

## Letter from the President of the Management Board of INPRO SA

*Ladies and Gentlemen,*

I have the pleasure of providing you with the Report of the Management Board of the activity of the INPRO SA Capital Group with the consolidated financial statements for 2014.

The previous year was very interesting for the companies at the property development market. With the persistent pace of economic growth and low interest rates, a very high level of sales (understood as the number of signed property development/preliminary agreements) was noted on the one hand. The companies' turnover depends on the property development cycle and, as in the case of INPRO SA, the date of completion and the number of projects placed in service in 2014 directly determined the scale of the revenues on the other hand.

In the first quarter of 2014, flats were purchased by many persons who postponed the transaction in 2013 as they waited for the new "Flat for Young People" programme. Last year, buyers wishing to use the last months in which it was possible to obtain credit for 95% of the value of a flat focused on doing so. That resulted in a high level of advances towards the purchase of the premises and increased the financial liquidity of companies such as INPRO SA.

The INPRO SA Group improved its position on the Tri-city market owing to the knowledge of the needs and preferences of the customers and to the involvement of the entire team of the employees. From January to December 2014, the Group sold 421 flats and houses net (in the meaning of preliminary agreements, with resignations taken into account) in total, which is almost exactly the same number as in the previous year (a 0.5% increase). It may be said confidently that if it were not for the delayed (due to a holiday season) bank procedures concerning the signing of an escrow account agreement for stage I of the Wróbla Staw multi-family buildings project, net sales for the last year would have been higher than in the record year 2010 (426 agreements).

It should be emphasized that with such a high level of sales, in the period in question the INPRO SA Group placed on the market only 157 premises at the following projects: Wróbla Staw multi-family buildings, stage II, the Osiedle Leszczynowe estate, building 4. New projects being prepared by INPRO SA, e.g. the redesigned Kwartał Uniwersytecki estate in Gdańsk-Przymorze, for which project the building permit was issued at the end of January 2015, will extend the sales offer in the current year.

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Sales revenues achieved by the Group in 2014 were 17% lower year on year and amounted to over PLN 147.7 million. In 2014 the Group delivered fewer premises than a year before (334 pcs compared to 468). Despite a high level of sales on projects completed in 2014, the share of those customers who did not pay 100% of the flat value was high, a fact which objectively suspended the delivery process of some premises purchased and thus made the booking of relevant revenues impossible. At the same time, in view of the situation on the property development market and of the need to use various kinds of promotion, net profit constituted 6 % of the sales revenues against 8 % in the previous year.

Despite a lower level of the revenues noted in the last year, the Company managed to accumulate funds necessary to effect the full premature buyout of 2,000 bonds of the nominal value of PLN 10,000 each, registered in the alternative trading system on the Catalyst market. The premature buyout took place on 11 March 2015.

Until the publication date of this report, INPRO SA launched the sales at stage I of the Wróbla Staw multi-family buildings. By the end of this year, we are also planning to launch the sales of the following: 130 premises on the Granary Island in Gdańsk (Chmielna Park, building C), 54 single-family houses at the Wróbla Staw and Golf Park estates, the first 100 premises at the estate in Gdynia Wielkopolska street, the above-mentioned Kwartał Uniwersytecki (175 premises) and the first buildings (90 flats) from the project with a very attractive location i.e. in Gdańsk-Oliwa, Grunwaldzka street (land purchased in 2013 from TVP SA). Przedsiębiorstwo Budowlane Domesta Sp. z o.o. intends to launch the sales of premises in two new buildings at the Osiedle Leszczynowe (52 flats in total). This will enable us to maintain a high level of sale transactions in 2015.

I would like to thank all our shareholders for their continued trust and the employees for their commitment and contribution to the Group's development so far. We will make every effort to implement our strategy in an effective and consistent way, achieve the best financial results and ensure the constant growth of the value of the INPRO SA Capital Group.

Piotr Stefaniak

President of the Management Board of Inpro SA

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