

INDEPENDENT STATUTORY AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL STATEMENTS

for the General Meeting and Supervisory Board of WIKANA S.A.

We audited the enclosed annual financial statements of WIKANA S.A. ("Company"), based in Lublin, ul. Cisowa 11, comprising:

- statement of comprehensive income for the financial year from 1 January to 31 December 2017,
- statement of financial position as at 31 December 2017,
- statement of cash flows for the financial year from 1 January to 31 December 2017,
- statement of changes in equity for the financial year from 1 January to 31 December 2017,
- additional information and explanations and additional information to the financial statements.

Responsibility of the Company's Management Board and Supervisory Board for financial statements

The Company's Management Board is responsible for preparing financial statements and accurately presenting financial statements in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and other binding provisions of law. The Company's Management Board is also responsible for internal control such as is deemed necessary for preparing financial statements that are free of any significant distortions caused by fraud or error.

According to the Accounting Act, the Company's Management Board and members of the Parent's Supervisory Board are obligated to ensure that the financial statements meet the requirements specified in the Accounting Act (Polish Journal of Laws of 2018, item 395, as amended).

Responsibility of the statutory auditor

Our task was to express an opinion on whether these financial statements present a reliable and clear depiction of the entity's asset and financial situation and financial result in compliance with the relevant International Accounting Standards, International Financing Reporting Standards and related interpretations published in the form of European Commission regulations and the adopted accounting rules (policy).

The audit of the annual financial statements was conducted in accordance with the following:

- 1) Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Polish Journal of Laws of 2017, item 1089, as amended) ("Act on Statutory Auditors"),
- 2) National Financial Review Standards in the meaning of International Audit Standards, adopted through resolution 2783/52/2015 of the Polish Chamber of Statutory Auditors of 10 February 2015, as amended, and
- 3) Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing

Commission Decision 2005/909/EC (EU Journal L 158 of 27 May 2014, page 77, and EU Journal L 170 of 11 June 2014, page 66) ("Regulation 537/2014"),

These regulations require the observance of ethical requirements as well as the planning and conduct of the audit in such manner as to obtain sufficient certainty that the annual financial statements are free of any significant distortions.

The objective of the audit is to obtain sufficient certainty that the annual financial statements, as a whole, are prepared on the basis of correctly maintained accounting books and are free of significant distortions caused by fraud or error and to issue an independent statutory auditor report containing our opinion. Sufficient certainty is a high level of certainty but does not guarantee that an audit carried out in accordance with the above-mentioned standards will always detect existing significant distortions. Distortions may arise as a result of fraud or error and are considered as significant if they can be rationally expected, independently or collectively, to have an impact on users' economic decisions made based on these annual financial statements. The risk of failing to detect a significant distortion caused by fraud is higher than the risk of failing to detect a significant distortion caused by error because it may involve collusion, forgery, intentional omissions, misleading or the circumvention of internal control and may be related to any area of law and regulations rather than those having a direct impact on the financial statements.

The audit consisted of procedures aimed at obtaining proof for the amounts and disclosures contained in the annual financial statements. The selection of audit procedures is up to the statutory auditor and depends on an assessment of the risk of significant distortions in the annual financial statements resulting from fraud or error. In assessing this risk, the statutory auditor considers the performance of internal control as regards preparing and reliably presenting by the Company of its annual financial statements in order to design appropriate audit procedures and not to express an opinion on the performance of the entity's internal control. The audit also covers assessment of the appropriateness of the adopted accounting principles (policy), rationality of estimated values set by the Company's Management Board and evaluation of the overall presentation of the annual financial statements.

The audit scope does not cover representations with regard to the Company's future profitability or efficiency or the effectiveness of the Company's Management Board currently or in the future.

We believe that the evidence we obtained constitutes sufficient and appropriate basis for us to express an opinion. The opinion is consistent with our additional report for the audit committee, published on the date of this audit report.

Independence

In the course of the audit, the lead statutory auditor and the audit firm remained independent of the entity in accordance with the Act on Statutory Auditors, Regulation 537/2014 and professional ethics rules adopted through resolutions of the National Council of Statutory Auditors.

To the best of our knowledge and belief, we declare that we did not provide the non-audit services prohibited under art. 136 of the Act on Statutory Auditors and art. 5 sec. 1 of Regulation 537/2014.

Selection of audit firm

We were selected to audit the entity's financial statements through a resolution by the Company's Supervisory Board of 11 August 2017. We have been continuously auditing the entity's financial statements since the financial year ended 31 December 2015, including as a public interest entity from the financial year ended 31 December 2015, i.e. for three consecutive financial years, including for three consecutive years as a public interest entity.

Key types of risk

In the course of the audit, we identified the most significant types of risks related to significant distortions, as described below, including those caused by fraud, and we developed an appropriate response to these types of risk.

Description of the type of risk of significant distortion	Statutory auditor's procedures in response to the identified risk
<i>Measurement of inventories</i>	
<p>In the statement of financial position, inventory related to property development activities was recognised in the amount of PLN 18 393 thousand, which includes mainly production in progress (initiated property development projects).</p> <p>The balance of this item is significant for the financial statements and the correctness of the measurement of inventories is an inherent risk in the industry.</p> <p>Rules for the recognition and measurement of inventories are described in note 5.5 of the additional information and explanations. Detailed information on inventories is disclosed by the Group in note 6.17 of the additional information: <i>Inventories</i>.</p>	<p>We analysed and assessed the control system for property development projects. We obtained an understanding of the Company's business strategy.</p> <p>We carried out the following audit procedures:</p> <ul style="list-style-type: none"> - We analysed the significant costs recognised in the value of inventories and verified the correctness of this recognition and compliance with source documents. - We assessed the correctness of the selected methods for measuring inventories and the key assumptions used in these measurements. - We verified the completeness and correctness of disclosures concerning inventories in the financial statements.
<i>Measurement of investment properties</i>	
<p>Investment properties worth PLN 4 853 thousand were recognised in the statement of financial position.</p> <p>The risk of significant distortion in this item results from its materiality. Moreover, it is based on estimates, and the Company's Management Board estimates the value of investment properties based on valuations prepared by expert appraisers.</p> <p>Rules for the recognition and measurement of investment properties are described in note 5.5 of the additional information and explanations. Detailed information on investment properties were disclosed by the Group in note 6.11 of the additional information: <i>Investment Properties</i>.</p>	<p>We obtained an understanding of the Company's business strategy as it relates to investment properties.</p> <p>We carried out the following audit procedures:</p> <ul style="list-style-type: none"> - We analysed the measurement of investment properties based on a comparison of the values recognised by the Company with the valuations prepared by expert appraisers. - We evaluated the correctness of the measurement methods selected and the key assumptions used in measurements. - We analysed planned property sale transactions. - We verified the completeness and correctness of disclosures concerning inventories in the financial statements.

Opinion

We consider that the audited annual financial statements:

- a) accurately and clearly depict the Company's asset and financial position as at 31 December 2017 as well as its financial result for the financial year from 1 January 2017 to 31 December 2017 in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, and the adopted accounting rules (policy),
- b) are prepared on the basis of correctly maintained accounting books, in accordance with the provisions of chapter 2 of the Accounting Act,
- c) are in compliance, as to content and form, with requirements specified in the Ordinance of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state (Polish Journal of Laws of 2014, item 133, as amended) and other provisions of law applicable to the Company and the Company's Articles of Association.

Report on other legal requirements and regulations

Opinion on the report on operations

Our opinion on the audit of the financial statements does not encompass the report on operations.

The Company's Management Board and members of its Supervisory Board are responsible for preparing the report on operations in accordance with the law.

In accordance with the Act on Statutory Auditors, our responsibility was to express an opinion on whether the report on operations is prepared in accordance with the law and whether it is in compliance with the information contained in the annual financial statements. Our responsibility also included a statement on whether, according to our knowledge about the entity and its surroundings obtained in the course of auditing the annual financial statements, we identified any significant distortions in the report on operations.

In our opinion, the information contained in the report on the entity's operations was prepared in compliance with the applicable laws and is in compliance with the information contained in the annual financial statements. Moreover, according to our knowledge about the entity and its surroundings obtained in the course of auditing the annual financial statements, we did not identify any significant distortions in the report on operations.

Opinion on statement on application of corporate governance

The entity's Management Board and members of the Supervisory Board are responsible for preparing a statement on the application of corporate governance in accordance with the law. In connection with the audit of the annual financial statements, our obligation was to review the statement on the application of corporate governance, constituting a separate part of the report on operations.

In our opinion, the entity's statement on application of corporate governance contains the information specified in par. 91 sec. 5 point 4 letters a, b, g, j, k and l of the Ordinance of the Minister of Finance on current and periodic information disclosed by issuers of securities and the terms for recognising as equivalent the information required by laws of a non-member state ("*Ordinance*"). The information indicated in par. 91 sec. 5 point 4 letters c-f, h and i of the

Ordinance, as presented in the statement on application of corporate governance, is in compliance with the relevant laws and the information contained in the annual financial statements.

Krzysztof Maksymik
Statutory Auditor
register number 11380

dr André Helin
President of the Management Board
Statutory Auditor register number 90004

Acting on behalf of:

BDO Sp. z o.o.
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Entity authorised to audit financial statements no. 3355

Warsaw, 20 April 2018