotr Suprynowicz – Członek Zarządu

The following changes were made to the Management Board in 2019:

As of 30 April 2019, Mr Piotr Suprynowicz was dismissed from the Management Board of the Company, in connection with the received statement of the entitled Shareholder

On 21 November 2019, Mr Piotr Suprynowicz was appointed by the Supervisory Board to the Management Board of the Company.

Operating principles of the Management Board

The Company's Management Board acted on the basis of the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association and the Regulations of the Management Board approved by a resolution of the Supervisory Board, as well as in accordance with the principles of Good Practices of Companies Listed on the Warsaw Stock Exchange S.A. Documents of the Company regulating the manner of operation of the Company's Management Board are available on the website.

The Management Board is the executive body of the Company, manages its current operations and represents the Company outside. The Management Board makes decisions in all matters not reserved for the competence of the General Meeting or the Supervisory Board by law, the Articles of Association or a resolution of the General Meeting.

The Management Board may comprise of 3 to 8 members, appointed for a joint three-year term. Two Members of the Management Board must act jointly to make declarations and sign on behalf of the Company. Resolutions of the Management Board are adopted by an absolute majority of votes. In case of equal number of votes, the President of the Management Board shall have the casting vote.

When setting strategic objectives and current tasks of the Company, the Management Board was guided by the overriding interest of the Company and legal regulations and took into account the interests of shareholders, employees of the Company and creditors.

In an effort to ensure the transparency and effectiveness of the management system, the Management Board followed the principle of professionalism within the limits of justified economic risk, taking into account the wide range of available information, analyses and opinions.

Supervisory Board

As at 31 December 2019 the Supervisory Board comprised of:

Józef Wojciechowski – Chairman of the Supervisory Board

Małgorzata Szwarz - Sroka – Supervisory Board Member

Irmina Łopuszyńska Supervisory Board Member

Barbara Czyż – Supervisory Board Member

Marek Maruszyński – Supervisory Board Member

Ryszard Matkowski – Supervisory Board Member

The following changes were made to the Supervisory Board in 2019:

As of 22 July 2019, Mr Jacek Radziwiłski resigned from the Supervisory Board.

Operating principles of the Supervisory Board

The Supervisory Board acted in accordance with the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, the Supervisory Board Bylaws adopted by the General Meeting, which is available on the Company's website, defining its organisation and manner of performing its activities, and the Code of Best Practice for WSE Listed Companies 2016.

The Supervisory Board is a regular supervisory body of the Company in all areas of the Company's activity.

The Supervisory Board consists of 5 to 9 members, the number of members is determined by the General Meeting, it is possible to change the number of members during the term of office of the Supervisory Board.

The Supervisory Board may appoint Audit and Remuneration Committees in its structure.

Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes, provided that in the event of a tie, the vote of the Chairman of the Supervisory Board shall be decisive. However, resolutions on the matter of:

a/ giving consent to the Company's performance for the benefit of a member of the Management Board for any reason whatsoever,

b/ giving consent to the conclusion by the Company of a material agreement whose value exceeds PLN 10,000,000.00 (ten million), and in the case of agreements for the performance of construction works PLN 15,000,000.00 (fifteen million), with an entity belonging to the capital group to which the Company belongs, a member of the Supervisory Board or the Management Board or their relatives (within the meaning of § 16.5 of the Company's Statute),

c/ appointment of a statutory auditor to audit the Company's financial statements,

require for their validity at least one independent member of the Supervisory Board to vote in favour of adopting such a resolution, provided that such member is a member of the Company and provided that any of the independent members is present at a given meeting of the Supervisory Board.

Audit Committee

As at 31 December 2019 the Audit Committee comprised of:

Ryszard Matkowski – Chairman (independent Supervisory Board Member)

Irmina Łopuszyńska – Member

Marek Maruszński – Member (independent Supervisory Board Member)

There were no changes in the composition of the Audit Committee in 2019.

Person with knowledge and skills in accounting

Irmina Łopuszyńska – undergraduate studies in financial management. Numerous courses and trainings in accounting principles confirmed by the Accounting Certificate issued by the Minister of Finance in 2010. She works as an accountant in the Company.

Ryszard Matkowski - Graduate of the Faculty of Economics at the University of Warsaw, PhD in economic sciences, author of many publications in the field of accounting, in particular accounting of entities operating on the real estate market, such as Value of real estate and its shaping, Economics of investment. Financial and ecological aspects. Publishing House of the Academy of Economics in Katowice, Katowice 2000; Real estate investments. Poltext. Warsaw 2001; Accounting, Depreciation, Economic and Financial Analysis, Introduction to Property Management, Poltext. Warszawa 2004. In the past, among others: Vice President of economic and

financial affairs at, among others, Swarzędzkie Fabryka Mebli S.A. and Agro-Universal sp. z o.o. Since 2017 he has been providing economic and financial advisory services.

Persons with industry knowledge and skills:

Ryszard Matkowski, PhD in economic sciences, researcher at the Department of Real Estate at the Warsaw School of Economics, Vice President of the Housing and Urban Development Office in 2001-2003, in the Management Board of the Company in 2003-2007, For over 20 years has been involved in the theoretical and practical real estate market. Apart from J.W. Construction Holding S.A. he managed such companies as Interbud-Lublin S.A., BDC Development S.A. Author of many publications on the real estate market and the activities of development companies. He deals with economic consultancy, including those related to the real estate market. Irmina Łopuszyńska - has been with the Company since 1994, member of the Management Board in the years 2006-2009 and 2011-2014.

I. relations with the audit firm

- The certified auditor auditing the Company's financial statements and the consolidated financial statements of the Company's Capital Group did not provide the Company with permitted non-audit services;
- the key assumptions of the policy for selecting the audit firm to conduct the audit :

It is forbidden to introduce any contractual clauses which would require the Supervisory Board to select an Entity authorised to audit from a specific category or list of entities authorised to audit, such clauses are invalid by operation of law.

The following guidelines have been established with which the Supervisory Board is following during the final selection, and the Audit Committee at the stage of preparing recommendations for the selection of the Entity authorized to audit:

- a) Previous experience of the entity in auditing the financial statements of entities with a business profile similar to that of the Company;
- b) Previous experience of the entity in auditing reports of public interest entities;
- c) Number of persons available to conduct the audit in the Company;
- d) Professional qualifications and experience of persons directly involved in the Company's audit;
- e) Ability to conduct the audit within the time frame specified by the Company;
- f) Price proposed for conducting the audit;
- g) Possibility to ensure a comprehensive audit of both individual and consolidated financial statements of the Company and its subsidiaries;
- h) Conducting the audit in accordance with International Standards on Auditing;
- i) Reputation of the audit entity on financial markets.

- the key assumptions of the audit firm's policy of providing (...) authorised non-audit services:

1. The statutory auditor or audit firm carrying out the statutory audit of the Company or an entity affiliated with an audit firm, or any member of the network to which the audit firm or statutory auditor belongs, shall not provide directly or indirectly to the Company or its controlled entities within the European Union any prohibited non-audit services or audit activities.
2. Prohibited services are not services indicated in Article 136(2) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervisory bodies.

3. The provision of services referred to in item 2 above is possible only to the extent not related to the Company's tax policy, after the Audit Committee has conducted an assessment of threats and correctness of independence protections, which each time grants consent for the provision of a given service.
4. Where appropriate, the Audit Committee shall issue guidelines for the service in question.

- During the reporting period there was no change of auditor.

The Audit Committee met twice during the reporting period, and the members remained in direct contact by teletechnical means of direct contact.

I. diversity policy

The Capital Group has no formalised diversity policy with respect to the Company's governing bodies and key managers. Members of the Company's governing bodies are selected taking into account industry conditions, based on a number of criteria, including: education, professional experience, knowledge, skills, with every effort to ensure that the principles of diversity such as gender and age are also preserved.

However, in the Management Board's view, the application of the Diversity Policy is now fully applicable to the current composition of the Management Board, Supervisory Board and key managers.

The management and supervisory bodies are composed of both women and men aged between 40 and 70, with economic, technical and property management education.

These people mostly have been associated with the Company for years, which in the past had the opportunity to be promoted.

m. Policy of sponsoring, charity and other similar activities.

In 2019, the Company supported institutions operating mainly in the area of sport and culture. In 2019, the company continued the cooperation with Onico Warszawa sports club (formerly AZS Warsaw Politechnika Warszawska). By making a donation, it supported JW Tennis Support Foundation Fundacja Wspierania Tenisa i Rozwoju Aktywności Fizycznej based in Warsaw and also supported the development of young players by establishing scholarships and organizing tournaments. Moreover, the Company sponsored sports, cultural and entertainment events (e.g. the Kiepura Festival) and charity events (e. g. Szlachetna Paczka).

In the field of charity, it has also made donations to social organizations.

The above activity is a result of initiatives of persons and institutions cooperating with the Company for years, in the course of which the positive impact on the conducted activity and its image of the Company and its subsidiaries is taken into account.

In total, nearly PLN 600,000 net was spent on the above initiatives.

24. Corporate affairs

General Meetings

Extraordinary General Meeting

On 15 March 2019, an Extraordinary General Meeting of Shareholders was held, which adopted a resolution on determining the conditions under which the Management Board of the Company may conduct the buy-back of its own shares. In the resolution adopted, the General Meeting of Shareholders granted authorization to the Company's Management Board for the period of 5 years to purchase not more than 20 % of own shares traded on the Warsaw Stock Exchange within the price limits between PLN 2.18 and PLN 3.40 per share. The purchase may be carried out as part of: transactions on the regulated market, in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council, or by way of invitations to submit an offer for the sale of shares in transactions outside the regulated market.

Ordinary General Meeting

On 18 June 2019, the Ordinary General Meeting of Shareholders was held, which adopted resolutions on matters provided for by law concerning approval of individual and consolidated financial statements for 2018, reports of the Management Board of the Company on the activities of the Company and its Capital Group in 2018, distribution of profit for 2018, granting discharge to members of the Company's governing bodies, and in addition changed the remuneration of one of the members of the Supervisory Board.

Purchase of own shares in the reporting period

The Management Board of the Company, acting on the basis of the authorisation granted in Resolution No. 4 by the Extraordinary General Meeting of 15 March 2019, adopted a resolution on determining the terms and conditions of the programme of buy-back of own shares for the purpose of their redemption. The Management Board made an offer to the Company's Shareholders to purchase 11,000,000 shares, proposing a price of PLN 2.70 per share. The Shareholders had the time between 8 April and 18 April 2019 to submit subscriptions for the sale of shares. As a result of the submitted subscriptions, on 26 April 2019, the Company acquired 1,413,861 shares constituting approximately 1.59 % of the share capital, corresponding to 1,413,861 votes at the General Meeting, which constitutes approximately 1.59 % of the total number of votes, for a total price of PLN 3,817,425.

On 5 December 2019 The Company's Management Board, acting on the basis of the authorization granted in Resolution No. 4 by the Extraordinary General Meeting of 15 March 2019, adopted a resolution on establishing the conditions of the program of buy-back of own shares for the purpose of their redemption. The Management Board made an offer to the Company's Shareholders to purchase 7,000,000 shares, offering a price of PLN 2.99 per share. The shareholders had time between 9 April and 18 December 2019 to place subscriptions for the sale of shares. As a result of the submitted subscriptions, on 27 December 2019, the Company acquired 4,405,231 shares constituting approx. 4.96% of the share capital, corresponding to 4,405,231 votes at the General Meeting, which constitutes approx. 4.96% of the total number of votes, for the total price of PLN 13,171,640.00.

- within the buy-back conducted pursuant to art. 5 MAR, the Company purchased a total of 59,568 shares for a total price of 169,417,07 PLN.

On 26 June 2019 the Company purchased 93,000 own shares at a price of PLN 2,70 each in an over-the-counter transaction. The acquisition was made in connection with a call addressed to the Company pursuant to Article 83 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. The price paid corresponded to the price proposed in the invitation to tender for the sale of shares of 5 April 2019, the purchased shares will be allocated for redemption.

Changes to the Management Board

On 29 April 2019, the Company received a statement on exercising the personal right vested in the entitled Shareholder to dismiss Piotr Suprynowicz from the Management Board of the Company as of 30 April 2019.

On 21 November 2019, Mr Piotr Suprynowicz was appointed by the Supervisory Board to the Management Board of the Company.

Changes to Supervisory Board

As of 22 July 2019, Mr Jacek Radziwinski resigned from the Supervisory Board.

25. Significant events after the balance sheet date

Significant events after the balance sheet date

Corporate affairs

On 5 March 2020, an Extraordinary General Meeting was held, which adopted resolutions on:

- confirmation of the Company's legal action concerning the lease agreement of an organised part of the enterprise within the meaning of art. 55¹ of the Civil Code, concluded on 7 January 2020 in the form of FIRST FLOOR restaurant in Warsaw at Kasprzaka 31 Street for the benefit of the subsidiary Varsovia Apartamenty Spółka z o.o. with its registered office in Ząbki,

Granting an additional, one-time gross remuneration of PLN 1,000 each to members of the Supervisory Board Ryszard Matkowski and Marek Maruszyński.

Impact of COVID-19 coronavirus on the Company's operations.

Following the recommendation sent by the Authority to the Financial Supervisory Commission on 12 March 2020, the Company informs that as at the date of publication of this report it has not completed the qualitative and quantitative analysis of the impact which COVID-19 coronavirus may have on its future financial position and financial results. This impact will depend on the development of the epidemiological situation in the country and actions taken by the state authorities.

As at today, an impact on hotel services has been noted. Following the Government decisions of 13 March 2020 The Company decided to temporarily close down hotel and aparthotel facilities. The Company will monitor the situation and react on an ongoing basis. The impact of the current situation on the results of the hotel part of the Company will be assessed after a few weeks, when the course and development of the epidemic and the preventive measures and actions taken to stop it will be known. In the structure of the Company's revenues, hotel activity accounts for 10% of the Company's revenues, while within the Company's Capital Group it accounts for 13% of revenues, which indicates that it should not have a significant impact on the condition of the Company and its Capital Group.

The Company will monitor the risks posed by the COVID-19 coronavirus in possible areas of their occurrence which are of significance to the Company, as of today the Company considers the following important issues: delays in the construction process resulting from the absence of construction staff, possible delays in the supply of materials, delays in the activities of public administration authorities in issuing decisions in the administrative processes, and the abstention of potential purchasers of the premises from going out with direct personal contact to purchase the premises.

Signatures of Members of the Management Board

Wojciech Rajchert Management Board Member	Signature
Małgorzata Pisarek Management Board Member	Signature
Małgorzata Ostrowska Management Board Member	Signature
Piotr Suprynowicz Management Board Member	Signature

Ząbki, 16 March 2020