

STATEMENT OF THE MANAGEMENT BOARD ON THE ACTIVITY OF J.W. CONSTRUCTION HOLDING S.A IN 2020



Ząbki, 31 March 2021



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1. Introduction

General information

J.W. Construction Holding S.A. with its registered office in Ząbki (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 Ząbki, 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.

The following branches operated within the Company in 2020:

- J.W. Construction Holding S.A. Hotel 500" Branch in Ząbki - 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 Ząbki - where the Czarny Potok resort & spa in Krynica Zdrój operates.

- J.W. Construction Holding S.A. FIRST FLOOR Branch in Ząbki - within which the restaurant located at 31 Kasprzaka Street in Warsaw operated.

- J.W. Construction Holding S.A. Branch of Porta Szczecin in Ząbki - 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.

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 2020 and 2019 in thousand PLN and converted into EUR:

Profit and loss account item	01-01-2020 to 31-12-2020		01-01-2019 to 31-12-2019	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	163 591	36 564	576 316	133 972
Costs of products, goods and materials sold	125 943	28 149	430 949	100 180
Gross profit (loss) from sales	37 648	8 415	145 367	33 792
Costs of sales	17 667	3 949	29 611	6 883
Overheads	22 356	4 997	26 518	6 164
Profit (loss) from sales	11 508	2 572	93 901	21 829
Profit (loss) on operations	-12 611	-2 819	82 867	19 264
Gross profit (loss)	-15 204	-3 398	53 757	12 496
Income tax	-4 829	-1 079	11 015	2 561
Net profit (loss)	-10 375	-2 319	42 742	9 936

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

In 2020, the Company generated revenue of PLN 163.6 million, which is 72% lower than in the previous year. The reported net loss amounted to PLN 10.4 million. The achieved result is mainly the effect of a low number of transfers of flats, which is closely related to the cycle of investment implementation. Development industry is cyclical in nature and the reported result is always correlated with the number of transferred units on completed investments.

Profit and loss account item	01-01-2020 to 31-12-2020		01-01-2019 to 31-12-2019	
	PLN	% of sales	PLN	dynamics 2020/2019
Net revenues from sales of products, goods and materials	163 591	100%	576 316	-72%
Costs of products, goods and materials sold	125 943	77%	430 949	-71%
Gross profit from sales	37 648	23%	145 367	-74%
Net profit	-10 375	-6%	42 742	-

Structure of the Company's revenues in 2020:

In 2020, the Company's revenue structure is dominated by revenues from sales of products (66% of revenues), 32% are revenues from sales of services, approximately 2% are sales of goods - as shown in the table below.

OPERATING INCOME	01-01-2020	% share	01-01-2019	% share
	to 31-12-2020		to 31-12-2019	
Revenues from sales of products	107 938 092	66%	489 702 003	85%
Revenues from sales of services	51 761 709	32%	77 936 586	14%
Revenues from sales of goods	3 891 400	2%	8 677 616	2%
Total income	163 591 201	100%	576 316 205	100%

Balance

Balance of assets and liabilities as at 31 December 2020 and 31 December 2019 expressed in thousand PLN and EURO:

Issuer's balance sheet item	31.12.2020		31.12.2019	
	PLN	EUR	PLN	EUR
Total assets	1 669 198	361 705	1 437 921	337 659
Fixed assets	747 314	161 938	826 991	194 198
Current assets	921 884	199 767	610 930	143 461
Total liabilities and equity	1 669 198	361 705	1 437 921	337 659
Equity	752 567	163 077	763 024	179 177
Non-current liabilities	159 770	34 621	204 146	47 939
Current liabilities	756 861	164 007	470 751	110 544

Structure, dynamics of changes in assets and liabilities as at 31 December 2020 and 31 December 2019, expressed in thousand PLN:

Issuer's balance sheet item	31.12.2020		31.12.2019	
	PLN	% of assets	PLN	Change 2020/2019
Total assets	1 669 198	100%	1 437 921	16%
Fixed assets	747 314	45%	826 991	-10%
Current assets	921 884	55%	610 930	51%
	PLN	% of liabilities	PLN	Change 2020/2019
Total liabilities and equity	1 669 198	100%	1 437 921	16%
Equity	752 567	45%	763 024	-1%
Non-current liabilities	159 770	10%	204 146	-22%
Current liabilities	756 861	45%	470 751	61%

The structure of the balance sheet as at 31 December 2020 is as follows: fixed assets account for 45% of the balance sheet total, and current assets for 55% of assets. Compared to 2019 the balance sheet total increased by 16%.

	2020	2019
Profitability ratio		
Gross sales margin	23,0%	25,2%
Net sales margin	-6,3%	7,4%
Return on assets	-0,6%	3,0%
Return on equity	-1,4%	5,6%
Liquidity ratio		
Liquidity ratio I	1,2	1,3
Liquidity ratio II	0,4	0,3
Turnover ratio		
Repayment rate in days	41,7	13,8
Repayment rate of liabilities in days	71,9	26,0
Debt ratios		
Debt ratio	54,6%	46,2%
Net debt ratio/equity		
Net debt ratio/equity	0,17	0,28

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. 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.

Risk related to the Covid-19 epidemic

In 2020 there was an additional risk factor associated with the outbreak of the Covid-19 virus. This factor also has a direct impact on most of the areas of risk identified below, as a consequence of the restrictions imposed on social and economic life.

The Company is monitoring areas important for its operations which are at risk of being affected by the epidemic. As of today, the Company considers the following to be the most important: possible delays in the construction process resulting from the absence of construction staff, possible delays in the delivery of materials, delays in the activities of public administration bodies in the area of issuing decisions in administrative processes, refraining from direct personal contact with the purpose of purchasing the premises by potential buyers. In order to limit the latter, the Company has taken intensive measures to ensure that the largest part of sales service can be carried out through electronic means of direct contact, and thus encourage potential buyers. At the same time, as part of its prophylactic activities, the Company has taken steps to reduce the possibility of infection of COVID-19 among employees by: increasing the distance between workstations in offices, equipping employees with hand sanitizers, gloves and protective masks. The decision was made to limit access of outside persons to the Company's offices and to introduce, to a greater extent, remote contact with external parties.

The situation with the Covid-19 virus affects the hotel services business as well. Hotels were forced to suspend operations from mid-March to the end of May 2020, as well as from mid-November to mid-February 2021, due to uncertainty regarding:

- whether the hotel business will be able to be conducted without restrictions
- What impact will the economic situation have on the behaviour of individual clients in terms of their travels,
- what policy will be adopted by business entities in the organization of business events

At present it is impossible to assess to what extent the COVID 19 epidemic will affect the hotel industry in particular.

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 31.12.2020, 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 2020

	% Increase/decrease	Influence on gross profit in thousands of PLN
PLN	1%	-1 805
PLN	-1%	1 805

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 31.12.2020 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	36 558	80%	29 246	7 312
a 10% decrease	36 558	90%	32 902	3 656
no change	36 558	100%	36 558	0
a 10% increase	36 558	110%	40 214	-3 656
a 20% increase	36 558	120%	43 869	-7 312

Change of USD/PLN currency rate	Fair value as at 31.12.2020 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	8 860	80%	7 088	1 772
a 10% decrease	8 860	90%	7 974	886
no change	8 860	100%	8 860	0
a 10% increase	8 860	110%	9 746	-886
a 20% increase	8 860	120%	10 632	-1 772

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. Currently, the bill has

undergone the first reading at the session of the Sejm on 17 March and shall be further processed. In its current form, the bill stipulates that the amount of the contribution to the Fund will be calculated as a product of the percentage rate and: 1) the value of the payment made by the purchaser to the housing trust account or 2) the value of the payment made by the developer

The maximum percentage rate would be: 2% - for an open housing trust account or 0.2% - for a closed housing trust account.

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 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 concluded by the Company with construction contractors define the scope and terms of the increase in construction contractor costs for a given project. 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.

Risks related to the hotel industry economic situation

The scale of the hotel business at this point in time is determined by administrative decisions regarding the COVID-19 pandemic and restrictions related to it. Typically, in the absence of restrictions, the hotel business (hotels and aparthotels) is dependent on the situation in the tourism industry. There is a risk that under the influence of adverse factors, other than the pandemic condition, the performance of the hotel segment may deteriorate. The most significant factors that may affect this area of the Group's business include:

- ✓ lower demand for accommodation services in hotels and aparthotels,
- ✓ 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.

Atypical factors influencing the financial result

An unusual event affecting the unconsolidated financial result achieved in 2020 was the creation of write-offs in the amount of PLN 20.2 million in connection with the impairment of assets, including: a write-off of inventories in the amount of PLN 3.3 million, a write-off of loans (PLN 14.0 million) and a write-off of bills of exchange (PLN 2.9 million).

The impact of impairment losses on the unconsolidated net result is minus PLN 16.4 million. Detailed information on the provisions made can be found in the financial statements.

4. Company's development perspectives

Regardless of the current market situation with respect to Covid-19, the Company's core development activity is based on the purchased land. Diversified residential offer is dedicated to a wide group of clients. Hence, for example, the planned implementation of investments in attractively priced locations, adapted to the financial possibilities of purchasers, such as the next stages of Wrzosowa Aleja (Lewandów III), the residential estates at Berensona and Aluzyjna streets in Warsaw's Białołęka district. In the near future, the Company also plans to introduce other, geographically diversified locations across Poland, including: the Horizon estate on Starowiejska Street in Gdańsk (to be launched in 2021), the estate on Celną Street in Szczecin and the estate on Waryńskiego Street in Pruszków. In the near future, the Company plans to carry out investments in Chorzów on Kościuszki street

and in Łódź on Kilińskiego street. Not without significance is the fact that the Company offers assistance in obtaining mortgages for its clients. Within the framework of the financing offer, programmes are proposed for a wide group of potential buyers of premises.

Throughout 2020, we were dealing with the Covid-19 outbreak. This caused changes in the market and resulted in the need to adapt to the new realities of doing business. The Company, implementing previously started projects, has a great potential to recognize financial results in subsequent years. It has over 2 thousand units sold, but not yet transferred to customers. In accordance with the accounting principles concerning development activity, revenues and profits appear in the profit and loss account after completion of the construction works and transferring the premises to the customer, which means that the values from the premises not handed over will be recognized in future settlement periods. In addition, as the housing market develops, the Company, on the basis of its land bank, may in a short time launch development projects for more than 5,000 residential and commercial units, with a total area of approximately 270,000 m², as well as the construction of warehouse facilities for 90,000 m². At the same time, it should be pointed out that the land bank holdings allow for the geographical diversification of the conducted investments, as the Company owns plots of land in: Warsaw, Gdańsk, Szczecin, Łódź, Katowice and the vicinity of Poznań and Cracow.

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.
- continuation of the hotel business,
- 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.
- Increasing sales
- 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 Cracow, Tricity, Łódź, Chorzów, Szczecin and Poznań.

Over the upcoming years, the Company is preparing 18 new projects based on its land bank for a total of 5,233 units with a total area of about 270 000 m² of residential-commercial space and 90 000 m² of 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.

List of planned development investments - as at 31.12.2020:

Investment	Number of units	useable area	Commercial space
Starowiejska St., Gdańsk- Letnica	636	32 335	607
Waryńskiego St., Pruszków *	462	17 802	1 591
Celna St., Szczecin	780	30 450	9 150
Modlińska St., Warsaw	228	10 032	
Kilińskiego St., Łódź	232	10 205	518
Zawada near Cracow	1 170	57 206	
Pileckiego St., Warsaw	239		8 148
Poznańska St., Skórczewo near Poznan	258	14 619	
Kościuszki St., Chorzów	264	11 824	
Radosława St., Nowogard	275	13 961	
Berensona St., Warsaw	263	11 815	
Aluzyjna St., Warsaw	100	5 520	
Wrzosowa Aleja III, stage I, Warsaw	40	1 631	
Wrzosowa Aleja III stage II, Warsaw	146	4 709	
Nowodworska St., Warsaw	13	1 180	
Ożarów Mazowiecki Houses	127	15 600	
Małopole (warehouses), near Warsaw **			90 000
Wielopole/Dietla St., Cracow			10 899
TOTAL	5 233	238 888	120 913

*partially launched for sale, reservation sale

***preliminary purchase agreement

Market conditions

According to the NBP's Financial System Stability Report, an assessment of the impact of the Covid-19 pandemic; the shock of the Covid-19 pandemic does not threaten the stability of the financial system in Poland, although the report highlights that the risk remains elevated. The main external risk to Poland's economic situation and the condition of the Polish financial system is the uncertainty about the pace and sustainability of the global recovery associated with the further course of the pandemic. However, the return to the pre-pandemic state is hampered by the need to maintain or re-exacerbate epidemic restrictions (among others: restrictions on movement and restrictions on social and cultural life) and increased uncertainty, which reduces the propensity of entrepreneurs to undertake investments.

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 skilfully adapting the offer to the requirements of wealthy people, to whom the miniapartments offer will be addressed mainly (flats for rent). Recently, there has been a growing number of clients who, having observed that real interest rates on bank deposits have fallen below zero (as a result of the MPC's decision to cut interest rates to record lows in 2020 in an attempt to prevent the effects of a pandemic), are investing in property. 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 - Mieszkanie Plus.

According to a preliminary estimate, gross domestic product (GDP) in 2020 was 2.8% lower in real terms than in 2019, compared with growth of 4.5% in 2019 (in constant prices of the previous year). In contrast, Poland's labour market has shown resilience in the face of the COVID-19 crisis, as confirmed by CSO data on the registered unemployment rate, which stood at 6.2% in December 2020, up 0.1 pp on the previous month for the first time after remaining at the same level for six months, similar to December 2019.

JLL data shows that in Q4 2020, 5% more flats were sold compared to the previous quarter (a total of 14,000 new flats were sold in the 6 largest Polish markets), and in the whole of 2020, 51,800 flats were sold, in units this is 19% less than in 2019, but in value terms the flats sold are at a similar level to 2018. (Current prices are much higher than in previous years). In terms of supply, 2020 has been described as an average year in terms of the introduction of residential units to the offer. In 2020, 48.6 thousand flats were put on offer, 24% less than in the previous year. Meanwhile, according to the AMRON-SARFiN report, the end of 2020 proved to be a good period for the mortgage market and the housing market as a whole. The fourth quarter of 2020 finished with increases, both in the area of

the number and value of newly granted housing loans, compared to the previous quarter, and more flats were transferred to use than three months ago. All in all, 2020, despite the ongoing Covid-19 pandemic, was one of the best years ever for the market. The increasing trend of transaction prices in the residential market continued, although its dynamics slowed down. Q4 2020 also brought a dynamic increase in the share of mortgage loans granted in the largest Polish agglomerations. Warsaw's share in the structure of all new loans granted in Poland reached a record high of 49% - relative to the same period in 2019 - and Warsaw's share of the mortgage market was higher by as much as 10.5%.

The Group recognises that the housing market is cyclical and is therefore prepared for any downturn after many years of prosperity. 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 27 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 is: Willa Wiślana located in Warsaw's Białołęka district,
- High-standard flats: flats in this category are located relatively in the city centre and in popular districts, in buildings of a higher architectural standard. Examples of this type of project include Bliska Wola and Bliska Wola Tower estates in Warsaw or Nowe Tysiąclecie estate in Katowice,
- Commercial space: investment flats, office premises, retail and conference space located in ideal business locations (Bliska Wola and Bliska Wola Tower in Warsaw),
- Terraced houses and detached houses in traditional technology and new technology - wooden prefabrication. The introduction of new solutions in house construction is a response to the growing need of customers to follow an eco-style and lead a healthy lifestyle. The new technology is based on the use of the latest eco-building solutions, including renewable energy sources. The estate where Villa Campina houses are being built is located a short distance from the borders of Warsaw - in the Ożarów Mazowiecki commune.

In 2020, as in the previous year, residential units 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 2020, the Company was developing 9 housing and commercial investments for a total of 2,141 premises (including: commercial units and terraced houses) with an area of over 99,000m². The frontline of works carried out included investments all over the country: Bliska Wola Estate in the area of Kasprzaka Street and Prymasa Tysiąclecia Avenue Stage D (residential and commercial stage), Willa Wiślana Estate and Wrzosowa Aleja Estate in Warsaw, Nowe Tysiąclecie Estate stage III in Katowice and 4 stages of terraced houses – Villa Campina near Ożarów Mazowiecki.

W 2020 the following investments were being carried out:

No.	Investment	Number of units	useable area	Commercial area	% of units sold as at 31.12.2020	% advancement of construction works as at 31.12.2020
1	Bliska Wola - stage D (residential-commercial), Warsaw - J.W. Construction Holding S.A.	1 059	25 417	17 078	71%	52%
2	Bliska Wola - stage D (residential), Warsaw - J.W. Construction Holding S.A.	418	19 178		99%	51%
3	Nowe Tysiąclecie - stage III, Katowice - J.W. Construction Holding S.A.	345	18 261		95%	100%
4	Willa Wiślana, Warsaw - J.W. Construction Holding S.A.	141	5 872		96%	99%
5	Wrzosowa Aleja, Warsaw - J.W. Construction Holding S.A.	81	2 958		100%	100%
6	Villa Campina Houses - Alicja (rank F), Ożarów - J.W. Construction Holding S.A.	30	2 857		100%	94%
7	Villa Campina Houses - Alicja (rank G), Ożarów - J.W. Construction Holding S.A.	24	2 605		33%	94%
8	Villa Campina Houses - Alicja (rank H), Ożarów - J.W. Construction Holding S.A.	23	3 075		0%	42%
9	Villa Campina Houses - Alicja (rank E), Ożarów - J.W. Construction Holding S.A.	20	2 003		100%	100%
	Total	2 141	82 226	17 078		

Additionally, Hanza Invest S.A. is developing Hanza Tower investment for 509 units with a total area of 32,984 m². In 2020, the Group was developing 10 residential and commercial investments with a total of 2,650 units (including: commercial units and terraced houses) with an area of over 132,000 m².

Construction commenced in 2020

Of the above investments, a development of 23 terraced houses started in 2020:

No.	Investment	Number of units	useable area
1	Villa Campina Houses - Alicja (rank H), Ożarów – J.W. Construction Holding S.A.	23	3 075
	Total	23	3 075

Construction completed in 2020.

In 2020, the Company completed investments for a total of 587 flats and houses.

No.	Investment	Number of units	useable area
1	Nowe Tysiąclecie - stage III, Katowice - J.W. Construction Holding S.A.*	345	18 261
2	Willa Wiślana, Warsaw - J.W. Construction Holding S.A.	141	5 872
3	Wrzosowa Aleja, Warsaw - J.W. Construction Holding S.A.**	81	2 958
4	Villa Campina Houses - Alicja (rank E), Ożarów – J.W. Construction Holding S.A.	20	2 003
	Total	587	29 094

*The investment obtained occupancy permit in December 2020.

**The investment obtained occupancy permit in August 2020.

Sales in 2020

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 580, concluded by the Company in the period from 1 January 2020 to 31 December 2020. The Group sold a total of 653 units in 2020.

Transferred units in 2020

In the period from 1 January to 31 December 2020, the Company transferred and recognized 190 units in its revenues.

The total number of units on offer to be recognized in the result in subsequent quarters is 2,245 units, including 1,753 units sold but not yet transferred to customers, and 492 units in the offer for sale.

The total number of units on offer to be recognized in the result in subsequent quarters is 2,754 units, including 2,190 units sold but not yet transferred to customers, and 564 units in the offer for sale.

Information on received permits

a) *construction permit*

On 14 May 2020 the Company received a building permit for a complex of 24 single-family terraced houses located in Kręczki Kaputy, Ożarów Mazowiecki commune. The permit is final.

On 27 July 2020 the company received a building permit for a complex of 3 multi-family residential buildings (161 units) with underground garages in Zawada, Myślenice municipality near Cracow. The permit is final.

On 2 October 2020, the company received a building permit for a complex of multi-family residential buildings with underground garages - Stage I, for a total of 110 units at Kościuszki Street in Chorzów. The permit is final.

On 22 December 2020, the Company received a building permit for a complex of multi-family residential buildings with underground garages - Stage II, for a total of 154 units at Kościuszki Street in Chorzów. The permit is final.

On 22 December 2020, the Company received a building permit for a complex of multi-family residential buildings with underground garages - Stage I (445 units) and Stage II (191 units) at Starowiejska Street in Gdansk. The permit is final.

b) *occupancy permit*

As part of the complex of terraced houses - "Alicja Stage E" located in Kręczki Kaputy, Ożarów Mazowiecki commune, the Company received occupancy permits for 20 single family terraced houses. The permits are final.

On 20 August 2020. the Company obtained a certificate for the complex of multi-family residential buildings Lewandów IV - "Wrzosowa Aleja" housing estate at Kartograficzna Street in Warsaw, entitling to use the building.

Hotels

The following branches operated within the Company in 2020: These were:

- 3 hotels of Hotele 500 network: located in: Zegrze near Warsaw, Tarnowo Podgorne and Stryków,
- luxurious "Czarny Potok Resort & SPA" in Krynica Zdrój,

Moreover, the Group also includes Dana Business & Conference hotel, the revitalisation of which was completed at the end of 2015 (Dana Hotel operates as a subsidiary of Dana Invest Sp. z o.o.) and an aparthotel at Kasprzaka Street in Warsaw - Varsovia Apartamenty with approximately 300, fully equipped, air-conditioned flats. The facility is managed within Varsovia Apartamenty Sp. z o.o., a subsidiary of JW Construction Holding.

In 2020, hotel activity was restricted both by absolute bans on overnight stays, from March to June and from mid-November until 12 February 2021, as well as the inability to organise stays and events for organised groups, conferences, and bans on family events such as weddings and christenings. The catering section of the hotels also operated under additional restrictions and an increased sanitary regime.

Despite the restrictions, over the course of 2020, increased interest could be seen from individual guests who visited particularly the facility in Krynica in large numbers. Notably, the sales departments maintain ongoing contact with business customers, who look forward to the opportunity to organise corporate meetings and conferences. It should be emphasised that booked corporate events, at the will of the clients, were not subject to cancellation but were postponed, initially from spring to autumn and then, out of necessity, to later dates. However, hotels still receive many enquiries as well as declarations of intent to organise events at our facilities.

The revenue from the sale of hotel services in 2020 amounted to PLN 29,842,775.

Real estate management

The Company's activities also include property management. The nearly 40-person team includes licensed property managers, administrators, accounting and debt collection staff. The majority of them are people with higher, specialized education and many years of professional experience who, in addition to expertise, also display interpersonal skills.

Our services include not only the transfer of premises to new buyers, but also full range of activities related to the management of real estate, its current service and analysis of maintenance costs. Within the scope of our own services, we offer administrative, accounting and legal support. We provide our managed housing communities with outsourced maintenance, cleaning and specialist services provided by companies that have proven themselves on the market. We take care not only of the technical safety of the property and optimisation of costs related to its operation, but above all of the customer's comfort and increasing the property's appeal.

Last year brought new challenges. Despite the coronavirus pandemic, we provided administrative and accounting services in an unchanged form, which allowed us not only to control the companies providing services and supervise the work performed, but also to respond to current issues and customer requests. The companies handling the property were operating in full compliance with existing safety rules. Out of concern for the health and safety of our clients, the companies responsible for cleaning carried out daily disinfection of the most frequently touched elements: handles, lift panels and buttons, handrails.

Dedication to new challenges, the ability to adapt solutions to our clients' needs and a non-standard approach to management allow us to increase the portfolio of properties we manage. Currently, our Group manages and administers 28 buildings of housing communities, including over 10 thousand residential and commercial premises with a total area of 604 058 m².

In 2020, the Company's revenues from sales of products and services by segments were as follows:

OPERATING INCOME	01-01-2020 to 31-12-2020	01-01-2019 to 31-12-2019 (after adjustment)	01-01-2019 to 31-12-2019 (approved data)
Revenues from sales of products	107 938 091,83	489 702 003,12	489 702 003,12
Revenues from sales of services	51 761 708,79	77 936 586,40	77 936 586,40
Revenues from sales of goods	3 891 400,09	8 677 615,69	8 677 615,69
Total income	163 591 200,71	576 316 205,21	576 316 205,21

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 2020, the largest scope of construction work for the Company was performed by the following external entities:

Company	Value of work performed in 2020
Fabet Konstrukcje Sp. z o.o.	PLN 68,7 million
J.W. Construction Sp. z o.o.	PLN 39,57 million
ZIO-MAX	PLN 15,16 million
Mes s.c.	PLN 14,04 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 2020 Company held the following policies

Insurance type	Insurance amount	Insurance companies
D&O	PLN 50.000.000	Colonnade
criminal liability insurance	PLN 5.000.000	AXA
Civil liability on account of business activities	PLN 39.000.000	Compensa, Generali, Allianz, Ergo Hestia, Warta
CAR construction	PLN 357.530.275	Warta, Ergo Hestia
Property insurance	PLN 452.521.580	PZU, Compensa, Wiener, InterRisk, Uniqa, Ergo Hestia

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

8.3.1 Credits terminated

Neither in 2020 nor in the period from the balance sheet date to the date of this Report on the Company's activities in 2020 any loan agreements were terminated.

8.3.2 Credits taken out

Detailed information on loan liabilities as at 31 December 2020 is presented in Note 12 to the financial statements.

In 2020, the following events related to credit agreements occurred:

Credit agreement

On 3 April 2020 the Company concluded a credit agreement with mBank S.A. based in Warsaw, on the basis of which the Bank granted the Company a working capital credit in the amount of PLN 17,300,000 to finance the Company's current operations. The repayment date of the loan was set at 30 December 2021.

On 25 June 2020 the Company concluded a credit agreement with Millennium Bank S.A. with its registered office in Warsaw, on the basis of which the Bank granted the Company a working capital loan in the amount of PLN 49,900,000 to finance the investment of Bliska Wola Stage D in Warsaw at Kasprzaka/Prymasa Tysiąclecia Street. The final date of credit repayment was set on 22 December 2021.

On 26 June 2020 the Company concluded a credit agreement with Alior Bank S.A. with its registered office in Warsaw, on the basis of which the Bank granted the Company a credit in the current account in the amount of PLN 33,000,000, to be used to finance the Company's current operations. The repayment date of the loan was set at 25 June 2022.

On 28 August 2020, the Company concluded a credit agreement with Bank Pekao S.A. with its registered office in Warsaw, on the basis of which the Bank granted the Company a credit in the current account in the amount of PLN 23,800,000, to be used to finance the Company's current operations. The repayment date of the loan was set at 30 July 2022.

Annex to credit agreement:

On 9 April 2020 and 23 October 2020, the Company concluded annexes to the overdraft agreement, granted by PKO BP S.A. in the amount of PLN 15,000,000. Under the annexes, the date of use and repayment of the loan have been postponed. Under the annexes, as in previous periods, the agreement was renewed, the date of utilisation and repayment of the loan were postponed. The annex concluded in October additionally introduced changes: the agreement was covered by a multi-purpose limit; the amount of the loan was increased by PLN 10,100,000 and the term of the Agreement was extended to 24 months. The credit limit was granted until 24 October 2022.

On 16 April 2020, the Company concluded an Annex to the agreement on investment loan for the Czarny Potok investment granted by PKO BP S.A. Under the Annex, the deadline for repayment of the last instalment of the loan in the amount of PLN 2.1 million was moved. The new deadline for repayment of the loan was set at 30 June 2020. The Company repaid the loan in full in accordance with the terms of the Annex.

On 25 May 2020 the Company concluded an agreement with Plus Bank for an overdraft facility granted by PLUS Bank S.A. of PLN 6 million. Under the agreement the date of using and repaying the credit have been postponed. The new repayment date was set at 25 July 2020. The Company made a full repayment of the credit in accordance with the terms of the agreement.

On 29 May 2020, the Company concluded an Annex to a credit agreement in the current account granted by Bank Millennium 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 2021.

Credit repayment

On 30 June 2020 the Company made a total repayment of the investment credit in the amount of PLN 66,803,028 granted by PKO BP S.A. to co-finance the realization of Czarny Potok investment.

On 25 July 2020 the Company repaid in full the overdraft granted by Plus Bank SA to finance its current operations in the amount of PLN 6,000,000.

8.3.4 Credits taken out

	Creditor	Borrower	Date	Amount	Repayment date	Interest
	Bliska Wola 4 Sp. z o.o. 1 Sp. kom.	J.W. Construction Holding S.A.	05.05.2020	PLN 1.700.000,00	31.12.2022	3M WIBOR+3,00 %

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.	Yakor House	10.02.2020	PLN 372.725,00	31.12.2023	3M WIBOR+3,50 %
2	J.W. Construction Holding S.A.	J.W. Construction Bulgaria EOOD	23.03.2020	PLN 205.000,00	31.12.2023	3M WIBOR+3,50 %
3	J.W. Construction Holding S.A.	Dana Invest Sp. z o.o.	28.12.2020	PLN 290.000,00	01.04.2033	3M WIBOR+3,00 %
4	J.W. Construction Holding S.A.	Hanza Invest S.A.	04.02.2020	PLN 150.000,00	31.12.2027	3M WIBOR+3,00 %
5	J.W. Construction Holding S.A.	Hanza Invest S.A.	09.12.2020	PLN 2.953.000,00	31.12.2021	3M WIBOR+3,00 %
6	J.W. Construction Holding S.A.	Varsovia Apartamenty Sp. z o.o.	22.06.2020	PLN 630.000,00	30.06.2022	3M WIBOR + 4,40 %
7	J.W. Construction Holding S.A.	Varsovia Apartamenty Sp. z o.o.	27.10.2020	PLN 1.800.000,00	31.12.2022	3M WIBOR + 4,40 %

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

Interest paid

On 24 April 2020, the Company paid interest on series JWX0116 bonds.

On 15 May, 16 November and 18 December 2020, the Company paid interest on bonds of series JW10522 with ISIN code PLJWC0000126.

On 29 May, 12 June, 11 and 18 December 2020, the Company paid interest on bonds series JWC0522 with ISIN code PLJWC0000118

JWX0116 bonds

On 4 May 2020, the redemption date of the JWX0116 series bonds issued pursuant to the Resolution of the Management Board of the Company of 24 April 2013 was changed, the redemption date of the JWX0116 series bonds was set at 25 November 2022.

On 12 June 2020, an amendment was made to the terms and conditions of issue of bonds series JWX0116, issued on the basis of the Resolution of the Management Board of the Company of 24 April 2013, introducing additional provisions in the scope of the impossibility of making deductions and compensations, subordinating the repayment of bonds series JWX0116 to the repayment of ISIN PLJWC00000118 and PLJWC00000126 bonds, determining the amounts of permissible redemptions of bonds before maturity, determining the possibility of changing interest periods and interest amounts.

JW10522 ISIN PLJWC0000126 bonds

As part of the process started on 28 April 2020 with the convening of the first meeting of the Bondholders of the JWC1120 series of bonds marked with ISIN code PLJWC0000126 "Bonds" by the Management Board of the Company, on 29 May 2020 the change of the conditions of the Bonds was carried out at the Meeting of Bondholders by :

- 1) change of the final redemption date of the Bonds from the previously set date of November 16, 2020 to the new date of May 16, 2022;
- 2) introduction of additional dates of partial bonds redemptions;
- 3) change of the name of the Bonds series from the current JWC1120 to the new JW10522;
- 4) The collateral for the Bonds and bonds of the JWC0620 series marked with ISIN code PLJWC0000118 ("JWC0620 Bonds") shall be secured with a contractual joint mortgage, constituting 150 % of the nominal value of the outstanding Bonds and JWC0620 Bonds, on real estate covered by the land and mortgage registers:
 - a) maintained by the District Court for Kraków Podgórze in Kraków no: KR1P/00568567/6, KR1P/00568568/3, KR1P/00568569/0, KR1P/00568570/0, KR1P/00568571/7, KR1P/00568581/0, KR1P/00568582/7, KR1P/00568583/4, KR1P/00568584/1, KR1P/00568585/8, KR1P/00568586/5, KR1P/00568587/2, KR1P/00568588/9, KR1P/00568589/6, KR1P/00568590/6, KR1P/00568591/3, KR1P/00568592/0, KR1P/00568593/7, KR1P/00568594/4, KR1P/00568595/1, KR1P/00568596/8, KR1P/00568597/5, KR1P/00574796/5, KR1P/00574797/2, KR1P/00574798/9, KR1P/00574799/6, KR1P/00574800/7, KR1P/00574803/8, KR1P/00574805/2, KR1P/00574807/6, KR1P/00574808/3, KR1P/00574809/0, KR1P/00574810/0, and
 - b) maintained by the District Court for Warsaw Mokotów in Warsaw no. WA2M/00110066/5 and
 - c) maintained by the District Court for Warsaw Mokotow in Warsaw no. WA3M/00506268/1 („Mortgage”);
- 5) Change of interest periods after 16 November 2020 for three-month periods;

- 6) Change the interest rate on the Bonds by establishing that it is determined on the basis of 3M WIBOR, and for the period until 16 November 2020 on the basis of 6M WIBOR, increased by a margin of 5%, and until the entry of the Mortgage increased by a margin of 6%, per year.

On 15 June 2020, the Company established all the securities provided for in the amended terms and conditions of the Bonds issue. The mortgages were entered respectively in the land and mortgage registers maintained by the District Court for Kraków Podgórze in Kraków on 12 October 2020 and by the District Court for Warsaw Mokotów in Warsaw on 30 October and 2 November 2020.

JWC0520 ISIN PLJWC0000118 bonds

As part of the process started on 28 April 2020 with the convening of the first meeting of the Bondholders of the JWC0520 series of bonds marked with ISIN code PLJWC0000118 "Bonds" by the Management Board of the Company, on 29 May 2020 the change of the conditions of the Bonds was carried out at the Meeting of Bondholders by :

1. change of the final redemption date of the Bonds from the previously set date of June 12, 2020 to the new date of May 12, 2022;
2. introduction of additional dates of partial bonds redemptions.
3. change the name of the Bond series to JWC0522
4. The collateral for the Bonds and bonds of the JWC1120 series marked with ISIN code PLJWC0000126 ("JWC1120 Bonds") shall be secured with a contractual joint mortgage, constituting 150 % of the nominal value of the outstanding Bonds and JWC1120 Bonds, on real estate covered by the land and mortgage registers:
 - a) maintained by the District Court for Kraków Podgórze in Kraków no: KR1P/00568567/6, KR1P/00568568/3, KR1P/00568569/0, KR1P/00568570/0, KR1P/00568571/7, KR1P/00568581/0, KR1P/00568582/7, KR1P/00568583/4, KR1P/00568584/1, KR1P/00568585/8, KR1P/00568586/5, KR1P/00568587/2, KR1P/00568588/9, KR1P/00568589/6, KR1P/00568590/6, KR1P/00568591/3, KR1P/00568592/0, KR1P/00568593/7, KR1P/00568594/4, KR1P/00568595/1, KR1P/00568596/8, KR1P/00568597/5, KR1P/00574796/5, KR1P/00574797/2, KR1P/00574798/9, KR1P/00574799/6, KR1P/00574800/7, KR1P/00574803/8, KR1P/00574805/2, KR1P/00574807/6, KR1P/00574808/3, KR1P/00574809/0, KR1P/00574810/0,
and
 - b) maintained by the District Court for Warsaw Mokotów in Warsaw no. WA2M/00110066/5 and
 - c) maintained by the District Court for Warsaw Mokotow in Warsaw no. WA3M/00506268/1 („Mortgage”);
- 3) Change of interest periods after 11 December 2020 for three-month periods;

- 4) Change the interest rate on the Bonds by establishing that it is determined on the basis of 3M WIBOR, and for the period until 11 December 2020 on the basis of 6M WIBOR, increased by a margin of 5%, and until the entry of the Mortgage increased by a margin of 6%, per year.

On 15 June 2020, the Company established all the securities provided for in the amended terms and conditions of the Bonds issue. The mortgages were entered respectively in the land and mortgage registers maintained by the District Court for Kraków Podgórze in Kraków on 9 October 2020 and by the District Court for Warsaw Mokotów in Warsaw on 30 October and 2 November 2020.

Bond redemption

JW10522 ISIN PLJWC0000126 bonds

On 16 November 2020, the Company partially redeemed, in accordance with the terms of the bond issue, 15% of the original nominal value of the bonds of series JWC10522, with ISIN code PLJWC0000126,

On 18 December 2020, the Company carried out an early redemption of 5.00% of the original nominal value of the bond series JW10522, ISIN code PLJWC0000126.

Cumulatively, from the date of issue, as at 31 December 2020, the Company redeemed PLN 70,500,000 which represented 75% of the original nominal value of the series JW10522 bonds, designated with ISIN code PLJWC0000126, issued pursuant to the Resolution of the Company's Management Board of 2 November 2017 with a maturity date of 16 May 2022, in a total number of 94,000, with an initial nominal value of PLN 1,000 each bond and a total issue value of PLN 94,000,000. Upon redemption, the value of each Bond was PLN 270 and the total value of the Bonds outstanding was PLN 23,500,000.

JWC0520 ISIN PLJWC0000118 bonds

On 12 June 2020, the Company partially redeemed the bonds of series JWC0522 marked with ISIN code PLJWC0000118 for the amount of PLN 11,900,000, in accordance with the terms and conditions of the bond issue.

On 18 December 2020, the Company carried out an early redemption of 5.50% of the original nominal value of the series JWC0522 bonds with ISIN code PLJWC0000118.

Cumulatively, from the date of issue, the Company redeemed PLN 50,750,000 as at 31 December 2020, representing 72.5% of the original nominal value of the bonds of series JWC0522, designated with ISIN code PLJWC0000118. The bonds were issued pursuant to a Resolution of the Company's Management Board dated 15 May 2017 with a maturity date of 12 May 2022, 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 was PLN 275, and the total value of outstanding Bonds is PLN 19,250,000.

8.6. Information on sureties and guarantees granted and received

Surety

In the reporting period, the Company did not grant any sureties exceeding 10% of the Group's equity.

During the reporting period, the Company granted a surety in the amount of PLN 72,000,000 for the liability of Hanza Invest S.A. with its registered office in Ząbki 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 2020, the Company reported granting the following sureties:

OFF-BALANCE SECURITIES - other	31-12-2020
Guarantee of J.W. Construction Holding S.A. to the benefit of Hanza Invest SA for an investment loan incurred at 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 an investment loan incurred at BZ WBK SA.	29 694 876
Guarantees to the benefit of J.W. Construction Sp. z o.o. for loans, guarantees in PKO BP and leases	26 658 575
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 2020 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

In the reporting period, the Company, pursuant to preliminary purchase agreements, entered into two agreements with natural persons under which it acquired real properties located in Małopole, Dąbrówka commune, with a total area of 4.4728 ha for PLN 3,595,210. The purchased properties are intended for a warehouse project planned by the Company, which ultimately provides for a total warehouse area of 90,000 m².

Sales:

Letter of Intent

In the reporting period the Company was a party to a letter of intent concluded with Polish Hospitality Group Luxury Hotels Sp. z o.o. with its registered office in Krakow ("PHGLH") on 24 February 2020, the subject of which was determining the initial terms and conditions of sale of the developed property located in Cracow at 19-21 Wielopole and 86-90 Dietla St. ("Real Estate"), the sale price of which the Parties agreed to be not less than PLN 100,000,000 net. The letter expired on 8 June 2020.

Preliminary agreements for the acquisition of real estate

On 30 July 2020, the Company and Lux Investment Spółka z o.o. with its registered office in Warsaw ("the Buyer") entered into a preliminary agreement ("Agreement") on the sale of real estate ("Real Estate") owned by the Company and located in Warsaw at 10 Antoniewska Street, constituting plot no. 16/1 in the 1-05-07 precinct, with an area of 1.5763 ha ("Real Estate") for the net price of PLN 17,000,000. The contract was terminated due to the failure to make payment of 10% of the sale price within the timeframe stipulated in the contract.

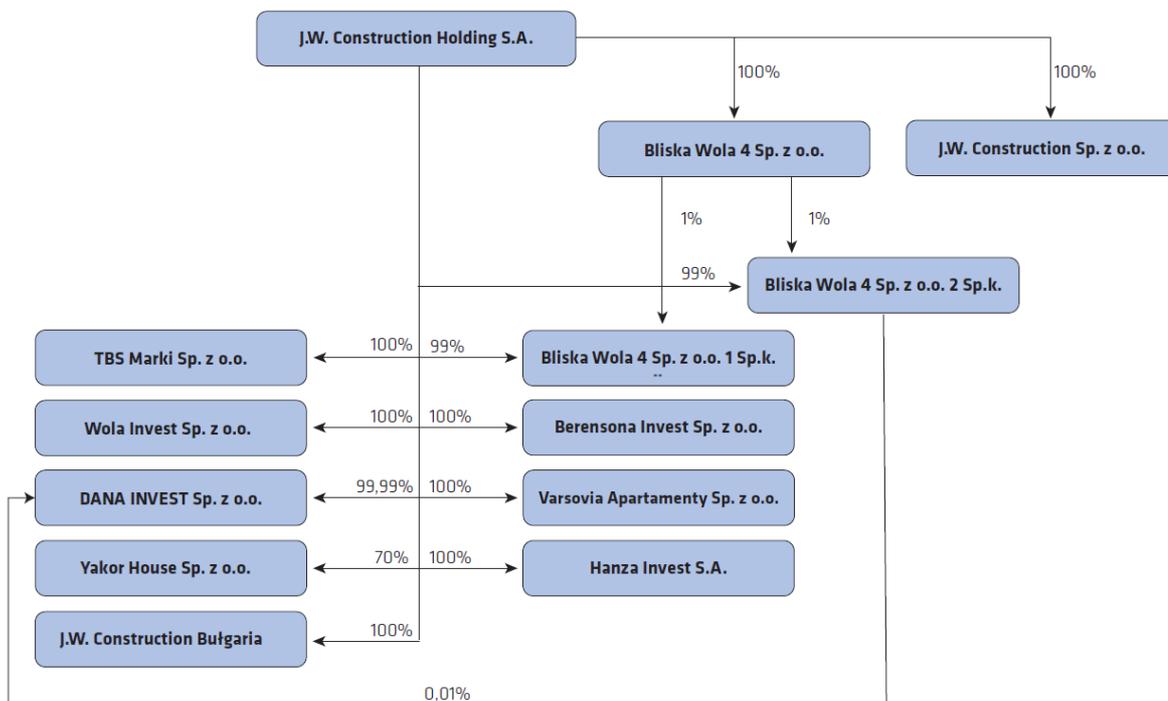
Real estate sales agreements:

On 15 December 2020, the Company concluded two final agreements for the sale of the right of perpetual usufruct to real properties located in Szczecin in the region of Franciszka Ksawerego Druckiego - Lubieckiego Street covering plots of land numbered 10/1, 11/1, 12/1 from area 101, No. 10 from area 19, No. 11 from area 326201_1. 3019 and No. 9/2 of the Area 97, 8/5, 8/6 and 8/7 of the Area 3019, with the total area of 13.2569 ha, for the total net price of PLN 28,339,490 to Milo 9 Spółka z o.o. with its registered office in Warsaw.

The sale agreements were concluded in performance of the obligation under the preliminary sale agreement and the preliminary agreement to the conditional sale agreement concluded on 2 June 2020.

The sale process entailed the Buyer conducting a survey of the legal status of the property, a warehouse project prepared by the Company, the design documentation of which was also the subject of the sale.

9. Organisational and capital affiliations of the Company as at 31.12.2020.



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 Street and Sochaczew at Piłsudskiego Street.

Yakor House

Yakor House 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 with its registered office in Varna was registered on 8 October 2007. The Company holds 100% of shares in 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 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 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 located in Warsaw at 31 Kasprzaka Street.

Berenzona Invest Sp. z o.o.

Berenzona 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 Berenzona Invest 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.

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 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. The net debt ratio is 0.17. The company's turnover is analysed on a daily basis along with its financing structure in order to ensure current and future liquidity at the optimum possible level. In 2020, the Company reported worse financial results due to the low number of units transferred. Current results are related to the cycle of development projects. In 2020, the Company obtained occupancy permits for only two developments: Wrzosowa Aleja for 81 units and 20 terraced houses of Stage E in Ożarów, while carrying out a wide range of construction work that will be reflected in the financial results of subsequent periods. This is precisely what determines the Company's ability to show a profit in a given period. The completion cycle for individual investments, which on average lasts two to three years, is not linearly distributed, and as a result there may be periods when the Company is unable to transfer units and therefore no profit is made. The adopted accounting principles stipulate that only after obtaining an occupancy permit and

receiving full payment for the premises can the Company recognise sales in the financial result, regardless of how many residential units are produced in the construction process. There was a period in 2020 when no major investments were completed. Controlling the daily turnover, the Company repays on an ongoing basis all loans concluded for the implementation of investments. The economic and financial situation is secured in the form of proceeds from completed investments and those planned to be transferred in 2021 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 Capital Group

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

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

- Negative impact of COVID-19 on the Company's operations, primarily current sales and limiting the offer by delaying new investments.
- The return to the sales rate from before COVID-19, together with the expansion of the offer is conditioned, among others, on the following factors:
 - Commencing new investments,
 - Availability of mortgage loans on the real estate market,
 - Low interest rates - reduced cost of credit service for the Company and the buyers of apartments, which may have a positive impact on the pace of sales,
- Adherence to construction completion schedules in the upcoming quarters, in particular: Bliska Wola stage DK and DM (residential and commercial part) in Warsaw, Hanza Tower in Szczecin (Hanza Invest - subsidiary).
- Good economic situation and in particular the situation in the real estate market.
- The supply of workers in the construction industry and the possibility of obtaining contractors for construction works, which will be reflected in the start and finish dates of the investment.
- In the long term, maintaining the assumed margins will depend on the flexibility of demand for increases in housing prices, linked to the development of both construction and land purchase costs.

- Legislative restrictions, as well as changes in customer behaviour in the event of a Covid-19 threat that will affect the financial results of hotels and apart-hotels.

Forecasts of the Company's core business development for the following years assume the occurrence of the aforementioned factors in the future. 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 31.12.2020

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 2020, no proceedings to which the Company or any of its subsidiaries, either as plaintiff or defendant, were material to the Company's business.

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. On 21 July 2020, the Ordinary General Meeting adopted principles for the remuneration policy for the members of the Company's Management Board and Supervisory Board.

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 3 August 2020, the Company concluded an agreement with Mazars Audyt Sp. z o.o. with its registered office in Warsaw, on the base of which the mentioned entity conducted audits of the financial statements, and reviews of the interim statements for 2020.

The auditor's remuneration for the audit of the financial statements for the financial year ended 31.12.2020 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 31.12.2020 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 31.12.2020 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 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 Ząbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Ząbki: 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 31.12.2019 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 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 Ząbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Ząbki: 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 2020

a. Principles of corporate governance applied by the Company

In 2020, 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 formal procedure regarding possible conflicts of interest; however, members of the Company's governing bodies inform the other persons who assess whether a conflict of interest actually exists and the member in question should be excluded from making decisions.

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 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 31.12.2020

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 %
Wielopole 19/21 Sp. z o.o.	1.037.000	1,17 %	1.037.000	1,17%
Company – shares for redemption	5.996.429	6,75 %	5.9996.429	6,75 %

Mr. Józef Wojciechowski controls the Company EHT SA based in Luxembourg and Wielopole 19/21 Sp. z o.o.

As at 31.03.2021 - publication of the annual financial statements

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 %
Wielopole 19/21 Sp. z o.o.	1.037.000	1,17 %	1.037.000	1,17 %
Company – shares for redemption	5.996.429	6,75 %	5.996.429	6,75 %

Mr. Józef Wojciechowski controls the Company EHT SA based in Luxembourg and Wielopole 19/21 Sp. z o.o.

In the period from the date of publication of the last interim report, i.e. the report for the third quarter of 2020, on 19 November 2020 to the date of publication of the annual report, no changes in significant shareholdings occurred.>

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 2020, 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 2020, 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 December 2020 the Management Board comprised of:

Wojciech Rajchert – Management Board Member

Małgorzata Pisarek – Management Board Member

Piotr Suprynowicz – Management Board Member

In 2020:

On 21 July 2020, the Company received a declaration from an eligible shareholder to appoint Ms. Małgorzata Ostrowska as a member of the Management Board for another term of office on the basis of personal entitlement.

On 21 July 2020, the Company received a declaration from an eligible shareholder to appoint Ms. Małgorzata Pisarek as a member of the Management Board for another term of office on the basis of personal entitlement.

On 21 July 2020, the Supervisory Board appointed Mr. Wojciech Rajchert as a member of the Management Board for another term of office.

On 21 July 2020, the Supervisory Board appointed Mr. Piotr Suprynowicz as a member of the Management Board for another term of office.

On 28 September 2020, Ms. Małgorzata Ostrowska resigned from her position as a Member of the Company's Management Board.

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 2020 the Supervisory Board comprises of:

Józef Wojciechowski – Chairman of the Supervisory Board

Małgorzata Szwarc - Sroka – Supervisory Board Member

Irmina Łopuszyńska – Supervisory Board Member

Barbara Czyż – Supervisory Board Member

Ryszard Matkowski – Supervisory Board Member

Kazimierz Krupa - Supervisory Board Member

In 2020:

On 21 July 2020, the Company received a statement from an eligible shareholder on the appointment of Mr. Józef Wojciechowski as Chairman of the Supervisory Board for another term of office.

On 21 July 2020, the Company received a statement from an eligible shareholder on the appointment of Ms. Barbara Czyż as a member of the Supervisory Board for another term of office.

On 21 July 2020, the Company received a statement from an eligible shareholder on the appointment of Ms. Irmina Łopuszyńska as a member of the Supervisory Board for another term of office.

On 21 July 2020, the Ordinary General Meeting of Shareholders appointed Mr. Ryszard Matkowski as a member of the Supervisory Board for another term of office.

On 21 July 2020, the Ordinary General Meeting of Shareholders appointed Mr. Marek Maruszyński as a member of the Supervisory Board for another term of office.

On 21 July 2020, the Ordinary General Meeting of Shareholders appointed Ms. Małgorzata Szwarc-Sroka as a member of the Supervisory Board for another term of office.

On 3 November 2020, Mr. Marek Maruszyński was dismissed from the Supervisory Board of the Company.

On 3 November 2020, Mr. Kazimierz Krupa was appointed to the Supervisory Board of the Company.

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 2020 the Audit Committee comprised of:

Ryszard Matkowski – Chairman (independent Supervisory Board Member)

Irmina Łopuszyńska – Member

Kazimierz Krupa – Member (independent Supervisory Board Member)

In 2020:

On 21 July 2020, the Supervisory Board appointed an Audit Committee comprising the following members

Ryszard Matkowski – Chairman (independent Supervisory Board Member)

Irmina Łopuszyńska – Member

Marek Maruszyński – Member (independent Supervisory Board Member)

On 3 November 2020, Mr. Marek Maruszyński ceased to be a member of the Audit Committee due to his dismissal from the Supervisory Board.

On 5 November 2020, Mr. Kazimierz Krupa was appointed to the Audit Committee.

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.

There was no change of auditor during the reporting period. Based on the recommendation of the Audit Committee, the contract with the existing auditor was extended.

The Audit Committee was in touch with the Company's accounting and financial services on an ongoing basis, and held two formal meetings; in addition, its members were in direct contact by means of direct teletechnical 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 2020, the Company supported institutions operating mainly in the area of sport and culture. 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. In addition, the Company organised charitable campaigns related to the extraordinary epidemiological situation - "Krynica for Medicine - Holidays in Krynica Zdrój! In the area of charitable activities, it also made donations to social organisations.

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 236,500 net was spent on the above initiatives.

24. Corporate affairs

Extraordinary General Meeting

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.

On 3 November 2020, an Extraordinary General Meeting was held which amended the composition of the Company's Supervisory Board by dismissing Mr Marek Maruszyński and appointing Mr Kazimierz Krupa.

Ordinary General Meeting

On 21 July 2020 the Ordinary General Meeting of the Company took place, which apart from the resolutions provided for by the legal regulations concerning: approval of reports, profit distribution, granting discharge to members of the Company's bodies, adopted resolutions on appointing members of the Supervisory Board for the next term in persons: Mr. Marek Maruszyński, Mr. Ryszard Matkowski and Ms. Małgorzata Szwarz-Sroka, granted additional remuneration to a member of the Supervisory Board, adopted remuneration regulations for members of the Management Board and the Supervisory Board.

Conclusion of the share buy-back programme.

On 1 June 2020, the Management Board of the Company decided to complete the buy-back of own shares conducted through Dom Maklerski Banku Ochrony Środowiska S.A. with its registered office in Warsaw as part of the program in accordance with the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (EU Official Journal L.2014/173.1), under which the Company acquired 84,337 shares entitling to 84,337 votes at the General Meeting.

Changes to the Management Board

On 28 September 2020, Ms. Małgorzata Ostrowska resigned from her position as a Member of the Company's Management Board.

Changes to Supervisory Board

On 3 November 2020, Mr. Marek Maruszyński was dismissed from the Supervisory Board of the Company.

On 3 November 2020, Mr. Kazimierz Krupa was appointed to the Supervisory Board of the Company.

25. Significant events after the balance sheet date

Significant events after the balance sheet date

Credit repayment

On 15 February 2021, the Company repaid in full the investment loan granted in the amount of PLN 48,000,000 by Getin Noble Bank for co-financing the implementation of the investment project Nowe Tysiąclecie III in Katowice.

Payment of interest on bonds

On 12 March 2021, the Company paid interest on the bonds of series JWC0522 with ISIN code PLJWC0000118.

On 15 March 2021, the Company paid interest on the bonds of series JW10522 with ISIN code PLJWC0000126.

Bond redemption

On 12 March 2021, the Company made an early redemption of the entire outstanding nominal value of the bonds of series JWC0522 (formerly: JWC0520), marked with ISIN code PLJWC0000118, issued pursuant to the

Resolution of the Management Board of the Company dated 15 May 2017 with a maturity date of 12 May 2022 in the total number of 70,000, with an initial nominal value of PLN 1,000 each bond ("Bonds").

The Company repaid PLN 275 per Bond; the total amount of the redemption made was PLN 19,250,000.

The redemption was made early at the request of the Company in accordance with the Terms and Conditions of the Bonds along with the payment of interest.

On 15 March 2021, the Company made an early redemption of the entire outstanding nominal value of the bonds of series JW10522 (formerly: JWC1120), marked with ISIN code PLJWC0000126, issued pursuant to the Resolution of the Management Board of the Company of 2 November 2017 with a maturity date of 16 May 2022 in the total number of 94,000, with an initial nominal value of PLN 1,000 each bond ("Bonds").

The Company repaid PLN 250 per Bond; the total amount of the redemption made was PLN 23,500,000.

The redemption was made early at the request of the Company in accordance with the Terms and Conditions of the Bonds along with the payment of interest.

Sales of real estate

On 10 March 2021, the Company entered into an agreement with Robygn 19 Spółka z o.o., with its registered office in Warsaw, for the sale of the real estate owned by the Company and located in Warsaw at 10 Antoniewska Street, constituting number 16/1 of the 1-05-07 precinct, with an area of 1.5763 ha (the "Real Estate"). The sale price of the Real Estate amounted to PLN 17,000,000.00 net, plus VAT at the applicable rate. The conclusion of the sale agreement completed the process of sale of the property initiated on 26 January 2021 with the signing of a letter of intent between the Parties. The Company sold the Real Estate as the achievable development intensity parameters did not allow for a satisfactory return on investment.

Conclusion of a significant agreement

On 5 March 2021, the Company concluded an agreement with PORR S.A. with its registered office in Warsaw as the General Contractor ("Contractor"), on the basis of which it commissioned the construction on a real property in Gdańsk Letnica at 65A and 67 Starowiejska Street in the general contractor system together with obtaining the final decision on the occupancy permit, of the "Horizon" Residential and Service Development Complex (Stage I and II) along with external infrastructure necessary for the functioning of the complex.

The parties have agreed the following terms of the agreement:

The deadline for obtaining the final occupancy permit has been set at 18 September 2023.

The Contractor's remuneration was established as a lump sum based on the scope of works amounting to PLN 157,000,000.00 plus VAT at the rate applicable on the day of invoicing.

The Contractor has provided the Company with a 72-month warranty for the completed works, the term of which starts from the date of obtaining the occupancy permit.

The Contractor shall secure the performance of the contract and the warranty period for the completed works by providing the Company with bank guarantees in the amounts commonly used for this type of contract.

Signatures of Members of the Management Board

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

Ząbki, 31 March 2021