

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

*Ladies and Gentlemen,*

The INPRO SA Group, as one of few developers in Poland, was able to boast of an increase in the level of sale transactions in 2018 against the previous year. The Group also maintained a high number of units placed on the market despite serious challenges on the supply side, for example because of the limited availability of attractive land, problems with the procurement of administrative decisions and the growing construction costs. The revenue and net profit growth pace (28% and 35% respectively) should satisfy not only the Management Board, but also the shareholders of INPRO SA.

The Group achieved a record level of advance sales once again. From January to December 2018 the Group sold the total of 801 flats and single family houses net (in the meaning of preliminary agreements with withdrawals taken into consideration). For comparison, the Group sold 739 units in 2017, and 388 in 2016.

High demand for its products motivated the Group to expand the range of flats on offer. In 2018, INPRO SA and PB Domesta Sp. z o.o. placed the total of 778 units on the market at the following projects: Kwartal Uniwersytecki stage III, Golf Park, Debiut stage II, Harmonia Oliwska stage IV, Optima stage II, and two buildings at the following estates: Leszczynowy Staw, Nowa Niepołomicka, Havlove, and a commercial building at the Havlove estate.

Last year, both INPRO SA and Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o. continued the land bank development strategy ensuring the conditions for the Group's further expansion. The land bank of both companies grew by 61,300 m<sup>2</sup> in 2018.

Sales revenues generated by the INPRO Corporate Group in 2018 were nearly PLN 259 m, a figure 28 % higher than in the comparable period. Net profit for 2018 increased by 35 % against 2017 to the level of PLN 40.9 m. The Group's higher net profit is primarily related to the increase of the net profitability of inBet Sp. z o.o. and Hotel Mikołajki Sp. z o.o., with the same profitability level of the property development activity.

The manufacture of precast units has a growing share in the Groups revenues. inBet Sp. z o.o. noted a very dynamic revenue increase, and gross profit in 2018 grew by 51 % compared to 2017. That company is undergoing thorough modernisation. Last year, the installation of the new sandwich wall production line was completed, and the Management Board of INPRO SA can see a strong chance for the further development of that segment and for the increase of its profitability.

As assumed, in the reporting period the Group completed the works at 6 property development projects (the total of 543 units were built), and 679 units were handed over to customers, which is the Group's yet another record (for comparison, 433 units were delivered in 2017).

Striving to maintain a high level of transactions in the next months, the Group is planning to place 1,035 new flats and houses in various market segments and locations on the market his year. The new projects now being prepared by the Group, which will be offered for sale in 2019, are: Debiut estate stage III in Pruszcz Gdański (93 units), City Park stage II in Gdańsk (189 units), Wróbla Staw single-family houses stage II (4 houses), Golf Park stage D (4 single-family houses), Brawo estate in Pruszcz Gdański (127 units), Start estate in Gdańsk (160 units), Ostoja estate in Rumia (138 units), Nowa Niepołomicka estate stage II in Gdańsk, building No. 1 (48 units) and No. 2

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The Company recorded in the register of entrepreneurs kept by the District Court in Gdańsk, 7<sup>th</sup> Business Division of the National Court Register, under number KRS 0000306071. The Issuer's Company was recorded in the said register of entrepreneurs on 29 May 2008. The Company has the tax identification number (NIP) 589-000-85-40 and the statistical number (REGON) 008141071.

(44 units), Havlove estate in Gdańsk, building 4-5 (46 units), No. 8-9 (46 units), No. 10 (46 units), Traffic estate in Gdańsk, building C (90 units).

The Management Board of INPRO SA welcomes the next year with optimism. Aware of the challenges in the months to come, the Group adjusts its activity to the requirements of both the buyers and the unique nature of the supply side on an ongoing basis. The land bank, experience, cash resources and excellent staff should permit the rise to the next challenges on the property development market.

Piotr Stefaniak

President of the Management Board of INPRO SA