

***Dear Sir/Madam,***

We present you with the Annual Report of the Group of J.W. Construction Holding S.A. for 2008. It was a difficult period for developer companies, which has verified business strategies of most entities from our sector. The economic slowdown caused by the global financial crisis, and then more stringent credit policy introduced by banks, caused a temporary decline of development of the developer market in Poland.

The quantity of both granted mortgage loans and investment loans for building works carried out by developers was reduced.

Due to all those factors the situation in the branch deteriorated significantly.

Only those companies which were prepared for possible problems with the sale of apartments have survived the stagnation on the market. The strategy of the Group of J.W. Construction Holding S.A. is an example of an effective planning and prediction of potential crises. As soon as in 2007, when forecasting the market development, we noticed that the rate of its growth would decline. At that time we focused on the sale of premises by applying various schemes of its financing. By signing preliminary agreements we provided ourselves with a circle of buyers for around 75% of premises under the presently implemented investment projects. In 2008, when other developers had problems with selling apartments under commenced projects, the Group of J.W. Construction Holding S.A. could focus on construction works, while keeping positive cash flows for the whole time.

Due to the pre-sale system and long-term relations with the biggest banks in Poland our Group also provided itself with a permanent access to external sources of financing. All investment projects implemented in 2008 had current financing of the construction process guaranteed. The trust of financial institutions is also supported by the fact that none of the banks denied lending to us, changed terms and conditions of any loan or increased the costs of its service.

The year 2008 was a record year for the Group as regards the number of performed constructions. We were granted valid construction permits and launched the implementation of seven housing estates. At the same time we continued building works in 11 investment projects commenced in previous years. Despite the difficult market situation the Group did not stop any of the projects in progress.

The Group of J.W. Construction Holding S.A. was also preparing for the potential market crisis on an organisational level. At the beginning of 2008 we took intensive actions aimed at diversifying the risk within the Group. Non-developer activity was developed by separating subsidiaries from the Holding. Presently those companies operate in the field of specialised building and assembly services, designing and production of prefabricated units for the building industry. Due to the prevailing situation in the branch, besides performing works for the Holding, the said companies are actively searching for external contracts and orders.

In 2008 the Group introduced numerous solutions aimed at stimulating the sale of premises. Activation of the marketing policy at the end of 2008 led to satisfactory net sales at the beginning of 2009, which again proves the ability to operate effectively in different market conditions. Despite the significant slowdown in the developer branch, in the opinion of the Management Board the past year was a good period which – due to the well-thought-out strategy – was closed with success. That is evidenced by over PLN 100 million worth of net profit generated by the Group of J.W. Construction Holding S.A. in 2008.

**Management Board**

**J.W. Construction Holding S.A.**