

Current report 11/2018

Report date: 13 April 2018

Issuer's abbreviated name: WIKANA

Subject: Information on withdrawal from construction work agreements concerning property development investments by WIKANA Group companies

Legal basis: Art. 17 sec. 1 MAR - inside information

Report content:

In reference to current reports 26/2017 and 27/2017 concerning execution by a subsidiary of construction work agreements related to the Osiedle Marina B project in Lublin, the Management Board of WIKANA S.A. ("Issuer") announces that on 13 April 2018, the Issuer's subsidiaries, i.e.: WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY Sp.k. (currently, in connection with a change of its general partner, operating as WIKANA PRIM Sp. z o.o. ZIELONE TARASY Sp.k.) and WIKANA MANAGEMENT Sp. z o.o., currently acting as replacement investor (jointly "Subsidiaries"), submitted notifications to HEN-BUD Sp. z o.o., based in Lublin ("Contractor"), regarding withdrawal from the construction works agreements referred to in the aforementioned current reports, in the unfinished part of the investment task, effective on the date the notifications were submitted, along with a demand for the Contractor to pay a contractual penalty.

The reason for the Subsidiaries' withdrawal from the construction work agreements is identified delays due to the Contractor's fault in implementing the object of the agreement. At the date on which the notifications were submitted, the aforementioned agreements were re-invoiced for a total amount of approx. PLN 3.01 million net, which corresponds to 21.35% of the overall work. Nonetheless, in connection with a plan to speed up the work using in-house personnel as well as outside contractors, the Issuer's Management Board does not see the withdrawal from these agreements as causing a delay in the delivery of the units being built as part of this property development project.

At the same time, in connection with the submitted declarations on withdrawal from the unfinished part of the agreement, the Subsidiaries are demanding payment of a contractual penalty by the Contractor on account of the Subsidiaries' withdrawal from the agreement due to the Contractor's fault of approx. PLN 1.06 million (i.e. PLN 0.52 million and PLN 0.54 million, respectively), payable immediately, i.e. upon delivery of the demand.

Agnieszka Maliszewska
Vice-President of the Management Board

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Member of the Management Board