

Dear Ladies and Gentlemen / Shareholders,

On behalf of the Board, I would like You to present the Annual Report which summarizes the business activity of J.W. Construction Holding S.A. The document presents the financial data and describes events, which effected the business operation of the Company in 2013.

In the previous year the company celebrated its twenty years of business activity within a residential property development. This very important event underscores our long experience and ability to conduct business in a rapidly changing economic environment.

The priority for J.W. Construction Holding S.A are still development projects that, as opposed to commercial projects, bring a quick return on investment. Therefore, the year 2013 passed under the activities which were focused on preparations further investments for sale in the coming years. What is important, at the same time, within SPVs, we commenced the construction of the first stage of Bliska Wola investment in Warsaw (ultimately, the investment will include the implementation of 3,000 units) and the investment of Nowe Tysiąclecie in Katowice. On the other hand, we completed construction works in the residential estate Oaza Piątkowo, Poznań. In the analysed period we conducted the construction of single-family houses in the estate of Villa Campina and received another permit for the construction within the project. In 2013, we obtained a permit for the construction of the first stage at Bałtycka Street, Katowice and for the continuation of the project - the third stage of the project located in Łódź, at Tymienieckiego Street. It is worth noting that in 2013, the Company commenced the sale of intimate investment in Gdynia, which is the first investment in the Company's history, of which the financing include the requirements of the new Developers Act introduced in 2012.

As it can be seen from such large-scale works not only the investment ones, but also those connected with preparations to the commencement new residential projects, the year 2013 was a very demanding period that will be profitable in the nearest future and will bring a huge scope of construction works. That will influence positively on the good performance of the Group in subsequent years.

At the same time, in 2013, we tried to adjust the sales policy of J.W. Construction Holding S.A to the changes resulting from governmental regulations and macroeconomic situation in the country. The main factor affecting the market in the past year were sustained low interest rates translating into favorable interest rates on housing loans and the opportunity to purchase a flat without own contribution. The driving demand factor was also an attractive price of the properties we offered. On

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the other hand, waiting for the introduction of a new governmental program "The apartment for the Young" influenced on the inhibition of demand in the group of people entitled to subsidies. In this situation, the result of 941 sold units we consider satisfactory.

Due to our 20th anniversary, we took image-intensified activities. The Company participated in two editions of the program under the title "Bitwa o Dow" transmitted by TVN in which J.W. Construction Holding S.A was a Partner and Sponsor of the main prize, ie the flat. Being the sponsor allowed us to engage in valuable learning initiative and increase the popularity of our ongoing investment.

Our flagship commercial projects continued in 2013 by the Company in hotel sector were *Czarny Potok Resort & Spa* located in Krynica Zdroj. At this time, the hotel was making its offer more attractive by opening the amphitheater and the mountain hut. The venue was commenced in September 2012, and celebrated its first anniversary last year. During that time, *Czarny Potok Resort & Spa* was awarded the Polish Exclusive 2013 in the category of Polish Exclusive Brand.

In 2013, the Company achieved sales revenue of PLN 327.5 million (an increase by 7.9% y/y), PLN 69.0 million of gross profit, which enabled the Company to achieve a margin on sales of 21.1 % (a decrease by 1.5 percentage points y/y), PLN 48.5 million of operating profit (a decrease by 18.8% y/y) and PLN 11.4 million of net profit (increase by 46.9% y/y).

Thanking for commitment and trust we were given from our shareholders, we would like to assure you that we will implement the development strategy of the Company. We are convinced that, that success which will be our contribution will translate directly into an increase in the market value of J.W. Construction Holding S.A and maximize the shareholder value.

THE MANAGEMENT OF J.W. CONSTRUCTION HOLDING S.A

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