WIKANA Group

Extended consolidated quarterly report

for the period 01.01.2018-30.09.2018

Lublin, 27 November 2018

wikana

Contents

1. Selected financial data from condensed consolidated interim financial statements

Selected financial data is translated into EUR in accordance with the following principles:

Selected asset and equity and liability items - using the average exchange rate on 30 September 2018: EURPLN 4.2714 (31 December 2017: EURPLN 4.1709).

Items in the statement of comprehensive income and statement of cash flows - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in the first three quarters of 2018: EURPLN 4.2535 (after Q1-Q3 2017: EURPLN 4.2566).

Balance sheet item	**30.09.2018**		**31.12.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Total assets	**207 063**	**48 477**	**198 666**	**47 631**
Non-current assets	82 494	19 313	87 940	21 084
Current assets	119 863	28 062	103 132	24 726
Non-current assets held for sale	4 706	1 102	7 594	1 821
Total equity and liabilities	**207 063**	**48 477**	**198 666**	**47 631**
Equity	45 297	10 606	46 456	11 138
Non-current liabilities	51 558	12 070	60 084	14 406
Current liabilities	110 208	25 801	92 126	22 088

Item in the Group's condensed consolidated statement of comprehensive income	**01.01.2018 30.09.2018**		**01.07.2018 30.09.2018**		**01.01.2017 30.09.2017**		**01.07.2017 30.09.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**
Revenue from sales	35 808	8 419	6 997	1 623	47 183	11 084	10 886	2 557
Gross profit (loss) on sales	7 009	1 648	1 287	298	12 408	2 915	2 589	608
Operating profit (loss)	3 761	884	295	66	7 547	1 773	367	86
Profit (loss) before tax	(1 044)	(245)	(828)	(194)	2 505	588	(1 223)	(288)
Net profit / (loss) on continuing operations	(1 159)	(272)	(943)	(221)	2 168	509	(1 308)	(307)
Net profit (loss) on discontinued operations	-	-	-	-	(73)	(17)	-	-
Total comprehensive income	**(1 159)**	**(272)**	**(943)**	**(221)**	**2 095**	**492**	**(1 308)**	**(307)**
Profit (loss) per share:								
Basic profit (loss) per share	(0.06)	(0.01)	(0.05)	(0.01)	0.11	0.02	(0.06)	(0.02)
Diluted profit (loss) (PLN)	(0.06)	(0.01)	(0.05)	(0.01)	0.11	0.02	(0.06)	(0.02)

Item in the condensed consolidated interim statement of cash flows	**01.01.2018 30.09.2018**		**01.01.2017 30.09.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Net cash from operating activities	17 928	4 215	12 412	2 916
Net cash from investing activities	3 359	789	805	189
Net cash from financing activities	(16 896)	(3 972)	(18 038)	(4 238)
Total cash flows	**4 391**	**1 032**	**(4 821)**	**(1 133)**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

2. Selected financial data from separate interim financial statements

Selected financial data is translated into EUR in accordance with the following principles:

Selected asset and equity and liability items - using the average exchange rate on 30 September 2018: EURPLN 4.2714 (31 December 2017: EURPLN 4.1709).

Items in the statement of comprehensive income and statement of cash flows - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in the first three quarters of 2018: EURPLN 4.2535 (after Q1-Q3 2017: EURPLN 4.2566).

Balance sheet item	**30.09.2018**		**31.12.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Total assets	**59 430**	**13 913**	**56 015**	**13 430**
Non-current assets	30 633	7 171	27 321	6 551
Current assets	28 797	6 742	28 694	6 879
Total equity and liabilities	**59 430**	**13 913**	**56 015**	**13 430**
Equity	37 237	8 718	32 233	7 729
Non-current liabilities	7 327	1 715	7 440	1 783
Current liabilities	14 866	3 480	16 342	3 918

Item in the Issuer's condensed separate interim statement of comprehensive income	**01.01.2018 30.09.2018**		**01.07.2018 30.09.2018**		**01.01.2017 30.09.2017**		**01.07.2017 30.09.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**
Revenue from sales	9 124	2 145	463	102	6 435	1 512	3 741	878
Gross profit (loss) on sales	689	162	125	29	1 180	277	314	73
Operating profit (loss)	5 734	1 348	5 483	1 289	781	184	154	36
Profit (loss) before tax	5 004	1 176	5 232	1 230	(958)	(225)	(13)	(3)
Net profit / (loss) on continuing operations	5 004	1 176	5 232	1 230	(958)	(225)	(13)	(3)
Total comprehensive income	**5 004**	**1 176**	**5 232**	**1 230**	**(958)**	**(225)**	**(13)**	**(3)**
Profit (loss) per share:								
Basic profit (loss) per share	0.25	0.06	0.26	0.06	(0.05)	(0.01)	-	-
Diluted profit (loss) (PLN)	0.25	0.06	0.26	0.06	(0.05)	(0.01)	-	-

Item in the condensed interim statement of cash flows	**01.01.2018 30.09.2018**		**01.01.2017 30.09.2017**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Net cash from operating activities	(2 158)	(507)	(5 779)	(1 358)
Net cash from investing activities	2 017	474	(11 438)	(2 687)
Net cash from financing activities	117	28	17 185	4 037
Total cash flows	**(24)**	**(5)**	**(32)**	**(8)**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

3. Information about the Parent and its subsidiaries included in the consolidated financial statements

3.1. Parent company data

Wikana S.A. ("Company," "Parent," "Issuer") is a public limited company registered in Poland. The Company's registered office is located in Lublin. Company address: ul. Cisowa 11, 20-703 Lublin.

According to the articles of association / founding agreements of the Parent and its subsidiaries, their economic activities in the period covered by this report were as follows:

- Property development
- Renting of real estate
- Management of real estate on a fee or contract basis
- Production of energy from renewable sources
- Activities of head offices and holdings, except for financial holdings

The condensed consolidated interim financial statements for the period ended 30 September 2018 cover the financial statements of the Parent and its subsidiaries (together the "Group").

3.2. Group entities (subject to consolidation in the condensed consolidated interim financial statements)

Parent

WIKANA S.A.

Subsidiaries	**% share** 30.06.2018	**% share** 31.12.2017
WIKANA AGO Sp. z o.o.	100%	100%
WIKANA ERGO Sp. z o.o.	100%	100%
WIKANA FORTEM Sp. z o.o.(1)	100%	100%
WIKANA FORTEM Sp. z o.o. ACER Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ACER Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. ACER S.K.A.)(2)	100%	100%
WIKANA MERITUM Sp. z o.o.	100%	100%
WIKANA MERITUM Sp. z o.o. ALFA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ALFA S.K.A., formerly: WIKANA PROPERTY Sp. z o.o. ALFA S.K.A.)(1)	100%	100%
WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. (formerly: WIKANA PROPERTY Sp. z o.o. CORYLUS S.K.A.)(3)	100%	100%
WIKANA MERITUM Sp. z o.o. LAMDA S.K.A. (formerly: WIKANA PROPERTY Sp. z o.o. LAMDA S.K.A.)(3)	100%	100%
WIKANA MERITUM Sp. z o.o. LARIX S.K.A. (formerly: WIKANA PROPERTY Sp. z o.o. LARIX S.K.A.)(3)	100%	100%
WIKANA MERITUM Sp. z o.o. MAGNOLIA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. MAGNOLIA S.K.A. previously: WIKANA PROPERTY Sp. z o.o. MAGNOLIA S.K.A.)(2)	100%	100%
WIKANA MERITUM Sp. z o.o. PANORAMA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. PANORAMA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. PANORAMA S.K.A.)(4)	100%	100%
WIKANA PROPERTY Sp. z o.o.(5)	100%	100%
WIKANA PROPERTY Sp. z o.o. 04 OSIEDLE S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. 04 OSIEDLE S.K.A.)(6)	100%	100%

WIKANA PROPERTY Sp. z o.o. ALBA S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. PETULANT Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. BETULA S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. JOTA Sp.k., formerly: WIKANA PROPERTY Sp. z o.o. JOTA S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. KAPPA S.K.A.(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. (previously: WIKANA PROPERTY Sp. z o.o. KOMERC S.K.A.; prior to that: Wikana Nieruchomości Sp. z o.o. KOMERC S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. KROSNO S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. OMEGA S.K.A.(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. OMIKRON S.K.A.(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. PODPROMIE Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. PODPROMIE S.K.A.)(6)	100%	100%
WIKANA PROPERTY Sp. z o.o. ROSA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ROSA S.K.A.)(2)	100%	100%
WIKANA PROPERTY Sp. z o.o. SALIX Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. SALIX S.K.A., previously: WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.)(6)	100%	100%
WIKANA PRIM Sp. z o.o. (formerly: PRIM Sp. z o.o.)	100%	100%
WIKANA PRIM Sp. z o.o. BETA Sp.k. (formerly: WIKANA PRIM Sp. z o.o. BETA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. BETA S.K.A.)(7)	100%	100%
WIKANA PRIM Sp. z o.o. GAMMA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. GAMMA Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. GAMMA S.K.A.)(7)	100%	100%
WIKANA PRIM Sp. z o.o. SIGMA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. SIGMA Sp.k., previously: WIKANA MERITUM Sp. z o.o. SIGMA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. SIGMA S.K.A.)(7)	100%	100%
WIKANA PRIM Sp. z o.o. ZIELONE TARASY Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY S.K.A.)(7)	100%	100%
WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji	100%	100%
WIKANA PROJECT Sp. z o.o.(8)	100%	100%
WIKANA MANAGEMENT Sp. z o.o.(1)	100%	100%
WIKANA SOBA Sp. z o.o. (formerly: SOBA Sp. z o.o.)	100%	0%
Towarzystwo Budownictwa Społecznego „Nasz Dom" Sp. z o.o. (formerly: Towarzystwo Budownictwa Społecznego „Wikana" Sp. z o.o.)	100%	100%
BIOENERGIA PLUS Sp. z o.o. (formerly: WIKANA BIOENERGIA Sp. z o.o.)	100%	100%
BIOENERGIA PLUS Sp. z o.o. 01 S.K.A. (formerly: WIKANA BIOENERGIA Sp. z o.o. 01 S.K.A.)(9)	100%	100%
ZIELONE TARASY S.A.	100%	100%

(1) A merger through acquisition was carried out on 7 September 2018 pursuant to art. 492 § 1 point 1 of the Polish Commercial Companies Code with WIKANA PROPERTY Sp. z o.o.

(2) A merger through acquisition was carried out on 5 September 2018 pursuant to art. 492 § 1 point 1 of the Polish Commercial Companies Code with WIKANA PROJECT Sp. z o.o.

(3) 50% of shares was provided as security for bondholder claims in connection with the issue of series B bonds by WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. The general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

(4) The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

(5) A 100% subsidiary of the Company, including directly and indirectly through WIKANA PROJECT Sp. z o.o.

(6) The company's general partner is WIKANA PROPERTY Sp. z o.o., a wholly owned subsidiary of the Company, including directly and indirectly.

(7) The company's general partner is WIKANA PRIM Sp. z o.o., (formerly PRIM Sp. z o.o.) - a wholly owned subsidiary of the Company.

(8) A 100% subsidiary of the Company, including directly and indirectly through: WIKANA MERITUM Sp. z o.o. and WIKANA PROPERTY Sp. z o.o.

(9) The company's general partner is BIOENERGIA PLUS Sp. z o.o. (formerly WIKANA BIOENERGIA Sp. z o.o.) - a wholly owned subsidiary of the Company.

4. Basis for presenting and preparing the condensed interim financial statements

4.1. Statement of compliance with IFRS

The condensed consolidated financial statements of the Group and the condensed separate financial statements of Wikana S.A. ("condensed interim financial statements") are prepared for the nine-month period ended 30 September 2018.

The presented condensed interim financial statements are in compliance with IAS 34 Interim Financial Reporting, a standard relating to interim financial statements, and do not contain all of the information that is applicable to annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for 2017 (consolidated and separate, respectively), published on 31 March 2018.

The condensed consolidated interim financial statements of the Group are published together with the condensed separate interim financial statements. To obtain a complete understanding of the issuer's results and financial situation, Wikana S.A.'s condensed separate interim financial statements should be read in conjunction with the Group's condensed consolidated interim financial statements.

Preparing financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's Management Board to apply own judgement in using the Group's adopted accounting principles. Matters that require a higher dose of judgement, more complex matters or those involving assumptions and estimates that are significant from the viewpoint of the financial statements did not change in relation to the previous year-end.

4.2. Basis for preparing condensed interim financial statements

The condensed consolidated interim financial statements are prepared on the assumption that Wikana Group will continue operating as a going concern for at least 12 months from the end of the reporting period. During the reporting period and until the date on which the financial statements were prepared, there were no indications of a threat to continuing operations.

During the report period, no infringement of credit or loan agreement provisions were recorded such as would require corrective actions either before or on the balance sheet date.

The condensed separate interim financial statements are prepared on the assumption that the Company will continue operating as a going concern for at least 12 months from the end of the reporting period. During the reporting period and until the date on which the financial statements were prepared, there were no indications of a threat to continuing operations.

Condensed consolidated interim financial statements and condensed separate interim financial statements are subject to approval by an approving body pursuant to art. 53 of the Accounting Act of 29 September 1994. Condensed interim financial statements are signed by the entity's managing body, i.e. the Company's Management Board and - if designated - a person in charge of book-keeping. These condensed consolidated and separate interim financial statements were signed on 27 November 2018.

All amounts presented in the condensed interim financial statements are presented in PLN 000s, unless otherwise stated. The data presented in this report is rounded. Because of this, the sum totals of rows and columns in tables may slightly differ from the total values stated for each row or column.

4.3. Significant judgements and estimates

In preparing condensed consolidated and separate interim financial statements, the Parent's Management Board uses its judgement in making numerous estimates and assumptions that have an impact on the applied accounting rules and presented amounts of assets, liabilities, revenue and costs. Actual values may differ from those estimated by the Management Board.

In these condensed consolidated and separate interim financial statements, the Management Board's significant judgements as regards the accounting rules applied by the Group and the Company and the key sources of estimating uncertainty are the same as those presented in the consolidated and separate financial statements for 2017 in notes 5.4 and 5.5, respectively.

4.4. Other atypical events in the reporting period having impact on the financial statements

According to the Company's Management Board, no atypical events took place during the presented period such as could have an impact on the condensed consolidated interim financial statements of the Group and the condensed separate interim financial statements of WIKANA S.A.

4.5. Seasonality

The Group is exposed to sales revenue seasonality throughout the financial year, mainly determined by seasonality in the property development segment, connected with weather conditions, which have an impact on the capacity and speed of construction works.

4.6. Changes in accounting principles

No changes were recorded since the annual financial statements were published, other than those described in point 4.7.

4.7. Standards and interpretations endorsed by the EU and pending endorsement

Effect of new accounting standards and changes in accounting policy

The accounting principles (policy) used in preparing these consolidated financial statements for the first three quarters of 2018 are consistent with those used to prepare the entity's annual consolidated financial statements for 2017, except for the amendments described below.

The same principles are used for the current and comparative period.

Changes resulting from IFRS amendments

No changes in accounting rules compared to the most recent annual financial statements took place in 2018, with the following exceptions.

The following new standards, amendments to existing standards and interpretations issued by the IASB and endorsed by the EU enter into force for the first time in 2018:

- IFRS 15 Revenue from Contracts with Customers and amendments to IFRS 15 Effective Date of IFRS 15

Approved by the EU on 22 September 2016 (applies to annual periods beginning on or after 1 January 2018),

- Amendments to IFRS 15 Revenue from Contracts with Customers - clarifications to IFRS 15 Revenue from Contracts with Customers - endorsed by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018),
- IFRS 9 Financial Instruments - endorsed by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 4 Insurance Contracts - Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts - approved by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or on first-time use of IFRS 9 Financial Instruments),
- Amendments to IFRS 2 Share-based Payment - Classification and measurement of share-based payments - endorsed by the EU on 27 February 2017 (applies to annual periods beginning on or after 1 January 2018),
- Amendments to IAS 40 Investment Property - Transfers of Investment Property - endorsed by the EU on 14 March 2018 (applies to annual periods beginning on or after 1 January 2018),
- Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration - endorsed by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 1 and IAS 28 resulting from 'Annual Improvements cycle 2014-2016' - annual amendments to IFRSs (IFRS 1, IFRS 12 and IAS 28) focused primarily on resolving inconsistencies and clarifying terminology, endorsed by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 effective for annual periods beginning on or after 1 January 2018).

The following new standards and amendments to existing standards were issued by the IASB on 28 September 2018 and endorsed by the EU but are not yet in force:

- IFRS 16 Leases - endorsed by the EU on 31 October 2017 (applies to annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 9 Financial Instruments - Prepayment features with negative compensation - endorsed by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

Moreover, the following new standards, amendments to existing standards and new interpretation were issued by the IASB on 28 September 2018 but are not yet endorsed by the EU:

- IFRS 17 Insurance Contracts (applies to annual periods beginning on or after 1 January 2021),
- IFRS 14 Regulatory Deferral Accounts (in effect for annual periods beginning on or after 1 January 2016) - the European Commission decided not to begin the process of endorsing this temporary standard for use across the EU until the final version of IFRS 14 is published,
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, as amended (effective date for the amendments is deferred until research on the equity method is concluded),
- Amendments to IAS 19 Employee Benefits - Amendment, Curtailment or Settlement (effective for annual periods beginning on 1 January 2019),
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- Amendments to various standards 'Annual Improvements cycle 2015-2017' - a collection of amendments to IFRSs (IFRS 3, IFRS 11, IAS 12, IAS 23) focused primarily on resolving inconsistencies and clarifying terminology (effective for annual periods beginning on or after 1 January 2019),
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019).

According to the Group's estimates, the aforementioned standards, interpretations and amendments to standards - except for IFRS 16 Leases, effective from 1 January 2019 - would not have any effect on the Group's financial statements had they been applied as at the balance sheet date. Impact of the application of IFRS 16 on the Group's financial statements in described below.

The Group has cars under operating leasing and leased buildings that had not been recognised in the balance sheet but will be subject to the new regulations.

As at the date on which these financial statements were approved for publication, the Group was in the process of identifying existing finance lease and operating lease contracts and contracts that had not been classified as leases but could meet the definition of lease in accordance with IFRS 16. In the next step, the Group will establish accounting rules and detailed methodology for implementing the new standard. The Group is currently working on an estimate of the potential impact of applying IFRS 16 on its future financial statements.

Impact of application of new standards on Q1-Q3 2018 financial statements

From 1 January 2018, the Group introduced amendments to its accounting principles in connection with the entry into force of new accounting standards: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

- IFRS 9 *Financial Instruments*

The new standard was published on 24 July 2014 and is effective for annual periods beginning on or after 1 January 2018. The standard aims to clarify the classification of financial assets and introduce a new impairment model for all financial instruments. The standard also introduces a new hedge accounting model in order to streamline rules for presenting information on risk management in financial statements.

The Group decided to introduce the standard from 1 January 2018 without adjusting comparative data, hence data for 2017 and 2018 will not be comparable, while any potential adjustments necessitated by the adaptation to IFRS 9 will be introduced as of 1 January 2018 and their effect will be recognised in equity.

From 1 January 2018, the standard provides the option to classify financial assets and liabilities as one of the following categories:

- measured at amortised cost,
- measured at fair value through comprehensive income,
- measured at fair value through profit or loss,
- hedging instruments.

The Group assigns each asset and liability item to the appropriate category depending on the business management model and the characteristics of contractual cash flows for the given item.

The Group analysed the consequences of standards entering into force by debt instrument:

Debt instruments - trade receivables

The Group holds trade receivables that were classified as "loans and receivables" under IAS 39 and measured at amortised cost.

Under IFRS 9, by analysing the business model for trade receivables, Group companies determined that all trade receivables meet the definition of held until collection - the Group did not sell and does not plan to sell, all receivables are held until maturity.

The SPPI classification test from IFRS 9 was also conducted to verify whether payments for receivables represent only the repayment of principal and interest. Given the fact that the SPPI test for all trade receivables is met, they will not be measured at fair value but rather at amortised cost.

The Group analysed receivables in terms of default risk by operating segment.

- For the property development segment, the Group states that the standard's application has had no material impact on the Group's financial statements. In accordance with the Group's sales policy, transfer of control over apartments takes place once customers pay 100% of the price. The Group does not recognise advances unpaid by clients in either assets or deferred revenue. The analysis also shows that in recent years, cases when control over apartments was transferred without 100% payment occurred when the client financed the purchase using bank credit, which was supported by the government programme "Mieszkanie dla Młodych," and the last unpaid tranche of the credit was a payment guaranteed by the state.
- For the renewables segment, the standard's application has had no material impact on the Group's financial statements. Settling energy sales takes place at the TGE energy exchange, which protects the seller from the risk of non-payment.
- For the commercial property segment, application of the new standard has an impact on financial statements. In the first half of 2018, the Group estimates that approx. 1.5% of its revenue from renting commercial property constitutes receivables for which there has been a significant increase in credit risk from initial recognition, classified as level 2. The Group estimates the likelihood of no repayment at 50%. Given the above estimates, a potential impairment allowance would be below PLN 40 000, which is why no impairment allowances was recognised.

The Group is currently not seeing negative changes on the market that could lead to a negative impact from future factors on the level of financial losses. Macroeconomic factors (GDP, unemployment) give no grounds to apply further portfolio write-downs on receivables as at the balance sheet date.

Debt instruments - loans issued

The Parent holds a portfolio of intra-group loans issued that were classified as "loans and receivables" under IAS 39 and measured at amortised cost.

Pursuant to IFRS 9, the business model test for loans showed that all loans meet the model of retention to maturity - the Company did not and does not plan to sell them.

Contractual terms for the loans were also analysed and the SPPI test was also conducted to verify whether payments for receivables represent only the repayment of principal and interest. The analysis showed that the SPPI for loans is met. In connection with this, all loans issued will continue to be measured at amortised cost.

Next, impairment allowances were determined using the expected credit loss model.

All regards intra-group loans, credit risk did not significantly increase from initial recognition (Level 1). Based on intra-group loan repayment track record, the Parent considers the likelihood of default in the next 12 months to be zero. In connection with this, impairment allowances for 12-month expected credit losses was determined to be PLN 0. All loans have maturities of at least the end of 2020. In addition, given the activities that are currently being undertaken by the Group in the context of optimising its organisational structure, once all of the loans mature the Group structure will include only operating entities, which guarantees that positive cash flows are generated to pay all loan balances.

Impairment allowances using the expected loss method and related adjustments.

The existing rules for recognising impairment allowances required the entity to assess whether or not there is objective evidence for impairment and to estimate an impairment allowance based on planned cash flows. IFRS 9 requires an expected loss to be estimated regardless of whether or not such evidence is present. The standard includes a three-stage classification in terms of impairment:

- Stage 1 - balances where credit risk has not increased significantly since initial recognition and for which 12-month expected credit loss is determined;
- Stage 2 - balances where credit risk has increased significantly since initial recognition and for which full lifetime expected credit loss is determined;
- Stage 3 - balance with identified impairment.

Based on the above summary, the Group claims that the standard's application has no material impact on the Group's financial statements.

- *IFRS 15 Revenue from Contracts with Customers*

The new harmonised standard was published on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2018, and early application is permitted. The standard sets out a framework for recognising revenue and contains rules that will supersede most of the detailed revenue recognition guidance currently found in IFRS, particularly in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. On 11 September 2015, the IASB published draft changes in the adopted standard, deferring the standard's entry into force by one year.

The Group applies the new standard from 1 January 2018, including the 5-step model for a portfolio of contracts (or performance obligations) with similar features if the entity rationally expects that the impact of applying the following rules on its financial statements will not be significantly different from the application of the following rules to individual contracts (or performance obligation).

Requirements for identifying contracts with customers

A contract with a customer will be within its definition if all of the following criteria are met: the contract has been approved by the parties to the contract; each party’s rights in relation to the goods or services to be transferred can be identified; the payment terms for the goods or services to be transferred can be identified; the contract has commercial substance; and it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

Identifying performance obligations in the contract

At the inception of the contract, the Group assesses the goods or services that have been promised to the customer, and identifies as a performance obligation: a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Determining the transaction price

In order to determine the transaction price, the Group takes into account contractual terms and customary sales practices that it typically uses. The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services, except for amounts collected on behalf of third parties (e.g. certain sales taxes). Consideration specified in a contract with a customer may include fixed amounts.

Allocating the transaction price to the performance obligations in the contracts

The Group allocates the transaction price to each performance obligation (or to a separate good or service) in an amount that reflects the amount of consideration that - as expected by the Group - is due for the Group in exchange for the transfer of the promised goods or services to the customer.

Recognising revenue when a performance obligation is satisfied

The Group recognises revenue when the obligation to provide a consideration, by transfer of the promised goods or services (i.e. asset) to the customer, is performed or is being performed (customer gains control over this asset). Revenue is recognised as amounts equal to the transaction price that is assigned to the given performance obligation.

The Management Board analysed the impact of IFRS 15 Revenue from Contracts with Customers on the Group's financial situation, results and the scope of information presented in its financial statements.

Based on this analysis, in the property development segment the Group continues to recognise revenue from sales at the moment when it fulfils its performance obligation. This moment is when the Group transfers to the client control over the apartment, parking space, garage storage, storage room or other element of the building or its shared space, i.e. when ownership rights are transferred.

For the renewables segment, the Group's Management Board carried out an analysis of energy sale contracts executed with customers. This analysis did not show that the unit sales price for energy may be dependent on variable factors that may arise in the future. In connection with this analysis, the Group continues to recognise revenue from energy sales in the period in which such energy is produced, after filing an application for certificates of origin from the Energy Regulatory Office.

In the commercial property rental segment, an analysis of the contracts with tenants did not show impact of the new standard when revenue is recognised in the Group's accounts. Revenue is be recognised in settlement periods, as agreed with the tenants.

In its business, the Group does not identify variable factors of remuneration that could materially impact this revenue.
Based on the above summary, the Group claims that the standard's application has no material impact on the Group's financial statements.

5. Condensed consolidated interim financial statements

Condensed consolidated statement of comprehensive income

for the period 01.01.2018-30.09.2018 *in PLN 000s*	Note	01.01.2018 30.09.2018 (unaudited data)	01.07.2018 30.09.2018 (unaudited data)	01.01.2017 30.09.2017 (unaudited data)	01.07.2017 30.09.2017 (unaudited data)
Continuing operations					
Revenue from sales	*6.2*	35 808	6 997	47 183	10 886
Cost of sales		(28 799)	(5 710)	(34 775)	(8 297)
Gross profit (loss) on sales		**7 009**	**1 287**	**12 408**	**2 589**
Selling costs		(1 616)	(498)	(2 011)	(660)
Administrative expenses		(3 203)	(1 026)	(3 898)	(1 178)
Other operating revenue		2 238	716	1 279	92
Other operating expenses		(682)	(189)	(716)	(134)
Gain (loss) on investments		14	4	485	(343)
Operating profit (loss)		**3 761**	**295**	**7 547**	**367**
Finance costs		(4 804)	(1 129)	(5 042)	(1 590)
Profit (loss) before tax		**(1 044)**	**(835)**	**2 505**	**(1 223)**
Income tax		(115)	(108)	(337)	(85)
Net profit (loss) on continuing operations for the year		**(1 159)**	**(943)**	**2 168**	**(1 308)**
Net profit (loss) on discontinued operations for the year		**-**	**-**	**(73)**	**-**
Net profit (loss)		**(1 159)**	**(943)**	**2 095**	**(1 308)**
Other comprehensive income (net)		**-**	**-**	**-**	**-**
Total comprehensive income		**(1 159)**	**(943)**	**2 095**	**(1 308)**
Net profit (loss) attributable to:					
Owners of the parent		(1 159)	(943)	2 100	(1 308)
Non-controlling interests		-	-	(5)	-
Total comprehensive income attributable to:					
Owners of the parent		(1 159)	(943)	2 100	(1 308)
Non-controlling interests		-	-	(5)	-
Net profit (loss) per share					
Basic profit (loss) per share	*6.7*	(0.06)	(0.05)	0.11	(0.06)
Diluted profit (loss) (PLN)	*6.7*	(0.06)	(0.05)	0.11	(0.06)
Net profit / (loss) on continuing operations per share					
Basic profit (loss) per share		(0.06)	(0.01)	0.11	(0.06)
Diluted profit (loss) (PLN)		(0.06)	(0.01)	0.11	(0.06)

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

Condensed consolidated interim balance sheet

At 30.09.2018			
in PLN 000s	**Note**	**30.09.2018** (unaudited data)	**31.12.2017**
Assets			
Non-current assets			
Property, plant and equipment		13 199	13 411
Intangible assets		2 670	2 748
Investment properties	*6.3*	64 277	69 693
Loans issued		-	-
Other non-current assets		1 863	1 513
Deferred income tax assets		485	575
Total non-current assets		**82 494**	**87 940**
Current assets			
Inventory	*6.4*	97 630	85 278
Income tax receivables		-	-
Trade and other receivables	*6.5*	7 643	7 657
Current financial assets		73	71
Cash and cash equivalents		14 517	10 126
Total current assets		**119 863**	**103 132**
Non-current assets held for sale		4 706	7 594
Total assets		**207 063**	**198 666**

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Condensed consolidated interim balance sheet

At 30.09.2018 *in PLN 000s*	**Note**	**30.09.2018** (unaudited data)	**31.12.2017**
Equity and liabilities			
Equity			
Share capital	*6.6*	40 030	40 030
Revaluation reserve		181	181
Supplementary capital		129 229	116 229
Retained earnings		(124 142)	(109 984)
Equity attributable to owners of the parent		**45 297**	**46 456**
Non-controlling interests		**-**	**-**
Total equity		**45 297**	**46 456**
Liabilities			
Credit and loan liabilities	*6.8*	20 200	24 114
Bond liabilities	*6.9*	-	-
Finance lease liabilities		12 884	17 166
Provisions	*6.12*	9	9
including employee benefit provision	*6.12*	*9*	*9*
Deferred income tax provision		359	359
Other liabilities	*6.10*	15 959	16 020
Grants	*6.13*	2 147	2 416
Total non-current liabilities		**51 558**	**60 084**
Credit and loan liabilities	*6.8*	18 863	21 672
Bond liabilities	*6.9*	28 659	33 739
Finance lease liabilities		802	899
Income tax liabilities		20	565
Trade and other payables	*6.10*	18 055	13 845
Provisions	*6.12*	1 010	5 105
including employee benefit provision	*6.12*	*77*	*77*
Deferred revenue	*6.13*	42 799	16 301
including grants	*6.13*	*358*	*358*
Total current liabilities		**110 208**	**92 126**
Total liabilities		**161 766**	**152 210**
Total equity and liabilities		**207 063**	**198 666**

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Condensed consolidated interim statement of cash flows

for the period 01.01.2018-30.09.2018 *in PLN 000s*	**01.01.2018** **30.09.2018** (unaudited data)	**01.01.2017** **30.09.2017** (unaudited data)
Cash flows from operating activities		
Net profit (loss) for the period	**(1 159)**	**2 095**
Adjustments		
Depreciation	1 356	1 517
Interest income	(14)	(27)
Change in fair value of investment properties	(267)	-
Finance costs	4 356	4 932
Gain (loss) on exchange differences	418	(458)
Gain (loss) on investing activities	-	(34)
Change in inventories	(12 352)	(990)
Change in trade and other receivables	14	(1 053)
Change in provisions and related assets	(4 095)	(1 310)
Change in current and other liabilities, excluding borrowings	3 543	(619)
Change in grant settled on balance with intangible assets	(101)	-
Change in deferred revenue	26 229	8 359
Net cash from operating activities	**17 928**	**12 412**
Cash flows from investing activities		
Proceeds from sale of intangible assets and property, plant and equipment	23	100
Disposal of investment property	5 368	-
Other finance inflows	-	4
Purchase of intangible assets and property, plant and equipment	(2 032)	(131)
Loans repaid	-	875
Loans issued	-	(43)
Net cash from investing activities	**3 359**	**805**
Cash flows from financing activities		
Net proceeds from bond issues	-	6 516
Net proceeds from promissory note liabilities	-	-
Borrowings incurred	22 398	15 494
Outflows on repayment of borrowings	(29 824)	(16 968)
Repayment of finance lease liabilities	(625)	(753)
Interest paid	(3 845)	(5 515)
Bond buyback	(5 000)	(11 612)
Repayment of promissory notes	-	(5 200)
Net cash from financing activities	**(16 896)**	**(18 038)**
Total net cash flows	**4 391**	**(4 821)**
Cash and cash equivalents as at the beginning of period	10 126	11 297
Effect of changes in exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents as at the end of period	**14 517**	**6 476**
Restricted cash and cash equivalents at the end of period	**12 194**	**4 834**

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Condensed consolidated interim statement of changes in equity

for the period 01.01.2018-30.09.2018	**Equity attributable to owners of the parent**							
in PLN 000s *(unaudited data)*	**Share capital**	**Own shares**	**Supplementary capital**	**Revaluation reserve**	**Retained earnings (losses)**	**Equity attributable to owners of the parent**	**Non-controlling interests**	**Total equity**
Equity as at 01.01.2017	**40 030**	**0**	**112 229**	**181**	**(107 112)**	**45 328**	**9**	**45 336**
Comprehensive income	-	-	-	-	2 100	2 100	(5)	2 095
– *Result for the period*	-	-	-	-	*2 100*	*2 100*	*(5)*	*2 095*
– *Other income*	-	-	-	-	-	-	-	-
Profit distribution	-	-	4 000	-	(4 000)	-	(4)	(4)
Equity as at 30.09.2017	**40 030**	**-**	**116 229**	**181**	**(109 012)**	**47 428**	**-**	**47 428**
Equity as at 01.01.2018	**40 030**	**0**	**116 229**	**181**	**(109 984)**	**46 456**	**-**	**46 456**
Comprehensive income	-	-	-	-	(1 159)	(1 159)	-	(1 159)
– *Result for the period*	-	-	-	-	*(1 159)*	*(1 159)*	-	*(1 159)*
– *Other income*	-	-	-	-	-	-	-	-
Profit distribution	-	-	13 000	-	(13 000)	-	-	-
Equity as at 30.09.2018	**40 030**	**0**	**129 229**	**181**	**(124 143)**	**45 297**	**-**	**45 297**

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6. Additional information to the condensed consolidated interim financial statements

6.1. Segment reporting

Segment reporting is presented by operating segments. The Group operates mainly in south-eastern Poland (except for the property rent segment - the retail and service facilities rented to tenants are located in the following provinces: Lubelskie, Małopolskie, Łódzkie, Kujawsko-Pomorskie, Wielkopolskie, Lubuskie). The main reporting pattern is operating segments and results from the Group's management structure and internal reporting.

Prices used in settlements between segments are based on market prices.

Segment results, assets and liabilities include the items that are directly related, as well as those that are used jointly, which can be attributed to specific segments based on rational indications. Other revenue recognised in the segment cover items that are included in other operating revenue and gains on investments subordinated to the given segment. Other costs recognised in the segment cover administrative expenses and other operating costs that are assigned to the given segment.

Capital expenditure within a segment constitutes the entire cost incurred to purchase property, plant and equipment and intangible assets, excluding goodwill.

Operating segments

In the first three quarters of 2018, the Group reported the following operating segments:

• Property development,

• Renting of real estate,

• Production of energy from renewable sources.

Segment combination criteria

• Property development - the segment comprises companies executing property development projects. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is sales of residential units, service units, parking spaces and underground parking lots), assets (key asset items are land and expenditure on property development projects).

• Renting of real estate - this segment includes companies holding commercial properties for rent as well as a company operated pursuant to the Act of 26 October 1995 on certain forms of support for residential construction, whose activities include construction of residential homes and their management via renting, provision of management and administration services as well as activities relating to residential construction and accompanying infrastructure. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is revenue from rental of real estate), assets (key asset items are investment properties for rent).

• Production of energy from renewable sources - this segment includes companies involved in renewable energy. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is sales of electricity, heat and other products manufactured from renewable sources), assets (key asset items are buildings and installations used for manufacturing products from renewable sources, land and expenditure on construction of such installations).

Following a decision to initiate a dissolution process for Multiserwis S.A., the Group no longer reports the retail segment from the beginning of 2016. The Parent's Management Board notes that in connection with the removal on 5 October 2017 of Multiserwis S.A. w likwidacji from the register of companies maintained by the National Court Register no revenue from this activity will be generated in future reporting periods. In segment reporting, the revenue, results, assets and equity and liabilities of Multiserwis S.A. w likwidacji are presented as 'other.'

Segment reporting (continued)

in PLN 000s	**Property development**		**Renting of real estate**		**Production of energy from renewable sources**		**Other**		**Eliminations**		**Consolidated**	
Continuing operations	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**
External revenue	27 024	37 109	5 160	6 059	3 624	4 015	-	-	-	-	35 808	47 183
Inter-segment revenue	11 959	11 854	64	75	50	182	-	-	(12 073)	(12 110)	-	-
Total revenue	**38 983**	**48 962**	**5 224**	**6 134**	**3 673**	**4 197**	-	-	**(12 073)**	(12 110)	**35 808**	**47 183**
Segment result	2 423	5 940	2 926	3 938	44	518	-	-	-	-	**5 393**	**10 397**
Other revenue assigned to the segment	1 370	673	485	597	398	474	-	-	-	-	2 253	1 764
Other costs assigned to the segment	(3 192)	(3 732)	(391)	(454)	(303)	(407)	-	-	-	-	(3 885)	(4 612)
Operating profit for the segment	**601**	**2 881**	**3 021**	**4 081**	**139**	**586**	-	-	-	-	**3 761**	**7 549**
Finance costs	(3 203)	(3 750)	(1 507)	(1 156)	(94)	(137)	-	-	-	-	(4 804)	(5 042)
Income tax	(111)	(208)	(1)	(123)	(3)	(6)	-	-	-	-	(115)	(337)
Net profit (loss) on continuing operations for the segment	**(2 713)**	**(1 076)**	**1 513**	**2 802**	**41**	**443**	-	-	-	-	**(1 159)**	**2 169**
Result on discontinued operations	-	-	-	-	-	-	-	**(74)**	-	-	-	**(74)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (net)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**(2 713)**	**(1 076)**	**1 513**	**2 802**	**41**	**443**	-	**(74)**	-	-	**(1 159)**	**2 095**

Segment reporting (continued)

	Property development		Renting of real estate		Production of energy from renewable sources		Other		Eliminations		Consolidated	
	30.09.2018	**31.12.2017**	**30.09.2018**	**31.12.2017**	**30.09.2018**	**31.12.2017**	**30.09.2018**	**31.12.2017**	**30.09.2018**	**31.12.2017**	**30.09.2018**	**31.12.2017**
Segment assets	283 763	272 063	67 470	71 741	19 558	19 837	-	-	(178 730)	(175 676)	192 061	187 965
Unallocated assets	-	-	-	-	-	-	-	-	-	-	15 002	10 701
Total assets											**207 063**	**198 666**
Segment liabilities	221 408	200 035	22 599	22 673	21 276	20 458	-	-		(158 549)	106 734	81 434
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	55 032	70 776
Total liabilities											**161 766**	**152 210**

6.2. Revenue from sales

in PLN 000s	01.01.2018 30.09.2018	01.01.2017 30.09.2017
Revenue from sale of property development products*	26 572	36 841
Rent income	5 032	5 999
Revenue from sale of energy and renewables	3 587	3 984
Revenue from provision of other services	617	359
Revenue from continuing operations	**35 808**	**47 183**
Revenue from discontinued operations	-	-
Total revenue	**35 808**	**47 183**

* i.e. residential units, service units, storage units, garage spaces, parking lot spaces, technical facilities

6.3. Investment properties

The fair value of investment properties is classified as level 3 in the fair value hierarchy under a cyclical measurement. Presented below are the opening and closing balances of fair value:

in PLN 000s	Fair value
Net value at the beginning of 2018	**69 693**
Transfer to available-for-sale non-current assets*	(4 472)
Disposal	(567)
Transfer to inventory	(175)
Change in fair value	(202)
Net value at 30.09.2018	**64 277**
Net value at the beginning of 2017	**79 133**
Transfer to available-for-sale non-current assets**	(7 594)
Change in fair value	(1 846)
Net value at the end of 2017	**69 693**
Net value at the beginning of 2017	**79 133**
Transfer to available-for-sale non-current assets**	(7 594)
Change in fair value	(202)
Net value at 30.09.2017	**71 337**

* A preliminary conditional agreement to sell a property in Łódź, ul. Włókniarzy 236, was signed on 26 November 2018. This asset was measured as at the end of the reporting period in accordance with IFRS 5, i.e. at carrying amount or at fair value less costs to sell - whichever is lower.
** A preliminary conditional agreement to sell a property in Kraków, ul. Wadowicka 9 was signed on 2 October 2017. A final agreement to sell this property was signed on 31 August 2018. This asset was measured as at the end of the reporting period in accordance with IFRS 5, i.e. at carrying amount or at fair value less costs to sell - whichever is lower.

in PLN 000s	01.01.2018 30.09.2018	01.01.2017 30.09.2017
Recognised in comprehensive income		
Rent income on investment properties	4 929	5 834
Direct operating expenses (together with the cost of construction, repairs and maintenance) concerning investment properties that yielded rent income during the reporting period	965	679

Investment properties cover:
- Land located in Lublin, ul. Łukasza Rodakiewicza (land parcels 32/6, 33/6, 34/6, 35/6),
- Two apartments located in Lublin, ul. Przyjaźni and ul. Nowy Świat,
- Commercial properties located in Kalisz, ul. W. Polskiego 135 (plots 18/2, 20/3, 21/2, 38/6, 38/7, 38/9), and in Łódź, ul. Włókniarzy 236 (plot 13/2), Gorzów Wielkopolski, ul. Piłsudskiego 57 (plot 662/1), Inowrocław, ul. Górnicza 21 (plot 125/2), Milejów, ul. Partyzancka 11A (plot 515/40);
- Land properties with residential multi-family buildings (TBS buildings) located in Lublin, ul. Kaskadowa 7, ul. Nowy Świat 34A, ul. Pergolowa 2 and ul. Relaksowa 4, and located in Kraśnik, ul. Piaskowa 30 and ul. Rumiankowa 9,

– Land property with commercial buildings located in Zamość, ul. Fabryczna 1.

For the purposes of investment property valuation, the Group commissions independent appraisers with the relevant authorisations to prepare appraisal reports with market value.

In order to determine the fair value, the appraiser determines the optimal or most likely means of use for the property and selects the appropriate valuation method. The appraiser particularly takes into consideration the objective of the valuation, type and location of the property, target use in the local spatial development plan, level of technical infrastructure and available data about prices, income features and characteristics of similar properties.

In the valuation reports presented by appraisers, used by the Group for accounting purposes, the following methods of establishing the fair value of property are used:

- comparative approach by average price adjustment,
- pairwise comparison method,
- investment method - income approach.

The following key assumptions were used in the income approach:

Key assumptions	Values	Co-dependency between the key unobservable inputs and fair value
Yield of 10-year bonds	2.5%	Fair value increases as bond yield grows
Rent levels	PLN 5/sqm - PLN 32/sqm	Fair value increases as rent levels increase
Number of years for perpetual usufruct rights	99 years	Fair value decreases as number of years increases
Number of years of unused perpetual usufruct rights	69 years	Fair value increases as number of years increases
% rate of annual fee for perpetual usufruct rights	3%	Fair value decreases as fee levels increase
Capitalisation rate	7.52%-11%	Fair value decreases as capitalisation rate increases
Forecast period for future inflows	From 1 to 4 years	Fair value increases as future inflows increase

The following key assumptions were used in the comparative approach:

Key assumptions	Values	Co-dependency between the key unobservable inputs and fair value
Location	20%-40%	Fair value increases/decreases as adjustment coefficient increases/decreases
Finishing standard	30%	
Technical standard	20%	
Surroundings and neighbourhood	15%	
Communication access	10%-15%	
Target use of land	5%-20%	
Shape of land parcel	10%-20%	
Land area	10%-20%	
Media infrastructure	5%	
Rights to property	5%	

Valuation methodology based on prices and other significant information from market transactions involving comparable (e.g. similar) assets, adjusted by several coefficients in order to ensure the comparability of transactions.

In the year ended 30 September 2018, no changes took place as to valuation methodologies for assets classified as level 3 in the fair value hierarchy.

6.4. Inventory

in PLN 000s	30.09.2018	31.12.2017
Materials	405	657
Production in progress	84 955	57 841
Finished products	11 604	25 812
Goods	666	968
	97 630	**85 278**

Inventories by category, at 30.09.2018

in PLN 000s	Materials	Production in progress	Finished products	Goods
Osiedle Marina investment, Lublin	-	20 277	2 501	-
Misjonarska investment, Lublin	-	-	-	-
Miasteczko Wikana investment, Lublin	-	-	3 743	-
Niecała investment, Lublin	-	3 847	-	-
Sky House investment, Lublin	-	10 650	271	-
Tęczowe Osiedle investment, Rzeszów	-	-	-	62
Zielone Tarasy investment, Rzeszów	-	26 163	812	-
Podpromie investment, Rzeszów	-	6 385	-	239
Osiedle Panorama investment, Rzeszów	-	-	-	-
Klonowy Park investment, Janów Lubelski	-	1 186	970	-
Parkowa Dzielnica investment, Przemyśl	-	6 676	-	-
Świerkowa Aleja investment, Zamość	-	-	195	-
Al. Kraśnickie investment, Lublin Kraśnicka	-	6 128	-	-
Orzechowa investment, Lublin	-	1 224	-	-
Nova Targowa investment, Tarnobrzeg	-	2 396	2 023	-
Renewables	405	-	1 049	-
Other	-	23	40	365
	405	**84 955**	**11 604**	**666**

Impairment of inventory as at 30 September 2018 was PLN 506 thousand (2017: PLN 523 thousand). The Group did not reverse any impairment losses on account of growth in the value of inventory. The change in value of inventory between the years results only from sales by the Group of inventory covered by impairment.

6.5. Trade and other receivables

in PLN 000s	30.09.2018	31.12.2017
Trade receivables	3 351	2 461
Other receivables	1 112	1 217
Tax receivables	2 818	3 728
Prepayments	362	251
	7 643	**7 657**

During the reporting period, the Group's companies recognised PLN 1 323 000 in impairment losses. Impairment of trade and other receivables as at 30 September 2018 was as follows: PLN 3 582 thousand (31 December 2017: PLN 3 151 thousand), including PLN 986 thousand concerning trade receivables (31 December 2017: PLN 986 thousand).

6.6. Shares and shareholders

Shareholding structure at date on which report was prepared/published

Shareholder	Number of shares	Number of votes at GM	Nominal value per share	Stake in share capital	Stake in GM votes
VALUE FIZ z wydzielonym Subfunduszem 1*	13 209 766	13 209 766	26 419 532	66.00%	66.00%
Palametra Holdings Limited**	1 612 000	1 612 000	3 224 000	8.05%	8.05%
Other entities	5 193 031	5 193 031	10 386 062	25.95%	25.95%
TOTAL:	**20 014 797**	**20 014 797**	**40 029 594**	**100.00%**	**100.00%**

(*) as per shareholder information dated 29 December 2016

(**) as per shareholder information dated 25 April 2016

Changes in WIKANA S.A.'s shareholding structure during and after the reporting period

In the period from the publication of the preceding quarterly report, i.e. 25 May 2018, to the date on which this report was published, the Company's major shareholdings structure did not change.

Dividends paid

During the period 1 January - 30 September 2018 and until this report was published, none of the Group's companies, including the Parent, paid a dividend.

During the period 1 January - 31 December 2017 and until this report was published, Group companies paid out a dividend of PLN 61 thousand, including PLN 58 thousand to related parties.

6.7. Earnings per share

Earnings per share for the period ended 30 September 2018

Basic earnings per share as at 30 September 2018 and 30 September 2017 were based on the net profit for the period attributable to the Company's common shareholders in the following amounts:

	01.01.2018 30.09.2018	**01.01.2017 30.09.2017**
Profit / (loss) per share	(1 159)	2 095

and the weighted average number of shares as at the date on which the consolidated financial statements were prepared, as below:

Weighted average number of ordinary shares

	30.09.2018	**30.09.2017**
Number of ordinary shares as at the beginning of period	20 014 797	20 014 797
Number of shares at the end of period (fully paid-in)	**20 014 797**	**20 014 797**

	30.09.2018	**30.09.2017**
Weighted average number of ordinary shares during the period	20 014 797	20 014 797
Weighted average (diluted) number of ordinary shares at the end of period	**20 014 797**	**20 014 797**

Basic profit (loss) per share	**(0.06)**	**0.11**
Diluted profit (loss) per share	**(0.06)**	**0.11**

6.8. Credit and loan liabilities

Breaches of deadlines for principal and interest payments as well as other credit agreement terms did not occur during the period covered by this report.

Borrowings by type	**30.09.2018**	**31.12.2017**
in PLN 000s		
Credit facilities	**21 465**	**28 466**
Loans	**17 598**	**17 320**
including:		
Long-term part	20 200	24 114
Short-term part	18 863	21 672
Borrowings with repayment period from the balance sheet date	**30.09.2018**	**31.12.2017**
in PLN 000s		
up to 12 months	18 863	21 672
from 1 to 3 years	7 339	9 174
from 3 to 5 years	2 751	3 989
over 5 years	10 110	10 951
Total borrowings	**39 063**	**45 786**

Borrowings (currency structure)	**30.09.2018**	**31.12.2017**
in PLN 000s		
in PLN	35 891	42 294
in foreign currencies	3 172	3 492
Total borrowings	**39 063**	**45 786**

List of credit facilities, including credit limits

Lender	Agreement number, agreement date	Issued amount (in PLN 000s)	Amount of liability in PLN 000s	Repayment date	Interest	Collateral
Deutsche Bank PBC S.A.	KNK/1207991 26.04.2012	4 515	2 591	30.04.2027	Variable	EUR 31 thousand cash deposit; mortgage up to EUR 1 575 thousand on a property; assignment of rights to insurance policy; court-ordered registered pledge on the general partner's shares; power of attorney to other bank accounts; in-blanco promissory note; declaration on submission to enforcement proceedings, surety by Wikana SA; assignment of rights to a bank guarantee
Deutsche Bank PBC S.A.	KNK/1300999 17.01.2013	1 868	581	01.02.2021	Variable	mortgage up to EUR 675 thousand on a property owned by the borrower; assignment of rights to a property insurance policy, an amount no lower than PLN 5 060 thousand; court-ordered registered pledge on shares in Wikana Nieruchomości Sp. z o.o.; in-blanco promissory note guaranteed by Wikana S.A.; declaration on submission to enforcement proceedings; irrevocable power of attorney to current account and other accounts maintained by the bank; indefinite surety by Wikana S.A. pursuant to civil law up to EUR 675 thousand; assignment of rights to a bank guarantee issued as collateral for repayment of lease contracts, a cash deposit of at least EUR 21 thousand
BGK	12001745/233/2000 15.12.2000	1 719	1 528	20.08.2045	Variable	deposit mortgage up to PLN 2 579 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 56 thousand per year that are sent to any of the bank accounts, insurance agreement for up to PLN 150 thousand
BGK	12001745/83 /2002 24.07.2002	2 900	1 897	25.01.2037	Variable	deposit mortgage up to PLN 4 380 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 124 thousand per year that are sent to any of the bank accounts,
BGK	12001745/152/2002 27.09.2002	4 000	3 403	25.12.2038	Variable	deposit mortgage up to PLN 6 000 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 171 thousand per year that are sent to any of the bank accounts,
BGK	12001745/64 /2003 27.05.2003	7 300	3 889	25.08.2030	Variable	deposit mortgage up to PLN 10 950 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 335 thousand per year that are sent to any of the bank accounts,
BGK	12001745/1058/2006 05.09.2006	2 454	1 350	25.04.2030	Variable	deposit mortgage up to PLN 3 681 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 120 thousand per year that are sent to any of the bank accounts,

BGK	12001745/10 59/2006 05.09.2006	4 164	2 331	25.07.2030	Variable	deposit mortgage up to PLN 6 246 thousand on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 196 thousand per year that are sent to any of the bank accounts,
BOŚ S.A.	S/94/07/2012 /1144/K/IN W/EKO/EK O 13.09.2012	7 420	448	16.08.2019	Variable	mortgage up to PLN 11 130 thousand on a property owned by a natural person; consent was given for a fee, a mortgage of up to PLN 11 130 thousand was established on a property owned by the borrower; assignment of rights to the insurance policy for the property that the mortgage was established on; power of attorney to the borrower's current account maintained by the lender; in-blanco promissory note guaranteed by Wikana S.A.
mBank Hipoteczny S.A.	NR 17/0051 24.08.2017	31 495	3 427	28.08.2021	Variable	Contractual mortgage, unconditional bank transfer, pledges registered in accordance with the agreement, financial pledge, assignment of rights to the Bank from agreements with general contractor and other construction counterparties, project support agreement, subordination agreement, sureties, unconditional bank transfer.
mBank Hipoteczny S.A.	NR 17/0055 05.10.2017	18 710	20	28.09.2021	Variable	Contractual mortgage, unconditional bank transfer, pledges registered in accordance with the agreement, financial pledge, assignment of rights to the Bank from agreements with general contractor and other construction counterparties, project support agreement, declaration on submission for enforcement by the Company, General Partner and WIKANA S.A., power of attorney for the Bank to bank accounts, subordination agreement, sureties, unconditional bank transfer.
Total		**86 545**	**21 465**			

List of loans

Lender	Agreement date	Issued amount in PLN 000s	Amount of liability in PLN 000s	Repayment date	Interest	Collateral
Agnieszka Buchajska	05.07.2013	300	428	31.12.2018	Variable	Own promissory note issued by borrower
	22.05.2013	70	93	31.12.2018	Variable	Own promissory note issued by borrower
	31.12.2015	95	113	31.12.2018	Variable	
Palametra Holdings Limited (formerly: Renale Management Limited)	13.09.2013	3 530	3 783	31.12.2018	Variable	Own promissory note issued by borrower
	04.03.2014	150	195	31.12.2018	Variable	Own promissory note issued by borrower
Palametra Holdings Limited (formerly: Ipnihome Limited)	30.10.2012	1 300	1 348	31.12.2018	Variable	In-blanco own promissory note issued by borrower
	04.03.2014	100	130	31.12.2018	Variable	In-blanco own promissory note issued by

						borrower
	31.12.2015	110	130	31.12.2018	Variable	
National Fund for Environmental Protection and Water Management	231/2011/Wn 03/OA-MO-KU/P 14.06.2011 as amended	4 062	1 520	20.12.2020	Variable	Promissory note, mortgage on properties, assignment of rights, court-ordered pledge
Sanwil Holding S.A.	21.11.2013	700	837	31.01.2019	Variable	Own promissory note issued by the borrower
	03.07.2013	357	433	31.12.2018	Variable	Own promissory note issued by the borrower
Sanwil Holding S.A.	30.12.2013	1 000	1 189	31.01.2019	Variable	Own promissory note issued by borrower
Sanwil Holding S.A.	03.07.2012	2 000	2 661	31.12.2018	Variable	Own promissory note issued by borrower
VALUE FIZ	31.08.2017	4 300	4 738	31.12.2018	Fixed	Own promissory note issued by borrower
Total		**18 074**	**17 598**			

6.9. Bond liabilities

in PLN 000s	**01.01.2018 30.09.2018**	**01.01.2017 31.12.2017**
Bond liabilities at the beginning of period	**33 739**	**39 256**
Issuance costs at the beginning of period	-	-
Proceeds from bond issues	-	*6 516*
Issuance costs in the period	-	-
Net proceeds from bond issues	-	6 516
Cost of bond issues settled over time	-	24
Accrued interest in the period	2 542	3 226
Repayment of interest accrued in previous periods	(255)	(925)
Repayment of interest accrued in current period	(2 367)	(2 746)
Bond buyback	(5 000)	(11 612)
Total	**28 659**	**33 739**
Short-term part	28 659	33 739
Long-term part	-	-
Bond liabilities at the end of period	28 659	**33 739**

Debt instruments by type

	Nominal amount	Terms of interest	Guarantees / collateral	Maturity date
Series B ordinary bonds issued by WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A.	22 000	Fixed interest	Declaration on submission to enforcement proceedings, surety issued by select WIKANA Group companies, including WIKANA S.A., assignment of parts of shares in select WIKANA Group companies owned by WIKANA S.A.	31.12.2018
Series A ordinary bonds issued by WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.	6 516	Fixed interest	Declaration on submission to enforcement proceedings, surety provided by the Company	31.12.2018

Bond liabilities by maturity

in PLN 000s	**30.09.2018**	**31.12.2017**
up to 12 months	28 659	33 739
from 1 to 3 years		-
from 3 to 5 years		-
over 5 years		-
Bond liabilities	**28 659**	**33 739**

6.10. Trade and other payables and other liabilities

in PLN 000s	**30.09.2018**	**31.12.2017**
Other non-current liabilities	**15 959**	**16 020**
Retained deposits - long-term part	2 663	2 457
Accounting of credit write-off and participation - long-term part	8 515	8 735
Long-term participation contributions provided	4 691	4 738
Other non-current liabilities	90	90
Trade and other payables and other current liabilities	**18 055**	**13 845**
Trade payables	10 652	6 892
Retained deposits - short-term part	1 688	1 034
Liabilities towards public authorities	712	662
Other liabilities	4 880	5 027
Accounting of credit write-off and participation - short-term part	100	100
Liabilities due to purchase of PP&E	23	130
Total	**34 014**	**29 865**

6.11. Contingent liabilities

Group companies have mutual contingent liabilities concerning credit, loans and bonds. Information regarding contingent liabilities is presented in notes 6.8 and 6.9.

Compared to the financial statements for 2017, conditional liabilities related to credit facilities at Raiffeisen Bank Polska (Miasteczko Wikana stage B13), mBank Hipoteczny (Sky House stage B4) and Nadsański Bank Spółdzielczy (Nova Targowa building A) expired due to repayment.

On-going proceedings in courts, arbitration bodies or public administration authorities

According to the Company's best knowledge, on the date on which this report was prepared, the Company and its subsidiaries were parties to on-going proceedings in court, arbitration body or public administration authority in aggregate worth PLN 6 316 thousand, of which:

- PLN 4 680 thousand constituted the total value of proceedings concerning receivables due to the Company and its subsidiaries. The highest-value proceeding was instigated by the Company on 17 March 2014 against ABM Greiffenberger Polska Sp. z o.o., based in Lublin. On 25 October 2017, the Company modified the suit's legal basis, demanding a refund from the sued company of PLN 4 398 thousand. The claim is viewed as justified.
- PLN 1 636 thousand constituted the total value of proceedings concerning the Company's and its subsidiaries' liabilities. The highest-value item in this group is a lawsuit received on 25 January 2017 by the Company for the payment of PLN 468 thousand towards a commercial company which the Company is not disclosing in order not to deteriorate the Company's lawsuit situation. The claim is viewed as unjustified.

According to the management board, the risk of an unfavourable outcome of the above disputes is lower than 50%, and therefore no provisions were recognised.

6.12. Provisions

in PLN 000s	**Legal**	**Liabilities**	**Employee**	**Total**
Value as at 01.01.2018	2 029	2 998	87	5 114
Increases / recognition	-	500	-	500
Decreases / use	(1 996)	(2 599)	-	(4 595)
Value at 30.09.2018	**33**	**899**	**87**	**1 019**
Long-term part	-	-	9	9
Short-term part	33	899	78	1 010
Value as at 31.12.2017				
Long-term part	-	-	9	9
Short-term part	2 029	2 998	78	5 105

6.13. Deferred revenue

Deferred revenue comprises mainly advances from customers for apartment purchases and interest charged on overdue payments. Advances received from customers are presented by project, as below. This item also includes grants amounting to PLN 2 505 thousand.

in PLN 000s	30.09.2018	31.12.2017
Sky House investment	13 946	1 885
Zielone Tarasy investment	15 006	3 727
Osiedle Marina investment	12 540	5 634
Świerkowa Aleja investment	158	149
Miasteczko Wikana investment	647	472
Nova Targowa investment	28	3 546
Misjonarska 12 investment	-	56
Klonowy Park investment	-	74
Grants	2 505	2 774
including long-term	*2 147*	*2 416*
including short-term	*358*	*358*
Other	16	-
Advances on sale of commercial property	100	400
	44 946	**18 717**

6.14. Remuneration for Management Board and Supervisory Board members

Aside from base salaries and social security contributions to ZUS (pension benefit contributions) and tax office, the Group pays out remuneration to the management pursuant to agreements for provision of services and remuneration for serving on the Management Board.

in PLN 000s	**01.01.2018 30.09.2018**	**01.01.2017 30.09.2017**
Management Board remuneration	**395**	**325**

in PLN 000s	**01.01.2018 30.09.2018**	**01.01.2017 30.09.2017**
Supervisory Board remuneration	**110**	**113**

6.15. Related-party transactions

Other related-party transactions

Other related-party transactions as defined in IAS 24

in PLN 000s	**Transaction value during the period:**		**Outstanding balance as at**	
	01.01.2018 30.09.2018	**01.01.2017 30.09.2017**	**30.09.2018**	**31.12.2017**
Agnieszka Buchajska	7	8	-	2
Agnieszka Maliszewska's related party	2	2	1	-
Paweł Chołota's related party	41	-	-	-
Sale of products and services	**50**	**10**	**1**	**2**

in PLN 000s	Transaction value during the period: 01.01.2018 30.09.2018	01.01.2017 30.09.2017	Outstanding balance as at 30.09.2018	31.12.2017
Agnieszka Buchajska	338	332	75	73
Adam Buchajski	-	1 200	-	-
Robert Pydzik's related party	-	354	-	-
Agnieszka Maliszewska	53	125	5	15
Paweł Chołota's related party	46	-	3	-
Purchase of products and services	**437**	**2011**	**83**	**88**

in PLN 000s	Outstanding balance as at 31.12.2017	Transaction value during the period: Issue	Repayment of principal	Accrual of interest	Repayment of interest	Outstanding balance as at 30.09.2018
Agnieszka Buchajska	*666*	-	-	*28*	*(60)*	*634*
Adam Buchajski	*43*	-	-	-	*(43)*	-
Sanwil Holding S.A.	*4 890*	-	-	*230*	-	*5 120*
Palametra Holdings Limited	*5 210*	-	-	*246*	-	*5 456*
Ipnihome Limited	*125*	-	-	*5*	-	*130*
VALUE FIZ	*4 416*	-	-	*322*	-	*4 738*
Loans received (principal and interest)	**15 350**	**-**	**-**	**831**	**(103)**	**16 078**

in PLN 000s	Transaction value during the period: 01.01.2018 30.09.2018	01.01.2017 30.09.2017	Outstanding balance as at 30.09.2018	31.12.2017
Ipnihome Limited	-	-	-	*270*
Adam Buchajski	-	-	-	*1 770*
Zambud	-	*8*	*1 770*	-
VALUE FIZ	*135*	*(5 658)*	*2 814*	*2 679*
Other liabilities	**135**	**(5 650)**	**4 584**	**4 719**

6.16. Impairment of property, plant and equipment and intangible assets

The value of impairment of property, plant and equipment and intangible assets did not change from 31 December 2017.

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

7. Condensed separate interim financial statements

Condensed separate interim statement of comprehensive income

for the period 01.01.2018-30.09.2018 *in PLN 000s*	Note	01.01.2018 30.09.2018 (unaudited data)	01.07.2018 30.09.2018 (unaudited data)	01.01.2017 30.09.2017 (unaudited data)	01.07.2017 30.09.2017 (unaudited data)
Continuing operations					
Revenue from sales	*6.2*	9 124	463	6 435	3 741
Cost of sales		(8 434)	(337)	(5 255)	(3 428)
Gross profit (loss) on sales		**690**	**126**	**1 180**	**313**
Selling costs		(17)	(9)	(98)	(20)
Administrative expenses		(822)	(294)	(815)	(215)
Other operating revenue		16	8	139	14
Other operating expenses		(113)	(31)	(64)	(17)
Gain (loss) on investments		5 980	5 683	439	81
Operating profit (loss)		**5 734**	**5 483**	**781**	**154**
Finance costs		(730)	(251)	(1 739)	(167)
Profit (loss) before tax		**5 004**	**5 232**	**(958)**	**(13)**
Income tax		-	-	-	-
Net profit (loss) on continuing operations for the year		**5 004**	**5 232**	**(958)**	**(13)**
Discontinued operations		-	-	-	-
Net profit (loss) on discontinued operations		-	-	-	-
Net profit (loss)		**5 004**	**5 232**	**(958)**	**(13)**
Other comprehensive income (net)		-	-	-	-
Revaluation of available-for-sale assets		-	-	-	-
Total comprehensive income		**5 004**	**5 232**	**(958)**	**(13)**
Net profit (loss) per share					
Basic profit (loss) per share		0.25	0.26	(0.05)	-
Diluted profit (loss) (PLN)		0.25	0.26	(0.05)	-
Net profit / (loss) on continuing operations per share					
Basic profit (loss) per share		0.25	0.26	(0.05)	-
Diluted profit (loss) (PLN)		0.25	0.26	(0.05)	-

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

Condensed separate interim balance sheet

At 30.09.2018			
in PLN 000s	**Note**	**30.09.2018** (unaudited data)	**31.12.2017**
Assets			
Non-current assets			
Property, plant and equipment		21	35
Intangible assets		5	10
Investment properties		4 850	4 853
Loans issued		7 729	9 578
Other non-current investments		16 523	10 985
Other non-current assets		1 505	1 860
Total non-current assets		**30 633**	**27 321**
Current assets			
Inventory	*8.1*	12 320	18 393
Trade and other receivables		16 468	10 267
Cash and cash equivalents		9	33
Total current assets		**28 797**	**28 694**
Total assets		**59 430**	**56 015**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

Condensed separate interim balance sheet

At 30.09.2018			
in PLN 000s	**Note**	**30.09.2018** (unaudited data)	**31.12.2017**
Equity and liabilities			
Equity			
Share capital		40 030	40 030
Revaluation reserve		504	504
Supplementary capital		67 067	67 067
Retained earnings (losses)		(70 364)	(75 368)
Total equity		**37 237**	**32 233**
Liabilities			
Credit and loan liabilities		5 227	5 311
Provisions	*8.2*	9	9
including employee benefit provisions	*8.2*	*9*	*9*
Other non-current liabilities		2 091	2 120
Total non-current liabilities		**7 327**	**7 440**
Credit and loan liabilities		11 892	11 351
Trade and other payables		1 928	2 044
Provisions	*8.2*	996	2 917
including employee benefit provisions	*8.2*	*77*	*77*
Deferred revenue		50	30
Total current liabilities		**14 866**	**16 342**
Total liabilities		**22 193**	**23 782**
Total equity and liabilities		**59 430**	**56 015**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

Condensed separate interim statement of cash flows

for the period 01.01.2018-30.09.2018 *in PLN 000s*	**01.01.2018 30.09.2018** (unaudited data)	**01.01.2017 30.09.2017** (unaudited data)
Cash flows from operating activities		
Net loss for the period	**5 004**	**(958)**
Adjustments		
Depreciation	19	32
Interest income and shares of profit (dividends)	(386)	(372)
Change in fair value of investment properties	3	3
Finance costs	719	1 723
Gain on purchase of shares in connection with merger of subsidiaries	(5 538)	-
Change in inventories	6 073	1 223
Change in trade and other receivables	(7 038)	(31 140)
Change in provisions and related assets	(1 921)	34
Change in current and other liabilities, except for borrowings and leasing	887	23 646
Change in deferred revenue	20	30
Net cash from operating activities	**(2 158)**	**(5 779)**
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	-	(4)
Interest received	157	2 897
Purchase of financial assets	-	(25)
Loans issued	(900)	(15 391)
Repayment of issued loans	2 760	1 085
Net cash from investing activities	**2 017**	**(11 438)**
Cash flows from financing activities		
Bond buyback	-	(7 612)
Borrowings incurred	661	28 613
Outflows on repayment of borrowings	(440)	(2 697)
Interest paid	(104)	(1 119)
Net cash from financing activities	**117**	**17 185**
Total net cash flows	**(24)**	**(32)**
Cash and cash equivalents as at the beginning of period	33	42
Cash and cash equivalents as at the end of period	**9**	**10**
Restricted cash and cash equivalents at the end of period	**-**	**-**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

Condensed separate interim statement of changes in equity

for the period 01.01.2018-30.09.2018

in PLN 000s *(unaudited data)*	Share capital	Own shares	Supplementary capital	Revaluation reserve	Retained earnings (losses)	Total equity
Equity as at 01.01.2017	**40 030**	**-**	**67 067**	**504**	**(72 452)**	**35 149**
Comprehensive income	-	-	-	146	(2 786)	**(2 640)**
– *Result for the period*	-	-	-	-	*(2 786)*	***(2 786)***
– *Other income*	-	-	-	*146*	-	***146***
Profit distribution	-	-	-	-	-	-
Equity as at 30.09.2017	**40 030**	**-**	**67 067**	**504**	**(72 190)**	**35 411**
Equity as at 01.01.2018	**40 030**	**-**	**67 067**	**504**	**(75 368)**	**32 233**
Comprehensive income	-	-	-	-	5 004	5 004
– *Result for the period*	-	-	-	-	*5 004*	*5 004*
– *Other income*	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Equity as at 30.09.2018	**40 030**	**-**	**67 067**	**504**	**(70 364)**	**37 237**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

8. Additional information to the condensed separate interim financial statements

8.1. Inventory

in PLN 000s	**30.09.2018**	**31.12.2017**
Production in progress	11 898	18 272
Finished products	121	121
Goods	301	-
	12 320	**18 393**

Inventories by category, at 30.09.2018

in PLN 000s	**Goods**	**Production in progress**	**Finished products**
Osiedle Marina investment, Lublin	-	422	(51)
Zielone Tarasy investment, Rzeszów	-	210	-
Niecała investment, Lublin	-	3 870	-
Al. Kraśnickie investment, Lublin Kraśnicka	-	6 165	-
Sky House investment, Lublin	-	-	172
Podpromie investment, Rzeszow	239	-	-
Tęczowe Osiedle investment, Rzeszów	62	-	-
Orzechowa investment	-	1 231	-
	301	**11 898**	**121**

Impairment of inventories as of 30 September 2018 was PLN 106 thousand (as at 31 December 2017: PLN 106 thousand). The Company did not recognise impairment losses during the period covered by the statements.

8.2. Provisions

in PLN 000s	**Legal**	**Liabilities**	**Employee**	**Total**
Value as at 01.01.2018	**1 954**	**886**	**86**	**2 926**
Increases / recognition	-	-	-	-
Decreases / use	(1 921)	-	-	(1 921)
Value at 30.09.2018	**33**	**886**	**86**	**1 005**
Long-term part	-	-	9	9
Short-term part	33	886	77	996
Value as at 31.12.2017				
Long-term part	-	-	9	9
Short-term part	1 954	886	77	2 917

8.3. Related-party transactions

Other related-party transactions as defined in IAS 24

in PLN 000s	**Transaction value during the period**		**Outstanding balance as at**	
Sale of products and services	**01.01.2018 30.09.2018**	**01.01.2017 30.09.2017**	**30.09.2018**	**31.12.2017**
Sale of products and services	**11 261**	**7 861**	**13 347**	**7 097**

in PLN 000s	Transaction value during the period		Outstanding balance as at	
Purchase of products and services	**01.01.2018 30.09.2018**	**01.01.2017 30.09.2017**	**30.09.2018**	**31.12.2017**
Purchase of products and services	**444**	**1 703**	**920**	**1 029**

	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
Loans issued (principal and interest)	**31.12.2017**	**Issue**	**Repayment of principal**	**Accrual of interest**	**Repayment of interest**	**30.09.2018**
Loans issued (principal and interest)	**9 579**	**900**	**(2 977)**	**386**	**(159)**	**7 729**

in PLN 000s	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
Loans received (principal and interest)	**31.12.2017**	**Incurred**	**Repayment of principal**	**Accrual of interest**	**Repaymen t of interest**	**30.09.2018**
Loans received (principal and interest)	**16 662**	**660**	**(819)**	**719**	**(104)**	**17 118**

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2018

9. Description of the Issuer's group

The Group comprises the parent entity and its subsidiaries. Detailed information about the Group is presented in point 3 of the consolidated quarterly report for the period 01.01.2018-30.09.2018.

10. Changes in Group structure and their impact on the Group's operations

The Company's Management Board notes that the only changes in the Group's structure taking place in the first three quarters of 2018 and until the date on which these financial statements were prepared are changes that are described in point 2.4 of the Management Report on Operations for 01.01.2018-30.06.2018, concerning: a return transfer of shares in WIKANA MANAGEMENT Sp. z o.o. from a subsidiary (WIKANA PROPERTY Sp. z o.o. 04 OSIEDLE S.K.A.) to the Parent, change in the group of the general partner in one of the subsidiaries (the existing rights and obligations of the Company as general partner in WIKANA PRIM Sp. z o.o. BETA Sp.k. were acquired by subsidiary WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A.) and implementation of subsequent phases of a merger between the Group's companies (on 5 September 2018 the relevant register court registered a merger through acquisition, i.e. pursuant to art. 492 § 1 point 1 of the Commercial Companies Code, of WIKANA PROJECT Sp. z o.o., as the acquiring company, with: WIKANA PROPERTY Sp. z o.o. ROSA Sp.k., WIKANA MERITUM Sp. z o.o. MAGNOLIA Sp.k., WIKANA MERITUM Sp. z o.o. ALFA Sp.k. and WIKANA FORTEM Sp. z o.o. ACER Sp.k., as the acquired companies, whereas on 7 September 2018 a merger through acquisition between WIKANA PROPERTY Sp. z o.o., as the acquiring company, and WIKANA FORTEM Sp. z o.o. and WIKANA MANAGEMENT Sp. z o.o., as the acquired companies).

The Company's Management Board notes that the above changes were of a purely organisational nature, connected with the Group's restructuring, initiated in 2014 and carried out in successive quarters, aimed at streamlining and improving the Group's effectiveness in accordance with best practices for property developers.

The Company's Management Board notes that both in the reporting period and until the date of these financial statements no changes in the Group's structure took place, including as a result of a merger, acquisition or sale of Group entities or the loss of control over subsidiaries. Moreover, in the period being discussed, no control was lost or gained over long-term investments, no de-mergers, restructurings or discontinuations took place.

The Company's Management Board also points out that in the reporting period a decision was made to further simplify WIKANA Group's structure and streamline its operations by reducing the number of its entities. For this purpose, additional subsidiaries were selected for a merger pursuant to art. 492 § 1 point 1) of the Polish Commercial Companies Code, i.e. through the transfer of the assets of the acquired companies to the acquiring company.

11. Significant events during the reporting period and until this report was published

Aside from the agreements of significance to the Group's operating activities referred to in point 14 of this report, the following events taking place in Q1-Q3 2018 are deemed by the Company's Management Board as significant:

- on 23 January 2018 WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A. agreed with bondholders a change in the terms of its series A bonds as regards: change in the buy-back deadline from 23 January 2018 to 31 December 2018, change in interest from variable to fixed and an appropriate extension of collateral for the bonds (details: current report 2/2018);
- on 23 January 2018 Joanna Grzelczak resigned as member of the Company's Supervisory Board, effective 31 January 2018; (current report 3/2018);
- adoption by the Company's Supervisory Board of a resolution on the appointment of Paweł Rybojad as member of the Supervisory Board from 1 February 2018 (current report 5/2018);
- on 5 March 20178 WIKANA PROPERTY Sp. z o.o. GAMMA Sp.k. (currently, following a change of general partner, WIKANA PRIM Sp. z o.o. GAMMA Sp.k.) and WIKANA MERITUM Sp. z o.o. MAGNOLIA Sp.k., acting as substitute investor, submitted a declaration to INVEST PARTNER Arkadiusz Matuła Sp.k. ("Contractor") on withdrawal from a construction services agreement concerning development (in two phases) of three residential multifamily buildings (A, B, C), together with underground parking lots, installations and land management, under the fourth stage (B4) of the "Sky House" investment in Lublin, in the incomplete part of the investment, together with a demand for the Contractor to pay a contractual penalty of approx. PLN 0.94 million in connection with delays in performance of the contract at the Contractor's fault (current report 7/2018);
- on 6 March 2018 the Appeals Court in Lublin issued a ruling on the matter brought by the Company's counterparty, ordering the Company to pay to the counterparty the amount of PLN 0.87 million plus interest (PLN 0.76 million) and reimbursement of court fees (total of PLN 0.09 million) (current report 8/2018);
- on 30 March 2018, WIKANA PROPERTY Sp. z o.o. ROSA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ROSA S.K.A.) agreed with its sole bondholder a change in the terms of its series A bonds as regards: change in the buy-back deadline from 31 March 2018 to 31 December 2018 and an appropriate extension of collateral for the bonds (details: current report 9/2018);
- on 13 April 2018, WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY Sp.k. (in connection with a change of general partner, currently as: WIKANA PRIM Sp. z o.o. ZIELONE TARASY Sp.k.) and WIKANA MANAGEMENT Sp. z o.o., acting as substitute investor, submitted a declaration to HEN-BUD Sp. z o.o., based in Lublin, ("Contractor") concerning withdrawal from agreements related to performance of construction work consisting of the development of three residential multi-family buildings (B1, B7 and B8) with services and a multi-space underground parking lot, together with internal installations and associated infrastructure as well as three residential multi-family buildings (B2, B3 and B6) with a multi-space underground parking lot, together with internal installations and associated infrastructure, as the first and second phase of the Osiedle Marina B investment in Lublin, as regards incomplete parts of the investment, effective on the declaration's date, together with a demand for the

Contractor to pay a contractual penalty of approx. PLN 1.06 million in connection with delays in performance of the above contracts at the Contractor's fault (current report 11/2018).

- on 21 June 2018, the Company's General Meeting adopted a resolution pursuant to which the Company's Supervisory Board for the term covering years 2018-2023 will consists of five people, along with resolutions appointing the following persons for this term: Marcin Marczuk, Krzysztof Misiak, Adam Buchajski, Anna Kułach, Patrycja Wojtczyk (current report 18/2018);
- on 21 June 2018, the Company's General Meeting adopted a resolution pursuant to which the Company's Management Board for the term covering years 2018-2021 will consists of three people, along with resolutions appointing the following persons for this term: Agnieszka Maliszewska as Vice-President of the Management Board and Paweł Chołota and Piotr Rybojad as Members of the Management Board (current report 20/2018);
- completion on 31 August 2018 of the Issuer's strategic options review due to the expiry of an agreement with its financial adviser (current report 26/2018);
- execution on 5 September 2018 of an early buy-back of all series A bonds by WIKANA PROPERTY Sp. z o.o. ROSA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ROSA S.K.A.) through payment to the sole bondholder of an amount constituting the sum of par values of the bonds, i.e. PLN 5 million, plus interest due (current report 27/2018);
- Piotr Rybojad's resignation on 13 September 2018 as member of the Company's Management Board effective from the end of 13 September 2018 (current report 29/2018);
- agreement on 26 November 2018 with Zakład Budowlano-Montażowy "GRIMBUD" Sp. z o.o. ("Contractor") on a model guarantee for due performance of a construction services agreement encompassing performance of investment activities in the form of residential multi-family buildings "A" and "B" with underground parking lots, together with connections, as two separate stages of the WIKANA SQUARE investment being developed in Rzeszów, ul. Lenartowicza and a model guarantee for defects, which constitute alternative collateral to the collateral specified in the aforementioned agreements securing the Company's claims, in connection with which the basis on which the Contractor had the right to withdraw from the aforementioned agreements (current report 35/2018).

12. Management's views on previously published guidance for Q3 2018

The Company does not release guidance.

13. Shareholding by Management Board and Supervisory Board members

The following table presents shareholdings by Management Board and Supervisory Board members at the date on which this report was published:

Table: **The following table presents shares of WIKANA S.A. held by members of the Management Board and Supervisory Board.**

	NUMBER OF SHARES/VOTES	NOMINAL VALUE	SHARE IN CAPITAL/VOTES (%)
MANAGEMENT BOARD	**0**	**0**	**0**
SUPERVISORY BOARD, including:	**524 815**	**1 049 630**	**2.62**
BUCHAJSKI ADAM	524 815	1 049 630	2.62
TOTAL:	**524 815**	**1 049 630**	**2.62**

Members of the Management Board and Supervisory Board hold no special rights to the Issuer's shares.

During the period from when the last quarterly report was published, i.e. 25 May 2018, no changes in shares and rights to shares held by Management Board and Supervisory Board members took place.

14. Information on WIKANA Group's significant agreements

In Q1-Q3 2018, Group companies were parties to the following commercial agreements, other than agreements transferring ownership of residential units:

- on 23 February 2018, WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. - as entity using a developed property in Kraków, ul. Wadowicka 9 in the Podgórze district ("Property"), currently owned by PKO Leasing Spółka Akcyjna ("PKO Leasing") - executed an annex to a preliminary conditional agreement with an entity with no capital or personal ties to WIKANA Group concerning the sale of the Property, pursuant to which, in connection with the cancellation of mortgages established on the Property, the parties to the annex established a new deadline for executing the final agreement, from the initial date of 30 June 2018 to 31 August 2018, on the condition that the Property will be acquired by the Company from PKO Leasing, and the value of the Property sale agreement also slightly changed (details: current report 6/2018); the aforementioned condition was met and KOMERC purchased the Property from PKO Leasing on 31 August 2018 for PLN 4 454 thousand net (current report 24/2018), and on the same date executed an agreement with an entity with no capital or personal ties to WIKANA Group to sell the Property for PLN 8 220 thousand net (current report 25/2018);
- on 10 May 2018, WIKANA PROPERTY Sp. z o.o. BETULA Sp.k. executed an agreement with a natural person trading as ZT INVEST Zbigniew Tarłowski, based in Zamość ("Contractor"), for comprehensive development of residential multi-family

building "C", together with associated infrastructure and land development, as the final stage of the Klonowy Park investment at ul. Sowiakowskiego in Janów Lubelski (current report 13/2018);

- execution on 22 June 2018 by WIKANA PRIM Sp. z o.o. BETA Sp.k., based in Lublin ("Subsidiary") of an agreement with LUBELSKIE PRZEDSIĘBIORSTWO BUDOWLANE Sp. z o.o., based in Lublin,) concerning comprehensive performance of construction work consisting of the development of residential multi-family buildings B4 and B5 with a multi-space underground parking lot as a subsequent phase of the Osiedle Marina B investment in Lublin (current report 21/2018);
- execution on 20 July 2018 by WIKANA PROPERTY Sp. z o.o. PODPROMIE Sp.k. of a preliminary agreement in the meaning of art. 389 of the Polish Civil Code with natural persons without equity or personal ties to WIKANA Group regarding the right of perpetual usufruct for a property located in Lublin, together with the ownership of buildings situated on this property (current report 23/2018);
- execution on 10 September 2018 by WIKANA PRIM Sp. z o.o. BETA Sp.k. on a PLN 19.4 million construction and mortgage credit facility with mBank Hipoteczny S.A. for the development of residential multi-family buildings B4 and B5, with a multi-space underground parking lot, as the next stage of the Osiedle Marina B investment in Lublin, along with a project support agreement executed on the same date between the above company and the sponsors listed in the credit agreement and the Bank (current report 28/2018);
- on 12 October 2018, a subsidiary of the Issuer - WIKANA PROPERTY Sp. z o.o. BETULA Sp.k. - executed an agreement with Nadsański Bank Spółdzielczy, based in Stalowa Wola, concerning a non-revolving current capital and property development credit facility of PLN 2 788 thousand for a property development project consisting of the construction of residential multi-family building C together with an underground carpark and land development under the third phase of the Klonowy Park investment in Janów Lubelski (current report 32/2018);
- on 19 November 2018, a subsidiary of the Issuer - WIKANA PROPERTY Sp. z o.o. PANORAMA Sp.k. - executed a construction services agreement with Zakład Budowlano-Montażowy "GRIMBUD" Sp. z o.o., encompassing performance of investment activities in the form of residential multi-family building A with an underground parking lot, together with connections, as the first phase of the WIKANA SQUARE investment being developed in Rzeszów, ul. Lenartowicza, and a construction works agreement for an investment tasks consisting of residential multi-family building B with an underground parking lot, together with connections, as the Investment's second stage (current report 33/2018);
- on 26 November 2018, a subsidiary of the Issuer - WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. - as entity leasing a developed property located in Łódź, ul. Włókniarzy 236, currently under the perpetual usufruct of PKO Leasing S.A. ("PKO Leasing") - executed a preliminary conditional agreement with an entity without equity or personal ties to WIKANA Group to sell the Property ("Agreement"); the Agreement was executed on the condition that the Company secures rights to the Property from PKO Leasing by 15 February 2019; the Agreement is valued at PLN 4.5 million net (current report 36/2018).

15. Significant related-party transactions executed by Group companies on terms other than market terms

No transactions with related parties were executed during the reporting period and until the publication of this report, other than transactions on market terms.

16. Information on credit or loan sureties and guarantees issued

Information regarding significant events concerning loans and credit is presented in point 6.8 of additional information to the condensed consolidated interim financial statements, in the 'insurance' column.

Aside from the above, neither the Company nor its subsidiaries issued any sureties for credit facilities or loans nor issued guarantees the value of which would constitute the equivalent of at least 10% of the Issuer's equity.

17. Significant information

During the period ended 30 September 2018, Group companies continued their statutory activities.

As at 30 September 2018, total Group liabilities due and payable within the next 12 months (i.e. current liabilities) and current provisions amounted to PLN 109 198 thousand. This item mainly consists of credit facilities, financial leases, bonds, trade payables and deferred revenue (the PLN 42 799 thousand in deferred revenue corresponds to the amounts paid by clients based on apartment purchase agreements in completed and on-going development projects). Within the total of PLN 110 208 thousand in current liabilities, the company will actually have to repay up to PLN 67 409 thousand, i.e. after subtracting the amount of provisions and deferred revenue, which according to the accounting methodology for development projects (as specified in IFRS 15), will be recognised in revenue from the sale of apartments once clients sign notarial deeds. The repayment of these liabilities towards apartment buyers would be necessary in the event of non-performance of the executed apartment sales agreements, e.g. as a result of discontinuing or major delays in construction, which according to the Management Board should definitely be excluded.

In the first three quarters of 2018 and until the date on which this document was drafted, the Group achieved the following tasks related to property development projects:

- executed contracts concerning the development of the following projects: building "B1" at the Parkowa Dzielnica investment in Przemyśl, building "C" at the Klonowy Park investment in Janów Lubelski, building "B4, B5" at the Osiedle Marina B investment in Lublin, along with buildings "A" and "B" at the Wikana Square investment in Rzeszów;
- preparations for commencement of further development projects located in the Lublin and Sub-Carpathian voivodships.

As at 30 September 2018, the Group's offering included property development projects totalling 242 flats, of which 217 were under construction.

Rent income (rent segment) in the first nine months of 2018 reached PLN 5 224 thousand.

From 1 January to 30 September 2018, the Group's renewables segment generated PLN 3 673 thousand in revenue.

As a result of the above, the Group generated PLN 35 808 thousand in revenue during the reporting period, compared to PLN 47 183 thousand in the comparative period. At the same time, cost of sales decreased from PLN 34 775 thousand (Q1-Q3 2017) to PLN 28 799 thousand in the reporting period; consolidated gross profit on sales reached PLN 7 009 thousand (PLN 12 408 thousand in Q1-Q3 2017). The Group ended the third quarter of 2018 with a net profit of PLN 1 159 thousand (vs net profit of PLN 2 095 thousand after the first three quarters of 2017).

At the same time, the Issuer announces that the value of preliminary and development agreements signed by 30 September 2018, for which units have not yet been delivered to clients, i.e. from which no revenue has yet been recognised, amounted to PLN 57 970 thousand, including in investments being carried out in: Lublin - PLN 38 401 thousand, Zamość - PLN 242 thousand, Rzeszów - PLN 19 110 thousand, and Tarnobrzeg - PLN 217 thousand.

The Company's Management Board intends to continue activities aimed at improving the Group's financial standing, including through focusing on the key property-development segment.

According to the Company's Management Board, there are no significant threats to the Group's continuing operations over the 12 months from the date on which this report was prepared. The Company's Management Board is convinced that it is capable of providing the Group with sufficient capital to service its financial and trade liabilities and to continue operations uninterrupted, including property development projects.

18. Factors that might impact results over at least the next three months

The Parent's Management Board assessed the Group's expected liquidity situation for the 12 months from the date of the consolidated financial statements. The main objective of this analysis was specifying the sources for repayment of the Group's current liabilities, resulting mainly from issued bonds, credit facilities and trade payables (including liabilities resulting from property projects).

As a result of the analysis, the Company's Management Board outlined the main repayment sources for current liabilities:

- Proceeds from new sale agreements concerning apartments, parking spaces, storage spaces and service facilities, which either are or will be introduced to the Group's portfolio after 30 September 2018,

- proceeds from payments under sales agreements concerning apartments, parking spaces, storage spaces and service facilities in on-going development projects, which were executed prior to 30 September 2018 - and which will be made by clients in accordance with the timetables specified in such contracts,
- proceeds from lease of space in the Group's commercial properties,
- divestment process, which covers sale of selected assets under a plan adopted by the Company's Management Board for optimisation of the asset structure by sale of certain non-current assets of substantial market value (e.g. existing properties or certain non-residential projects).

In addition, the Company's Management Board is analysing a number of solutions aimed at raising additional capital to ensure the Group's liquidity, to be used to repay financial and trade payables. Works are also under-way to obtain bank credit to finance property developments and bond issues from which proceeds will be used to refinance existing liabilities and finance property development projects.

The above list is not comprehensive, and the results of the above activities will be dependent on financial-market conditions and the potential benefits for the Group.

According to the Company's Management Board, a visible improvement on the residential property market will make it possible to fulfil apartment sales plans at a level ensuring uninterrupted operations, including repayment liabilities.

The Group expects to continue its present activities in subsequent reporting periods. The majority of property development projects will be executed via special purpose vehicles, therefore the Group's consolidated results will play a key role.

For at least the next 12 months, the growth strategy of the Group's development companies will focus on the following directions:

- activities aimed at a substantial increase in operating scale, including commencement of new investments on the Company's land,
- reinforcement of leading position on the property development market, further operational expansion and reinforcement in markets where the Company is present,
- consistent increase in apartment sales volumes, alongside margin growth,
- adaptation of the project schedule to current and foreseeable conditions on the property market, with the assumption that optimisation will be continued as regards the Company's expenditures and inflows, as well as the current ratio levels,
- seeking to ensure an optimal financing structure for the on-going property development projects.

As regards the renewables segment, the Company's Management Board cannot exclude divestments within an economically justified time-frame. Until the date on which the financial statements were published, no decisions in this regard were made.

As regards commercial properties, the Company's Management Board plans divestments in an economically justified period of time. Prior to the date on which this report was prepared, WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. - as entity using a developed property in Łódź, ul. Włókniarzy 236 ("Property"), currently owned by PKO Leasing S.A. - executed a preliminary conditional agreement with an entity without equity or personal ties to WIKANA Group to sell the Property (details: current report 36/2018).

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Grzegorz Witek
Person responsible for book-keeping/

Lublin, 27 November 2019