

CEO Letter to Shareholders

Lublin, 21 March 2016

Dear Shareholders,

It is my great pleasure to present to you the annual results of WIKANA S.A. and WIKANA Group for 2015.

2015 was an exceptional period for us. We showed that we can do business, that we have the potential and capacity to fix what was not functioning properly before, and – what's equally important – that we have wide competences allowing for growth. In the past year, we reinforced our strong position on the property development market in south-eastern Poland, having increased flat sales from 124 in 2014 to 251 (by over 102%) and generated a profit on operating and net level for the first time in three years. We also substantially reduced administrative expenses (by 28%) and finance costs (by 23%). We are glad that this corresponds with the Group's strategy, which is being implemented over the course of many recent months and focuses on the property development business as well as extinguishing unrelated projects.

It is satisfying that this strategy, which focuses on the property development business as well as extinguishing unrelated projects, is working (as shown by our figures), therefore we intend to continue with it. In 2015, WIKANA Group grew its sales revenue by 28% to PLN 93 million. This growth was achieved by stronger flat sales, showing development of our core business. We generated PLN 9.6 million in operating profit, compared to a loss of PLN 19.6 million in the previous year. Moreover, the Group generated PLN 76 000 in net profit, for the first time in several years, whereas last year's result was a loss of PLN 31 million.

We want 2016 to be another good year for WIKANA Group. We will spare no effort at fully capitalising on the market environment, our experience and our potential. We will be working on further reducing finance costs, changing our debt structure by reducing bonds in favour of credit, and we will continue to match expenditure on administrative expenses with WIKANA Group's scale of operations. Aside from this, we will be working on expanding our product offering by launching new construction (the Group's land bank allows to commence 28 development projects and build about 1 800 flats and 96 000 sqm of usable space). Our existing and planned sales growth means we have to refill our bank land by adding new locations, mostly in south-eastern Poland, and this is another area on which we will focus in 2016. We are certain that the objectives mentioned above constitute the best path for us to build WIKANA Group's value for all of our shareholders.

Last but not least, I would like to thank all of our employees and business partners for their contribution to the development of WIKANA Group, our counterparties for their participation in our growth strategy, as well as our clients and shareholders, who have trusted WIKANA Group.

Sincerely,

Robert Pydzik
CEO, Wikana S.A.