



WIKANA S.A. CEO letter
to the Stakeholders of WIKANA S.A. and WIKANA Group

Lublin, 31 March 2017

Dear Stakeholders,

It is my great pleasure to present to you the annual reports of WIKANA S.A. and WIKANA Group for 2016.

2016 was another good year for WIKANA Group. In the two preceding years, we showed that we have the operational effectiveness, skills, potential and capability to fix what had not been working properly in the past. Last year, we were able to show that we have deep competence for further development. We confirmed our strong position on the property development market in south-eastern Poland, growing our apartment sales (from 247 in 2015 to 264, up by nearly 7%) and posting operating and net profit for the second year in a row.

It is satisfying that our adopted strategy, which includes focusing on property development activities, is working, as confirmed by our figures - we generated PLN 12 066 000 in operating profit, compared to PLN 9 566 000 in the previous year; we lowered general and administrative expenses by 12.7%, our gross sales margin reached 24.5% (17.2% in 2015), net sales margin was 3.9% (0.1% in 2015), and the Group posted a net profit for the second year in a row, amounting to PLN 2 850 000 (PLN 76 000 in 2015). Considering the above, we intend to continue the existing strategy.

I would like 2017 to be yet another good year for WIKANA Group. We will make every effort to fully capitalise on market conditions, our experience and our potential. We will continue working on further reducing costs, including finance costs, by changing our debt structure, reducing bonds in favour of credit, and we will continue matching general administrative expenses to WIKANA Group's level of activity. Aside from the above, we will continue to grow our product offering by launching new construction projects (the Group's land bank makes it possible to start 17 property projects and build approx. 1 313 apartments and about 74 828 000 sqm of usable space). We are mindful of the fact that the growth we have achieved and the further growth we expect to achieve make it necessary to add new sites to our land bank, which we will also be working on in 2017. We are certain that especially the activities mentioned above will constitute the best path towards building WIKANA Group's value for all stakeholders.



To conclude, I want to thank all of our employees and partners for their contribution to the development of WIKANA Group, our counterparties for their participation in executing our growth strategy, as well as clients and shareholders for the trust shown to WIKANA Group.

Sincerely,

*Robert Pydzik
President of the Management Board, Wikana S.A.*