



DEVELIA S.A. GROUP

CONSOLIDATED QUARTERLY REPORT

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 9 MONTHS, ENDED 30 SEPTEMBER 2021**

drawn up in accordance with the International Financial Reporting Standards

CONTAINING THE QUARTERLY FINANCIAL INFORMATION OF DEVELIA S.A.

(unaudited financial data)

Wrocław, 16 November 2021

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1. SELECTED FINANCIAL DATA

Data concerning interim condensed consolidated financial statements of Develia S.A. Group

	PLN'000		EUR'000	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
I. Fixed assets	690,159	1,053,680	148,969	228,326
II. Current assets	1,964,120	1,762,561	423,951	381,937
III. Non-current assets classified as held for sale	381,079	-	82,255	-
IV. Total assets	3,035,358	2,816,241	655,175	610,263
V. Equity	1,326,861	1,317,788	286,400	285,557
VI. Equity attributable to shareholders of the parent	1,326,861	1,317,788	286,400	285,557
VII. Minority interest	-	-	-	-
VIII. Long-term liabilities	723,019	661,756	156,062	143,399
IX. Short-term liabilities	985,478	836,697	212,713	181,307
X. Liabilities arising from non-current assets classified as held for sale	-	-	-	-
XI. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.96	2.94	0.64	0.64
	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020
XII. Sales revenue	596,332	318,461	130,818	71,693
XIII. Gross profit on sales	163,364	116,194	35,837	26,158
XIV. Net profit/(loss)	84,772	23,037	18,596	5,186
XV. Net profit/(loss) attributable to shareholders of the parent	84,772	23,037	18,596	5,186
XVI. Net profit/(loss) attributable to minority interest	-	-	-	-
XVII. Basic profit/(loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.19	0.05	0.04	0.01

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Data concerning interim condensed financial statements of Develia S.A.

	PLN'000		EUR'000	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
XVIII. Total assets	2,079,862	1,935,886	448,933	419,495
XIX. Equity	1,087,594	1,043,538	234,754	226,129
	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020 (restated)	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020 (restated)
XX. Net profit(loss)	120,141	227,900	26,355	51,306

Selected financial data was converted to EUR acc. to the following principles:

- financial data concerning selected items of assets and liabilities was calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 30 September 2021, it stood at EUR/PLN 4.6329, and at the balance-sheet date of 31 December 2020 at EUR/PLN 4.6148.
- financial data concerning selected items of the statement of comprehensive income for the three quarters of 2021 and the three quarters of 2020 was calculated using the EUR/PLN rate which is an arithmetic mean of average exchange rates quoted by the National Bank of Poland and effective on the last day of each month in the accounting period, i.e. EUR/PLN 4.5585 and EUR/PLN 4.4420 respectively.

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2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE DEVELIA S.A. GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2021	31 December 2020
Assets			
A. Fixed assets		690,159	1,053,680
1. Intangible assets		554	404
2. Property, plant and equipment	2.16	4,482	4,513
3. Non-current loans and receivables		14,222	9,013
4. Investments in joint ventures valued by equity method		-	-
5. Investment property	2.11	646,453	1,016,745
6. Non-current prepayments and accrued income		2,180	1,072
7. Deferred tax assets	2.15	22,268	21,933
B. Current assets		1,964,120	1,762,561
1. Inventory	2.12	1,354,107	1,245,976
2. Trade and other receivables	2.13	61,651	23,180
3. Income tax receivables		5,640	5,205
4. Derivatives assets		-	-
5. Short-Term Securities		27,004	20,013
6. Other financial assets		115,391	88,005
7. Cash and cash equivalents		394,431	377,036
8. Current prepayments and accrued income		5,896	3,146
C. Non-current assets classified as held for sale	2.11	381,079	-
Total assets		3,035,358	2,816,241
Equity and liabilities			
A. Equity		1,326,861	1,317,788
I. Equity attributable to shareholders of the parent		1,326,861	1,317,788
1. Share capital		447,558	447,558
2. Other capital		794,531	1,009,030
3. Net profit/(loss)		84,772	(138,800)
II. Minority interest		-	-
B. Long-term liabilities		723,019	661,756
1. Non-current liabilities on account of loans and bonds	2.26	658,847	599,217
2. Non-current liabilities arising from derivatives	2.26	560	1,081
3. Non-current lease liabilities		19,057	18,898
4. Provisions	2.14	6,447	7,938
5. Deferred tax liability	2.15	38,108	34,622
C. Short-term liabilities		985,478	836,697
1. Current liabilities on account of loans and bonds	2.26	160,150	168,072
2. Current liabilities arising from derivatives	2.26	291	430
3. Current lease liabilities		53,620	50,954
4. Current trade and other payables		135,723	96,916
5. Income tax payables		1,071	50,168
6. Provisions	2.14	6,585	6,206
7. Accruals and deferred income		628,038	463,951
D. Liabilities arising from non-current assets classified as held for sale		-	-
Total equity and liabilities		3,035,358	2,816,241

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	30 September 2021	31 December 2020
Book value of equity (PLN'000)	1,326,861	1,317,788
Book value of equity attributable to shareholders of the parent, per share (in PLN'000)	1,326,861	1,317,788
Number of registered shares (pcs)	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	2.96	2.94

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021	Q3 2020 period from 01/07/2020 to 30/09/2020	3 Quarters of 2020 cumulatively from 01/01/2020 to 30/09/2020
Operating activity				
Sales revenue	219,588	596,332	98,382	318,461
Revenue from sale of services	21,818	64,052	21,643	65,876
Revenue from sales of goods and products	197,770	532,280	76,739	252,585
Cost of goods sold	(172,092)	(432,968)	(73,753)	(202,267)
Pre-tax profit/(loss) on sales	47,496	163,364	24,629	116,194
Gain/(loss) on disposal of non-financial fixed assets	-	-	(6)	25
Profit /(loss) on investment property	13,903	(6,095)	10,194	(4,932)
Write-downs of inventory	-	-	-	-
Selling and distribution cost	(4,832)	(13,869)	(3,172)	(10,040)
General administrative expenses	(7,983)	(26,905)	(4,826)	(18,991)
Other operating income	2,438	4,473	1,421	3,744
Other operating expenses	(1,339)	(3,234)	(1,850)	(2,820)
Operating profit/(loss)	49,683	117,734	26,390	83,180
Financial income	60	587	143	2,139
Financial expenses	(14,008)	(14,402)	(9,381)	(52,808)
Share in profits (losses) of entities disclosed using the equity method	2	(3)	-	-
Pre-tax profit/(loss)	35,737	103,916	17,152	32,511
Income tax (tax expense)	(6,616)	(19,144)	(2,932)	(9,474)
Net profit/(loss)	29,121	84,772	14,220	23,037
Other comprehensive income subject to reclassification to profit/(loss) in subsequent reporting periods				
Cash flow hedges	114	477	(25)	11,327
Income tax relating to other components of comprehensive income	(22)	(91)	5	(2,152)
Other comprehensive income (net)	92	386	(20)	9,175
Comprehensive income	29,213	85,158	14,200	32,212

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	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021	Q3 2020 period from 01/07/2020 to 30/09/2020	3 Quarters of 2020 cumulatively from 01/01/2020 to 30/09/2020
Net profit/(loss) attributable to:				
Shareholders of the parent	29,121	84,772	14,220	23,037
Minority interest	-	-	-	-
	29,121	84,772	14,220	23,037
Comprehensive income attributable to:				
Shareholders of the parent	29,213	85,158	14,200	32,212
Minority interest	-	-	-	-
	29,213	85,158	14,200	32,212
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - basic	0.07	0.19	0.03	0.05
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - diluted	0.07	0.19	0.03	0.05

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capitals		Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2021	447,558	1,005,329	3,701	(138,800)	1,317,788	-	1,317,788
<i>Net profit/(loss) for the period of 9 months ended 30 September 2021</i>	-	-	-	84,772	84,772	-	84,772
<i>Other comprehensive income for the period of 9 months ended 30 September 2021</i>	-	-	386	-	386	-	386
Other comprehensive income for the period of 9 months ended 30 September 2021	-	-	386	84,772	85,158	-	85,158
Transfer of profit/loss for the previous period to undistributed profit	-	(138,800)	-	138,800	-	-	-
Payment of dividend	-	(76,085)	-	-	(76,085)	-	(76,085)
As at 30 September 2021	447,558	790,444	4,087	84,772	1,326,861	-	1,326,861

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	Other capitals			Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
	Share capital	Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2020	447,558	932,703	(5,532)	117,382	1,492,111	-	1,492,111
<i>Net profit/(loss) for 2020</i>	-	-	-	(138,800)	(138,800)	-	(138,800)
<i>Other comprehensive income for 2020</i>	-	-	9,233	-	9,233	-	9,233
Total comprehensive income for 2020	-	-	9,233	(138,800)	(129,567)	-	(129,567)
Transfer of profit for the previous period to undistributed profit	-	117,382	-	(117,382)	-	-	-
Payment of dividend	-	(44,756)	-	-	(44,756)	-	(44,756)
As at 31 December 2020	447,558	1,005,329	3,701	(138,800)	1,317,788	-	1,317,788

	Other capitals			Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
	Share capital	Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2020	447,558	932,703	(5,532)	117,382	1,492,111	-	1,492,111
<i>Net profit/(loss) for the period of 9 months ended 30 September 2020</i>	-	-	-	23,037	23,037	-	23,037
<i>Other comprehensive income for the period of 9 months ended 30 September 2020</i>	-	-	9,175	-	9,175	-	9,175
Other comprehensive income for the period of 9 months ended 30 September 2020	-	-	9,175	23,037	32,212	-	32,212
Transfer of profit for the previous period to undistributed profit	-	117,382	-	(117,382)	-	-	-
Allocated to the payment of dividend	-	(44,756)	-	-	-	-	-
As at 30 September 2020	447,558	1,005,329	3,643	23,037	1,479,567	-	1,479,567

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020
A. Cash flows from operating activities			
I. Pre-tax profit/(loss)		103,916	32,511
II. Total adjustments		68,934	24,912
1. Amortisation and depreciation		1,154	1,495
2. Foreign exchange gains/(losses)		655	20,331
3. Interest and profit sharing (dividends)		19,160	26,178
4. Share in profits (losses) of entities disclosed using the equity method		3	-
5. Profit(loss) on investment property		3,734	(1,437)
6. Change in provisions		(1,112)	(6,001)
7. Change in inventory		(108,131)	(193,442)
8. Change in receivables		(43,680)	93,751
9. Change in current liabilities except for loans and bonds		42,107	(13,753)
10. Change in prepayments and accruals		160,229	95,945
11. Other adjustments		(5,185)	1,845
III. Net cash from operating activities (I+II)		172,850	57,423
1. Income tax paid		(65,616)	(47,853)
IV. Net cash flow from operating activities		107,234	9,570
B. Cash flows from investing activities			
I. Cash inflows		66,178	436,071
1. Disposal of investment in property		-	436,071
2. Disposal of corporate bonds and units		66,173	-
4. Disposal of shares		5	-
II. Outflows		(111,728)	(67,433)
1. Acquisition of intangible assets and property, plant and equipment		(858)	(477)
2. Investment in property		(17,675)	(31,968)
3. Acquisition of corporate bonds and units		(93,190)	(34,988)
4. Acquisition of shares		(5)	-
III. Net cash flow from investing activities (I+II)		(45,550)	368,638
C. Cash flow from financing activities			
I. Cash inflows		165,186	5,189
1. Bank and non-bank loans		15,186	5,189
2. Issue of debt securities		150,000	-
II. Outflows		(209,475)	(343,803)
1. Repayment of bank and non-bank loans		(14,843)	(199,246)
2. Redemption of debt securities		(100,000)	(118,000)
3. Payment of liabilities arising from finance lease agreements		(233)	(658)
4. Interest		(18,314)	(25,899)
5. Dividends paid to equity holders of the parent		(76,085)	-
III. Net cash flows from financing activities (I+II)		(44,289)	(338,614)
D. Total net cash flows, (A.III+B.III+C.III)		17,395	39,594
E. Change in cash flows in the Statement of Financial Position		17,395	39,594
F. Cash and cash equivalents at the beginning of the period		377,036	340,890
G. Cash and cash equivalents at the end of the period, including: (F+D)		394,431	380,484
- restricted cash		20	20

OTHER INFORMATION AND NOTES

2.1 General information about the Develia S.A. Group

The Develia S.A. Group ("the Group", "the Develia Group") consists of Develia S.A. and its subsidiary undertakings. The composition of the Group is presented in item 2.2.

Develia S.A. (the "Parent Undertaking", the "Company", the "Issuer") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Parent Undertaking has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, the 4th Commercial Division of the National Court Register, under KRS No. 0000253077. The Company has been assigned statistical identification number REGON 020246398.

The Parent Undertaking and the Group's subsidiaries were established for an indefinite period. The Parent Undertaking's primary activity is:

- PKD 64.20Z Activities of financial holding companies
- PKD 68.20.Z Rental and management of own or leased real estate
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

There is no parent undertaking of Develia S.A. as at the date hereof nor was there any such entity throughout the period covered by these financial statements.

Interim Condensed Consolidated Financial Statements of the Develia Group cover the period of 9 months ended 30 September 2021. The detailed description of the component parts of the consolidated financial statements is included in item 2.6.

2.2 Composition of Group

As at 30 September 2021 and 31 December 2020, the Develia S.A. Group comprised the following subsidiaries of Develia S.A.:

Company name	Registered office	Effective share of Develia S.A.	
		30 September 2021 Share in Capital	31 December 2020 Share in Capital
Subsidiary undertakings			
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Sky Tower S.A.	Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o.	Wrocław	100%	100%
Kraków Zielony Złocięń Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%

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LC Corp Invest VIII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest IX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest X Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XXII sp. z o.o. w likwidacji	Wrocław	-	100%
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Develia Invest Sp. z o.o.	Wrocław	100%	100%
LC Corp Service S.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Jointly Controlled Entities			
Atal Services Sp. z o.o.	Cieszyn	-	-

As at 30 September 2021 and as at 31 December 2020, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

2.3 Changes in Structure of Group

Acquisition and Sale of Subsidiaries

On 09 June 2021, Develia S.A. acquired 50 shares in Atal Services Sp. z o.o., representing 50% of the company's share capital.

On 7 September 2021, Develia S.A. disposed of back 50 shares in Atal Services Sp. z o.o., representing 50% of the company's share capital.

Apart from the aforesaid intra-Group transactions, no other transaction consisting in the acquisition or sale of business units was completed by the companies belonging to the Group in the period of 9 months ended 30 September 2021.

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Newly Established Entities and Changes within Group

The following changes occurred in the Group in the period of 9 months ended 30 September 2020:

- 1) On 30 April 2021, Kraków Zielony Złocięń Sp. z o.o. disposed of all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. K., with the registered office in Wrocław, to LC Corp Service S.A.
- 2) On 30 April 2021, LC Corp Invest VII Sp. z o.o. disposed of all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k., with the registered office in Wrocław, to LC Corp Service S.A.
- 3) On 30 April 2021, LC Corp Invest VIII Sp. z o.o. disposed of all the rights and obligations of the limited partner in LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k., with the registered office in Wrocław, to LC Corp Service S.A.
- 4) On 18 June 2021, LC Corp Invest XXII Spółka z ograniczoną odpowiedzialnością w likwidacji (a company in liquidation) was removed from the National Court Register (KRS) (the removal was final and non-appealable on 02 July 2021).
- 5) On 09 June 2021, Develia S.A. acquired 50 shares in Atal Services Sp. z o.o., representing 50% of the company's share capital.
- 6) On 17 June 2021, the Extraordinary General Meeting of LC Corp Invest III Sp. z o.o. adopted a resolution on voluntary redemption of shares in the company share capital and reduction in share capital by PLN 5,000,000.00, i.e. to the amount of PLN 1,700,000.00 by redemption of 50,000 shares. At present, proceedings to notify the company's creditors of share capital reduction are pending. The change in the share capital will take place upon registration by the registry court.
- 7) On 30 June 2021, under Resolution no. 35 of the Ordinary General Meeting, the Company's share capital was increased conditionally by an amount lower or equal to PLN 22,377,912.00 by issuing not more than 22,377,912 K series ordinary bearer shares having a par value of PLN 1.00 each to introduce an incentive scheme at the Company for persons of key relevance to the Company. The purpose of the conditional increase in the share capital is to grant the holders of subscription warrants issued pursuant to the General Meeting's resolution the rights to take up the newly issued shares. Subscription warrants will be issued in order to enable the Company to carry out the aforesaid incentive scheme. For the purpose of exercising the rights to take up shares as part of the conditional increase in share capital, the General Meeting further resolved that the total number of 22,377,912 A series registered subscription warrants should be issued, with each of such a warrant giving the right to take up one share, depriving the existing Company's shareholders of the pre-emption right.
- 8) On 23 August 2021, LC Corp Invest XV Sp. z o.o. Projekt 10 Sp.k. and LC Corp Invest XV Sp. z o.o. Projekt 11 Sp.k. adopted resolutions on a merger with LC Corp Service S.A. pursuant to Article 492(1)(1) of the Polish Commercial Partnerships and Companies Code (merger through take-over).

Apart from the aforementioned events, no other significant changes in the composition of the Group took place in the period from 01 January 2021 to 30 September 2021.

2.4 Composition of Management Board of Parent Undertaking

As at 01 January 2021, the Management Board of Develia S.A. was composed of the following persons:

- President of Management Board – Andrzej Oślizło
- Member of Management Board, CFO – Paweł Ruszczak
- Member of Management Board – Mirosław Kujawski
- Member of Management Board – Tomasz Wróbel

On 25 January 2021, a resignation from the Company's Management Board was tendered by Mirosław Kujawski.

On 25 January 2021, the Supervisory Board appointed Mariusz Poławski to the Management Board as the Vice President of the Management Board.

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On 18 February 2021, the Supervisory Board of the Company appointed Mr Paweł Ruszczak, previously serving as Member of Management Board and CFO, as Management Board Vice President.

Following Tomasz Wróbel's decision not to stand for another term of the Management Board, his term of office as the member of the Issuer's Management Board expired as of 30 June 2021 (upon the end of that day).

As at 30 September 2021, the Management Board of Develia S.A. was composed of the following persons:

- President of Management Board – Andrzej Oślizło
- Vice President of Management Board – Paweł Ruszczak
- Vice President of Management Board – Mariusz Poławski

2.5 Approval of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements of the Group concerning the period of 9 months ended 30 September 2021 was approved by the Management Board on 16 November 2021.

2.6 Rules Adopted for Preparing Quarterly Report

These Interim Condensed Consolidated Financial Statements of the Develia Group are comprised of:

- Consolidated Statement of Financial Position as at 30 September 2021 and comparable financial data as at 31 December 2020;
- Consolidated Statement of Comprehensive Income for the three quarters of 2021, i.e. for the period of 9 months, cumulatively from 01 January 2021 to 30 September 2021, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2020 to 30 September 2020;
- Consolidated Statement of Cash Flows for the three quarters of 2021, i.e. for the period of 9 months, cumulatively from 01 January 2021 to 30 September 2021, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2020 to 30 September 2020;
- Consolidated Statement of Changes in Equity as at 30 September 2021 and comparable data as at 30 September 2020 and as at 31 December 2020;
- Notes to the Consolidated Financial Statements.

Notes to financial statements and other information defined in Section 66 of the Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report Q3 2021, are included in section 4.

These Interim Condensed Consolidated Financial Statements of the Develia Group and the separate condensed financial statements of Develia S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the EU, in particular with the International Accounting Standard No. 34.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

IFRS comprise standards and interpretations accepted by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These Interim Condensed Consolidated Financial Statements were prepared using the historical cost method, except for investment property which is measured at fair value.

The Interim Condensed Consolidated Financial Statements are presented in thousand Polish Zlotys ("PLN"), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

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The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group companies would continue as a going concern in the foreseeable future. As at the day of the approval of these Financial Statements, no circumstances were identified implying any threats to the continuation of the Group companies' business activity.

The Interim Condensed Consolidated Financial Statements do not contain all information and disclosures required for annual consolidated financial statements and they must be read together with the Group's consolidated financial statements for the year ended 31 December 2020, which were published on 08 April 2021.

Information on the accounting principles adopted by the Group was presented in the annual consolidated financial statements of the Develia Group for the year ended 31 December 2020, published on 08 April 2021.

2.7 Information on Material Estimates and Professional Judgement

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some estimates and assumptions, which are reflected herein. The actual results may vary from these estimates. The financial data for the period of 9 months ended 30 September 2021 presented herein was not subject to auditor's examination.

Professional Judgement

In the process of applying the accounting principles (policies) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

Determination of Moment When, Upon Sale of Residential and Retail Premises, Risk Is Transferred to Client

The moment of transferring the control to the client determines when revenues from the sales of residential and retail premises can be recognised.

Upon the sale of residential and retail premises, the control is transferred to the client when each and every of the following conditions are fulfilled:

- (i) obtaining the occupancy permit for the buildings;
- (ii) payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;
- (iii) acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- (iv) signing of the developer agreement or notarial deed transferring the title.

In the case of the financing of part of the price by the state in accordance with the Act of 27 September 2013 on State Aid in the Purchase of the First Flat by Young People (MDM), the conditions set out in item (ii) are also met when a bank financing the client confirms the reservation of funds (the last instalment of the payment) for this purpose and when the developer agreement contains the relevant provision.

Classification of Lease Agreements

The Group classifies lease according to IFRS 16.

Uncertainty of Estimates

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring as at the balance-sheet date and entailing a significant risk of the considerable adjustment of the carrying value of assets and liabilities in the following financial year.

Deferred Tax Asset

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The Group recognises a deferred tax asset based on the assumption that a tax profit enabling its utilisation should be obtained in the future. Worse tax results obtained in the future could have the effect that this assumption might become groundless. Deferred income tax is presented in Note 2.15.

Fair Value of Investment Property

At the end of each quarter of an accounting year, the Group independently measures the fair value of its investment properties in EUR based on the model of investment capitalisation or maintains the valuation in EUR carried out by an independent valuer at the end of the preceding year (provided there were no significant indications to revaluation). At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer. As at 30 September 2021, investment property is measured on the basis of valuations of valuers. The land located in Malin (near to Wrocław) is also presented under *Investment Property*. The value of the land in Malin was presented as a value resulting from a real estate valuer's valuation, the assessment of which was based on a comparative approach, for which the comparison in pairs method was employed, taking into account the alternative legal status of the land property and its changed purpose in the Study of land use conditions and directions of spatial development, as proposed. At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer. Investment property is shown in Note 2.11.

Fair Value of Financial Instruments in the Form of Forward Contracts

The fair value of financial instruments in the form of forward contracts, measured at fair value through profit or loss, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model.

Fair value of IRS and CAP financial instruments

The fair value of IRS and CAP financial instruments, covered by the cash flow hedge accounting, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (such as the bank).

Write-downs of inventory

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the loss of value of its property development projects under implementation on the basis of sales reports, market research and other available evidence. Should the risk of the loss of value occur, the value of such projects is estimated employing the DCF method, which is used to establish the write-down of inventories. The DCF method is based on discounted cash flows generated within the approved investment schedules and proceeds from the sale of premises, allowing for the sale price of 1 square metre of usable floor area of flats in accordance with the current market situation. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The write-downs of inventories are estimated as at 30 June 2021 and may be subject to change depending on the fluctuation of market prices of land, selling prices of flats, construction costs, project completion schedules and discount rate calculations in the future. The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, valuation allowances may change in the following financial periods. Inventories and write-down of inventories are presented in Note 2.12.

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Uncertainty Associated with Tax Settlements

The regulations concerning the tax on goods and services, corporate tax and burdens associated with social insurance are subject to frequent changes. These frequent changes make no appropriate reference points, inconsistent interpretations and few established precedents that might be applicable. The binding regulations also contain uncertainties, resulting in different opinions regarding the legal interpretation of tax regulations, both among public authorities and between public authorities and companies.

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group, provided, however, that such arrangements and agreements are related to the above clause.

The Group recognises and measures the assets or liabilities in respect of current and deferred income tax in compliance with the requirements of IAS 12, Income Tax on the basis of the tax profit (loss), tax base, unrelieved tax losses, unused tax exemptions and tax rates, taking into account the uncertainty associated with tax settlements.

The table below presents balance sheet figures of the above items as at 30 September 2021 and as at 31 December 2020:

	30 September 2021	31 December 2020
Deferred tax asset	22,268	21,933
Investment property measured at fair value	606,388	978,191
Non-current assets classified as held for sale and measured at fair value	381,079	-
Fair Value of Financial Instruments in the Form of Forward Contracts	(291)	(430)
Fair value of IRS and CAP financial instruments	(560)	(1,081)
Deferred tax liability	(38,108)	(34,622)
Write-down of inventories	(111,395)	(115,960)

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2.8 Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these consolidated financial statements are consistent with those adopted to draw up the Group's consolidated financial statements for the year ended 31 December 2020, save for the following principles. The below changes to IFRS have been applied to these consolidated financial statements as of the date of their entry into force:

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Lease”** – Interest Rate Benchmark Reform – the 2nd Stage approved in the EU on 13 January 2021 (applicable to annual periods beginning on or after 01 January 2021).
- **Amendments to IFRS 4 “Insurance Contracts”** termed “The Extension of the Temporary Exemption from Applying IFRS 9” – approved in the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 01 January 2021 to annual periods beginning on and after 1 January 2023);

The adoption of the standards and amendments to existing standards, as mentioned above, did not exert any considerable impact on the financial statements of the Develia S.A. Group.

2.9 New Standards and Interpretations Published But Not Effective Yet

New standards and amendments to the existing standards which have been already issued by the IFRIC and approved by the EU, but are not in force yet:

On the approval of these financial statements, the following amendments to existing standards were issued by the IFRIC and approved for application within the EU, nevertheless they will enter into force on a later date:

- **Amendments to IAS 16 “Property, Plant and Equipment”** – Proceeds Before Intended Use approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** – Onerous Contracts – Cost of Fulfilling a Contract, approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 “Business Combinations”** – Amendments to References to the Conceptual Framework including amendments to IFRS 3 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to miscellaneous standards “Improvements to IFRS (the 2018-2020 cycle)”** – amendments made as part of the IFRS Annual Improvement Process (IFRS 1, IFRS 9, IFRS 16 and IAS 41) are designed mainly to deal with non-conformities and ensure the consistency of terminology – approved by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 concern only an illustrative example, hence no entry into force date has been set).

New standards and amendments to the existing standards which have been already issued by the IFRIC, but which have not been approved for application within the EU yet

Currently, IFRS in the form approved by the EU do not differ significantly from regulations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), except for the following new standards and amendments to standards which as at the date of the publication of these statements were not approved for application within the EU (the below entry into force dates relate to the full version of standards):

- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- **IFRS 17 “Insurance Contracts”**, with further amendments to IFRS 17, (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Classification of Liabilities as Current or Non-current (applicable to annual periods beginning on or after 01 January 2023);

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- **Amendments to IAS 1 “Presentation of Financial Statements”** – Disclosure of Accounting Policies Applied (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** – Definition of accounting estimates (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IFRS 12 “Income tax”**- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable to annual periods beginning on or after 01 January 2023);
- **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 and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed);
- **Amendments to IFRS 16 “Lease”**- Covid-19-Related Rent Concessions after 30 June 2021 (applicable to annual periods beginning on or after 01 April 2021. Early application is allowed, including also for the financial statements which have not been approved for publication on or after the date of release of amendment.

The Group is in the process of verification of the impact of the above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

According to the Group’s estimates, the above-mentioned new standards and amendments to existing standards would not have had major impact on the financial statements if they had been applied by the Group at the balance-sheet date.

Apart from regulations approved by the EU, there is also hedge accounting for a portfolio of assets and liabilities, the principles of which have not been approved for application within the EU yet.

According to the Group’s estimates, the application of hedge accounting for a portfolio of assets or financial liabilities under IAS 39, “Financial Instruments: Recognition and Measurement” would not have any significant impact on the financial statements, if the standard in question had been approved for application as at the balance-sheet ate.

2.10 Seasonal or Cyclical Character of Develia S.A. Group's Operations

The operations of the Develia S.A. Group are not seasonal by nature. They are related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IFRS 15, such proceeds can only be recognised when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be measured in a reliable manner. Consequently, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

2.11 Investment Real Property and Non-Current Assets Classified as Held for Sale

Investment property

As at 30 September 2021, the Group's investment property includes:

- Arkady Wrocławskie retail and office centre in Wrocław;
- Wola Center office building in Warsaw;
- Project under preparation: Wrocław, ul. Kolejowa
- Investment land located in Malin (near to Wrocław)

30 September 2021	Value EUR	Value PLN	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	TOTAL
Investment property already constructed				
Arkady Wrocławskie	38,300	177,440	11,921	189,361
Wola Retro	74,160	343,576	3,361	346,937
Investment property in preparation				

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Wrocław, Kolejowa	n/a	35,180	4,885	40,065
Malin	n/a	70,090	-	70,090
				646,453

31 December 2020	Value EUR	Value PLN	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	TOTAL
<i>Investment property already constructed</i>				
Arkady Wrocławskie	38,300	176,747	11,832	188,579
Sky Tower	83,000	383,028	-	383,028
Wola Retro	72,200	333,189	3,305	336,494
<i>Investment property in preparation</i>				
Wrocław, Kolejowa	n/a	33,666	4,888	38,554
Malin	n/a	70,090	-	70,090
				1,016,745

As at 30 September 2021, the fair value of the investment property called Arkady Wrocławskie was established on the basis of valuation made by a professional real estate valuer.

As at 30 September 2021, the fair value measurement of Wola Retro in Warsaw was made on the basis of an appraisal made by a professional real estate valuer and included expenditures incurred, increasing thus the property value as at the valuation date, compared to the value as at the balance-sheet date.

Market values of the property in question have been estimated in the income approach, using the investment method and the judgement at the Level Three, as defined in IFRS 13. Input data considered for the valuation included, among other things, investment plans, information relating to planned development including plans, descriptions and budgets, as well as environmental surveys. The income approach and the investment method are based on the assumption that the value of a property depends on the rental income that can be obtained from the property and the capitalisation rate. Income from the property is due to rental agreements and in the case of free surface with the use of market rental rates. The rate of return, known as capitalisation rate, is determined on the basis of the analysis of similar transactions on the market in a given financial year. Valuation is expressed in the currency of the invoiced rents, i.e. in EUR and converted into PLN at the average NBP exchange rate at the date of the end of the accounting period.

As at 30 September 2021, the Group also disclosed the land located in Malin (near to Wrocław) as *Investment Property*. The value of the land in Malin was presented as a value resulting from a real estate valuer's valuation, the assessment of which was based on a comparative approach, for which the comparison in pairs method was employed, taking into account the alternative legal status of the land property and its changed purpose in the Study of land use conditions and directions of spatial development, as proposed.

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The reconciliation of changes to the balance-sheet values of investment property in the period ended 30 September 2021 and 31 December 2020 is presented in the table below:

	Period of 9 months ended 30 September 2021	Year ended 31 December 2020
At the beginning of the reporting period	1,016,745	1,096,679
Recognition and Settlement of Right of perpetual usufruct according to IFRS 16	143	(9)
Capital expenditure incurred	14,378	35,736
Reclassification of non-current assets classified as held for sale	(381,079)	-
Reclassification from <i>Tangible Assets</i>	-	3,191
Reclassification from <i>Land Classified as Non-current Assets</i>	-	87,152
Revaluation of property fair value (EUR/PLN conversion)	3,505	85,973
Revaluation of property fair value (<i>inter alia</i> : due to changes in the EUR valuation of property, finishing works and selling costs)	(7,239)	(291,977)
At the end of the reporting period	646,453	1,016,745

Non-current assets classified as held for sale

As at 30 September 2021, *Assets Classified as Held for Sale* included the real property: Sky Tower retail and office centre in Wrocław.

30 September 2021	Value EUR	Value PLN	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	TOTAL
Non-current assets classified as held for sale				
Sky Tower	82,255	381,079	-	381,079
				381,079

As at 30 September 2021, the fair value of the investment property Sky Tower was determined in accordance with a preliminary sale and purchase agreement (PSPA) for the disposal of a share in the ownership right to developed land on which the "Sky Tower" building is erected, namely, as a sum of EUR 84,420,000, less the value of incentives for tenants under agreements signed prior to the date of entering into the PSPA, which have not been paid as at the date of valuation.

Disposal of Real Property Called 'Sky Tower' and Situated in Wrocław

On 13 September 2021, an Issuer's subsidiary, Sky Tower S.A., in which the Issuer holds 100% of shares along with 100% voting rights attaching to such shares, giving the right to vote at the general meeting, and Olimp Investment Sp. z o.o., with its registered office in Warsaw, a company controlled by an alternative investment fund managed by the Adventum Group (the "Purchaser"), entered into a preliminary sales agreement for the disposal of 79.55% of share in the ownership right to developed land on which a multi-purpose building called "Sky Tower" is built, which is located at 95 Powstańców Śląskich street, having the total area of 23,798 sq. m (the "Sky Tower Share") (the "Preliminary Agreement"). The remainder of the share in the ownership of Sky Tower, i.e. 20.45%, will remain in the possession of the owners of separated premises in the Sky Tower building. The price for the Sky Tower Share was agreed on a debt-free and cash-free basis at EUR 84,420,000, plus Value Added Tax (VAT) and less the value of incentives for tenants under agreements

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signed prior to the date of entering into the Preliminary Agreement, which have not been paid as at the date the final agreement (the "Final Agreement") is made, and it will be paid in full on the date of making the Final Agreement (the "Price"). The Final Sale and Purchase Agreement in relation to the Sky Tower Share is expected to be entered into until 31 December 2021, however, the said date may be postponed to 30 April 2022. Prior to entering into the Final Agreement, a number of circumstances and events must occur, including the satisfaction of conditions precedent, such as the receipt of a letter concerning the repayment of loan, issued by the bank making the loan for Sky Tower; the receipt of insurance policy for return of VAT or a tax interpretation relating to VAT taxation; as well as taking actions aimed at changing the administrator of the tenant management organisation for the Sky Tower building; confirmation by the tenant management organisation for the Sky Tower building of utilities & services agreements indicated in the agreement; making a loan agreement between the Purchaser and a new lender under the terms and conditions set out in the Preliminary Agreement. The parties may withdraw from the Preliminary Agreement in the cases stipulated in the Preliminary Agreement, namely, where the provisions set out therein are not performed. The Preliminary Agreement provides for contractual penalties in the amount of EUR 3,000,000, which may be imposed both on the Purchaser and the Seller should the conditions precedent be not satisfied respectively through the Seller's or the Purchaser's fault. The other terms and conditions of the Preliminary Agreement are not different from those commonly set out in agreements of this type. The Issuer will provide corporate guarantee up to the amount of EUR 1,000,000 plus the sum equal to missing tenants' security (if any), securing the Seller's performance of its obligations arising from the Preliminary Agreement.

Profit /(loss) on investment property

The following table shows Profit /(Loss) on investment property disclosed in the Consolidated Statement of Comprehensive Income:

	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020
Revenue from sales of real estate	-	436,071
Value of real estate sold	-	(436,071)
Changes in real estate value in PLN within the period	-	-
Changes in real estate value in EUR within the period	(3,452)	(50,198)
Change in real estate valuation in respect of altered EUR to PLN exchange rate within the period	3,505	67,446
Change in real estate valuation in respect of expenditures incurred within the period	(3,787)	(15,811)
Revaluation of provisions for sale of real property	-	-
Adjustment for linearisation of revenues from rental	(2,361)	(6,369)
Total	(6,095)	(4,932)

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The below table presents details relating to Profit /(Loss) on Investment Property in the period of 9 months ended 30 September 2021:

Period of 9 months ended 30 September 2021	Arkady Wroclawskie	Sky Tower	Wola Retro	Malin	TOTAL
Changes in real estate value in PLN within the period	-	-	-	-	-
Changes in real estate value in EUR within the period	-	(3,452)	-	-	(3,452)
Change in real estate valuation in respect of altered EUR to PLN exchange rate within the period	693	1,502	1,310	-	3,505
Change in real estate valuation in respect of expenditures incurred within the period	(341)	(2,807)	-	(639)	(3,787)
Revaluation of provisions for sale of real property	-	-	-	-	-
Adjustment for linearisation of revenues from rental	(452)	(757)	(1,152)	-	(2,361)
Total	(100)	(5,514)	158	(639)	(6,095)

2.12 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect

Inventory

	30 September 2021	31 December 2020
Work in progress	1,260,768	1,220,006
Finished products	152,051	93,541
Value adjustment for right of perpetual usufruct to land according to IFRS 16	52,648	48,375
Write-downs of inventory	(111,395)	(115,960)
Other inventory	35	14
Total inventories	1,354,107	1,245,976

As at 30 September 2021, *Borrowing costs* of PLN 52,989,000 (as at 31 December 2020 they amounted to PLN 52,251,000) were capitalised in the value of *Inventory*.

Changes in the write-downs of inventories were as follows:

	Period of 9 months ended 30 September 2021	Year ended 31 December 2020
At the beginning of the reporting period	115,960	124,934
Increase	-	-
Used	(4,565)	(8,974)
Decrease	-	-
At the end of the reporting period	111,395	115,960

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As at 30 September 2021 and 31 December 2020, no item of inventory was pledged or mortgaged, except for the mortgage mentioned in Section 2.26.5.

2.13 Information about Impairment Losses in Respect of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Losses

During the period of 9 months ended 30 September 2021, there were no significant changes in impairment losses on financial assets, property, plant and equipment, intangible assets, land classified as fixed assets and other assets, except for write-downs of trade and other receivables, presented in the table below:

	Period of 9 months ended 30 September 2021	Year ended 31 December 2020
At the beginning of the period	12,250	10,459
Increase	174	3,678
Used	(1,632)	(891)
Decrease	(1,108)	(996)
At the end of the period	9,684	12,250

2.14 Information about Creating, Increasing, Utilising and Reversing Provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the reporting period are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Disputes and litigation</i>	<i>Provision for disposal of investment property</i>	<i>Other</i>	<i>Total</i>
As at 01 January 2021	449	3,483	9,963	249	14,144
Created	-	31	-	1,091	1,122
Reclassification	-	-	-	-	-
Used	-	(125)	(1,954)	(155)	(2,234)
Reversed	-	-	-	-	-
As at 30 September 2021, including:	449	3,389	8,009	1,185	13,032
- non-current	449	-	5,998	-	6,447
- current	-	3,389	2,011	1,185	6,585

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2.15 Information about Deferred Tax Liabilities and Deferred Tax Assets

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2021	31 December 2020	01 January 2020	30 September 2021	31 December 2020
Deferred tax liability					
Accrued interest and discounts on borrowings, bonds, notes and deposits	(9,933)	(9,148)	(6,852)	(785)	(2,296)
Valuation of investment property	-	-	(29,502)	-	29,502
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(53,870)	(48,390)	(57,587)	(5,480)	9,197
Difference in the value of other assets (tax value and book value)	(3,728)	(2,498)	-	(1,230)	(2,498)
Other	(95)	(32)	(464)	(63)	432
Gross deferred tax liability	(67,626)	(60,068)	(94,405)		
Deferred tax assets					
Valuation of investment property	22,119	18,644	-	3,475	18,644
Provisions and prepayments and accrued income	3,400	4,021	5,338	(621)	(1,317)
Accrued interest and discounts on borrowings, bonds and notes	7,237	6,472	4,757	765	1,715
Foreign exchange differences	6,933	6,786	2,567	147	4,219
Difference in the value of other assets (tax value and book value)	-	-	5,936	-	(5,936)
Losses potentially deductible from future taxable income	9,544	8,883	3,358	661	5,525
Debt financing costs that can be settled within 5 years	2,306	2,306	-	-	2,306
Other	247	267	2,439	(20)	(2,172)
Gross deferred tax assets	51,786	47,379	24,395		
Deferred tax expense				(3,151)	57,321
Net deferred tax asset	22,268	21,933	35,408		
Net deferred tax liability	(38,108)	(34,622)	(105,418)		

Considering the specificity of the conducted activity, which involves the achievement of taxable revenue at a deferred time, the Group activates incurred tax losses until taxable income is achieved, taking into account the tax regulations concerning the possibility of settling such losses. The amount of an asset resulting from tax losses disclosed in deferred tax is presented in the table above.

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As at 30 September 2021, the Group carried out an analysis of the recoverability of a created and potential deferred tax asset and did not create a deferred tax asset on account, among other things, of tax losses in companies in the amount of PLN 2,093,000 (and accordingly PLN 644,000 as at 31 December 2020), which can be used within the maximum period of up to five years from the end of the reporting period in which they arose. In addition, the Group did not create a deferred tax asset in the amount of PLN 41,384,000 with regard to temporary differences between the balance-sheet and tax values of respective assets and liabilities items (and accordingly PLN 44,005,000 as at 31 December 2020).

2.16 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

During the period of 9 months ended 30 September 2021, the Group purchased property, plant and equipment totalling PLN 547,000 (in the year ended 31 December 2020, it was: PLN 2,818,000).

In the period of 9 months ended 30 September 2021, the Group entered into a lease agreement for 10 passenger cars. The value of recognised right-of-use assets was PLN 421,000.

In the period of 9 months ended 30 September 2021, the Group did not enter into any significant sale transactions regarding property, plant and equipment items.

As at 30 September 2021, there are no significant contractual liabilities arising from the purchase of property, plant or equipment.

2.17 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

As at 30 September 2021, there were no significant liabilities on account of the purchase of property, plant or equipment.

2.18 Information about Significant Settlements on Account of Litigation

As at 30 September 2021, there are no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of Develia S.A. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of Develia S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of Develia S.A. against their debtors. Provisions for legal actions are shown in Note 2.14.

2.19 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2021 there were no corrections of the errors of previous periods.

2.20 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Group's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)

Considerable fluctuations in the EUR exchange rate translate into significant changes in the EUR valuation of assets/equity and liabilities (i.e. commercial property and the loans financing it), which are converted into PLN at an average exchange rate of NBP effective at the end of each accounting period. The situation on financial markets has also an impact on the valuation of IRS and CAP financial instruments disclosed in the Statement of Comprehensive Income.

The table below shows the sensitivity of a net financial result to possible fluctuations of the Euro exchange rates of fair value measurement of assets and loans valuations in EUR, on the assumption of the invariability of other factors. Due to the high volatility of Euro exchange rate in recent years, +/- PLN 0.20 variations have been taken into consideration for the presentation of the sensitivity of the financial result.

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	Increase/decrease in the exchange rate in PLN	Impact on the net financial result in PLN '000	Impact on equity in PLN '000
30 September 2021	+ 0.20	18,279	18,279
	- 0.20	(18,279)	(18,279)
31 December 2020	+ 0.20	17,944	17,944
	- 0.20	(17,944)	(17,944)
30 September 2020	+ 0.20	24,849	24,849
	- 0.20	(24,849)	(24,849)

2.21 Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period

No such events occurred in any of the Group's companies.

2.22 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

Transactions with related entities for the Group are presented in item 2.23.

2.23 Related Party Transactions

30 September 2021

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						
Management Board of parent undertaking and subsidiaries	-	6,897 (*) 22 (**)	-	-	-	-
Supervisory Board	-	543 (*)	-	-	-	-

(*) Remuneration paid

(**) Other purchases

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31 December 2020

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						
Management Board of parent undertaking and subsidiaries	-	8,116 (*)	-	-	-	-
Supervisory Board	-	638 (*)	-	-	-	-

(*) Remuneration paid

30 September 2020

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						
Management Board of parent undertaking and subsidiaries	-	7,193 (*)	-	-	-	-
Supervisory Board	-	707 (*)	-	-	-	-

(*) Remuneration paid

2.24 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

2.25 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

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2.26 Financial Liabilities

2.26.1 Interest-bearing Bank Loans and Bonds

Non-current	Entity	Interest rate	Repayment date	30 September 2021	31 December 2020
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	Euribor 3M+margin	31-12-2022	54,709	59,958
Bank loan in EUR (b)	Sky Tower S.A.	Euribor 3M+margin	20-12-2022	183,620	180,085
Bank loan in EUR (c)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	19-11-2027	122,146	115,380
Bank loan in PLN (d)	Develia S.A.	Wibor 1M+margin	02-12-2022	-	-
Bank loan in PLN (e)	Develia S.A.	Wibor 1M+margin	04-11-2023	-	-
Bank loan in PLN (f)	Develia S.A.	Wibor 3M+margin	28-04-2022	-	-
Bank loan in PLN (g)	Develia S.A.	Wibor 3M+margin	31-12-2022	-	-
Bond scheme (h)	Develia S.A.	Wibor 6M+margin	10-05-2021	-	-
Bond scheme (i)	Develia S.A.	Wibor 6M+margin	10-05-2021	-	-
Bond scheme (j)	Develia S.A.	Wibor 6M+margin	06-10-2021	-	-
Bond scheme (k)	Develia S.A.	Wibor 6M+margin	06-10-2021	-	-
Bond scheme (l)	Develia S.A.	Wibor 6M+margin	05-06-2022	-	49,865
Bond scheme (m)	Develia S.A.	Wibor 6M+margin	28-02-2022	-	44,900
Bond scheme (n)	Develia S.A.	Wibor 3M+margin	19-10-2022	19,951	19,915
Bond scheme (o)	Develia S.A.	Wibor 3M+margin	22-05-2023	59,773	59,664
Bond scheme (p)	Develia S.A.	Wibor 3M+margin	06-10-2023	69,659	69,450
Bond scheme (q)	Develia S.A.	Wibor 3M+margin	10-05-2024	148,989	-
				658,847	599,217

Current	Entity	Interest rate	Repayment date	30 September 2021	31 December 2020
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	Euribor 3M+margin	30-09-2022	5,449	2,399
Bank loan in EUR (b)	Sky Tower S.A.	Euribor 3M+margin	30-09-2022	11,865	20,345
Bank loan in EUR (c)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	30-09-2022	4,960	3,468
Bank loan in PLN (d)	Develia S.A.	Wibor 1M+margin	30-09-2022	-	-
Bank loan in PLN (e)	Develia S.A.	Wibor 1M+margin	30-09-2022	-	-
Bank loan in PLN (f)	Develia S.A.	Wibor 3M+margin	28-04-2022	-	-
Bank loan in PLN (g)	Develia S.A.	Wibor 3M+margin	30-09-2022	-	-
Bond scheme (h)	Develia S.A.	Wibor 6M+margin	10-05-2021	-	85,413
Bond scheme (i)	Develia S.A.	Wibor 6M+margin	10-05-2021	-	15,075
Bond scheme (j)	Develia S.A.	Wibor 6M+margin	06-10-2021	25,454	25,229
Bond scheme (k)	Develia S.A.	Wibor 6M+margin	06-10-2021	15,272	15,126
Bond scheme (l)	Develia S.A.	Wibor 6M+margin	05-12-2021 / 05-06-2022	50,481	112
Bond scheme (m)	Develia S.A.	Wibor 6M+margin	28-02-2022	45,101	527
Bond scheme (n)	Develia S.A.	Wibor 3M+margin	19-10-2021	150	146
Bond scheme (o)	Develia S.A.	Wibor 3M+margin	22-11-2021	236	232

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Bond scheme (p)	Develia S.A.	Wibor 3M+margin	07-10-2021	541	-
Bond scheme (q)	Develia S.A.	Wibor 3M+margin	11-11-2021	641	-
				160,150	168,072

- (a) Loan at Arkady Wrocławskie taken out in EUR on 28 February 2008 with a syndicate of banks: ING Bank Śląski S.A. and Santander Bank Polska S.A. On 29 December 2017, the Company and Santander Bank Polska S.A. executed an amendment to the consortium loan agreement of 28 February 2008 to extend the period of financing granted under the loan agreement. The amount of loan granted under the said amendment is EUR 25,000,000, and the loan repayment date was fixed for 31 December 2022. Prior to entering into the above amendment, i.e. on 27 December 2017, an amendment to the loan agreement was executed between Arkady Wrocławskie S.A. and ING Bank Śląski S.A. and Santander Bank Polska S.A., forming the previous syndicate of lending banks, under which ING Bank Śląski S.A. assigned to Santander Bank Polska S.A. its receivables against the Company arising from the loan granted within the framework of a syndicate of banks, and Santander Bank Polska S.A. accepted the said assignment becoming thus the sole lender. At this moment, all the entitlements, rights and claims (including the entire collateral), and all the risks and obligations relating to the loan were assigned to Santander Bank Polska S.A.. On 21 March 2019, Arkady Wrocławskie S.A. paid off a portion of a bank loan in an amount of EUR 5,000,000 to Santander Bank Polska S.A., which was granted under the consortium loan agreement of 28/02/2008, with further amendments. On 28 March 2019, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the syndicate loan agreement of 28/02/2008 to revise the committed amount and alter the repayment schedule. On 27 April 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of principal instalments originally due for payment on 31 March 2020 and 30 June 2020 was rescheduled on the date of final loan repayment, i.e. on 31 December 2022. Further, under the aforesaid amendment, the Bank decided to refrain from the verification of debt service ratios for the first two quarters of 2020. On 29 July 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of principal instalments originally due for payment on 30 September 2020 and 31 December 2020 was rescheduled on 31 July 2020. Further, under the aforesaid amendment, the Bank decided to refrain from the verification of debt service ratios for Q3 and Q4 2020. On 31 July 2020, the principal in the amount of PLN 875,000 was paid off. On 27 August 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of certain principal instalments originally due for payment on 31 March 2021 and 30 June 2021 was rescheduled on or before 31 August 2020. The principal amount of EUR 437,500 was repaid in full on 31 August 2020. On 28 September 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 30 September 2021 was rescheduled on or before 30 September 2020. The principal amount of EUR 218,750 was repaid on 30 September 2020. On 27 October 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 31 December 2021 was rescheduled on or before 30 October 2020. The principal amount of EUR 218,750 was repaid on 30 October 2020. On 30 November 2020, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 31 March 2021 was rescheduled on or before 30 November 2020. The principal amount of EUR 109,375 was repaid on 30 November 2020. On 28 December 2020, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of principal instalments originally due for payment on 30 September 2021, 31 December 2021 and 31 March 2022 were rescheduled on or before 31 December 2020. The principal amount of EUR 328,125 was repaid on 29 December 2020. On 30 June 2021, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due

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for payment on 31 December 2021 was rescheduled on or before 30 June 2021. The principal amount of EUR 109,375 was repaid on 30 June 2021.

- (b) The loan at Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with a syndicate of banks Getin Noble Bank S.A. and Alior Bank S.A., including further amendments thereto. On 29 June 2020, Sky Tower S.A. concluded an amendment to the loan agreement of 29 December 2012, including further modifications thereto, with a syndicate of banks comprised of Getin Noble Bank S.A. and Alior Bank S.A., under which the payment of principal instalments originally due for payment on 30 June 2020 and 30 September 2020 was rescheduled on the date of final loan repayment, i.e. on 20 December 2022. Further, under the aforesaid amendment, the Banks decided to refrain from the verification of debt service ratios for Q2 and Q3 2020. On 29 October 2020, Sky Tower S.A. concluded an amendment to the loan agreement of 29 December 2012, with a syndicate of banks comprised of Getin Noble Bank S.A. and Alior Bank S.A., including further modifications thereto, under which the payment of a principal instalment originally due for payment on 31 December 2020 was rescheduled on or before 30 October 2020. The principal amount of EUR 599,700 was repaid on 30 October 2020. On 30 March 2021, Sky Tower SA and Getin Noble Bank and Alior Bank SA made Amendment No. 11 to the Loan Agreement of 29 December 2012, under which the loan repayment schedule was revised by transferring the principal instalment of investment loan, to be paid off at the end of March 2021 (EUR 616,177.60 to both banks), to the last balloon payment to be made on the last day of the lending period, i.e. 20/12/2022, and an LTV ratio was increased to no more than 55%. Due to the processing of changes – to be implemented to increase an LTV ratio from 50% to 55% – in banks, after 31 December 2020, it was assumed that some loan liabilities due and payable at the end of December 2020 will be settled in a short-term period. An additional sum resulting from loan overpayment (if any), disclosed as a portion of liabilities due and payable in a short-term period equals PLN 8,856,000. On 30 April 2021, Sky Tower S.A. and a syndicate of banks comprised of Getin Noble Bank S.A. and Alior Bank S.A. made Amendment No. 12 to the 29 December 2012 loan agreement, under which the term Projected Debt Service Coverage Ratio (DSCR) was defined. Sky Tower committed itself to maintain the said ratio at the level of at least 120%, and where necessary, to pay to the Debt Service Reserve Account a sum required to ensure that it is maintained at a level not lower than 120%. The other provisions of the Amendment related to settlements with the tenants of the building administered by the company and governed the issues concerning the provision of funding to the company by Develia S.A. and the subordination of financing to the repayment of loan, with repayment being conditional on securing the bank's prior consent and reaching ratios set out in the loan agreement.
- (c) The loan at LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. taken out pursuant to the agreement of 20 December 2017 with a syndicate of banks: mBank Hipoteczny S.A. and mBank S.A. up to the amount of EUR 34,187,000 for the partial financing of Wola Retro in Warsaw. On 28 October 2020, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. entered into a loan agreement with mBank S.A. covering the amount of up to EUR 34,187,000, designated, among other things, for the repayment of existing debt owed to mBank S.A. and mBank Hipoteczny S.A. and arising from a loan agreement of 20/12/2017, as amended, and for the financing and refinancing of costs relating to the construction of an office building called "Wola Retro". The aforesaid Agreement was concluded as a result of a construction loan being converted to an investment loan and previous lenders being replaced by others (mBank Hipoteczny S.A. and mBank S.A. have been replaced with one lender – mBank S.A.). On 29 March 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which changed the loan availability period from 28 April 2021 to 30 September 2021. The other provisions of the amendment set out new terms and conditions of loan utilisation and the terms and conditions under which transactions hedging against interest rate risk could be entered into. On 31 May 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, under which the parties modified the terms on which transactions hedging against interest rate risk may be entered into, shortening the minimum term of such transactions from five to two years, with obligation to renew an overdue transaction for another two-year or longer period. On 27 September 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which postponed the loan availability period from 30 September 2021 to 31 March 2022.
- (d) A loan in the amount of PLN 35,000,000 granted by mBank S.A. to Develia S.A. under a revolving loan agreement of 03 December 2020, designated for financing day-to-day company's operations. The final repayment date has been agreed at 1 December 2022. As at the date hereof, no loan disbursement was made.

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- (e) A loan of up to PLN 36,270,000 under a loan agreement entered into between Develia S.A. and Santander Bank Polska S.A. on 04 March 2021, designated for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw. The company drew down funds in the total amount of PLN 5,384,000 and repaid the loan in the amount of PLN 5,384,000. As at 30 September 2021, the loan balance was PLN 1.00.
- (f) A loan of PLN 20,000,000 granted to Develia S.A. under an overdraft facility agreement made with Powszechna Kasa Oszczędności Bank Polski S.A. on 29 April 2021, designated for financing current liabilities arising from operations carried on, including the costs of projects being implemented (including purchase of land). The final repayment date has been agreed at 28 April 2022. As at the date hereof, no loan disbursement was made.
- (g) A loan of up to PLN 33,700,000 under a loan agreement entered into between Develia S.A. and Bank Ochrony Środowiska S.A. on 11 August 2021, designated for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław. As at the date hereof, no loan disbursement was made.
- (h) Coupon bonds – the issue of 10 May 2016, including 85,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 85,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 19 August 2016 took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- (i) Coupon bonds – the issue of 19 August 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 23 December 2016, the assimilation of bonds of these series with bonds issued on 10 May 2016 took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- (j) Coupon bonds – the issue of 6 October 2016, including 25,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 25,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 27 October 2016 took place on the "Catalyst" bond market.
- (k) Coupon bonds – the issue of 27 October 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 06 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 06 October 2016 took place on the "Catalyst" bond market.
- (l) Coupon bonds – the issue of 5 December 2017, including 50,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 5 June 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.
- (m) Coupon bonds – the issue of 28 February 2018, including 45,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 45,000,000 under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.
- (n) Coupon bonds – the issue of 19 October 2018, including 66,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 66,000,000 under a Bond Issue Agreement with the redemption date set at 19 October 2022 concluded with mBank S.A., having its registered office in Warsaw. The Company received calls for early redemption in the total amount of PLN 46,000,000, and on 20 July 2020, it purchased, before the bond's maturity date, obligations amounting to PLN 46,000,000. The value of obligations still outstanding and to be redeemed on 19 October 2022 equals PLN 20,000,000.
- (o) Coupon bonds – the issue of 22 May 2019, including 60,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 60,000,000 under a Bond Issue Agreement with the redemption date set at 22 May 2023 concluded with mBank S.A., having its registered office in Warsaw.

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- (p) Coupon bonds – the issue of 7 October 2020, including 70,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 70,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2023 concluded with mBank S.A., having its registered office in Warsaw.
- (q) Coupon bonds – the issue of 11 May 2021, including 150,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 150,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2024 concluded with mBank S.A., having its registered office in Warsaw.

The allocation of respective loans, bonds to operating segments is presented in item 2.31.

2.26.2 Liabilities Arising from Financial Instruments

As at 30 September 2021 and 31 December 2020, the fair value measurement of IRS, CAP and forward transactions hedging the risk of an interest rate increase was recognised under *Liabilities on account of loans and bonds* and totalled:

	30 September 2021	31 December 2020
Non-current	560	1,081
Current	291	430
Total	851	1,511

FX Forward Transaction Conducted by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.

On 24 March 2021, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and extended the settlement period of the unsettled transaction to its maturity, i.e. 31 March 2021. A new settlement date was set for the unsettled amount of PLN 11,532,000 – 30 June 2021. The nominal value of the aforesaid transaction at a base rate amounted to EUR 2,626,000.

On 7 June 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k., in pursuance of the 28 October 2020 loan agreement in relation to forward rate and derivative transactions, made a transaction (a cap option) hedging against interest rate risk in the amount of EUR 13,300,000 for the period from 25 June 2021 to 26 June 2023.

On 29 June 2021, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and extended the settlement period of the unsettled transaction to its maturity, i.e. 30 June 2021. A new settlement date was set for the unsettled amount of PLN 11,534,000, namely, 30 September 2021. The nominal value of the aforesaid transaction at a base rate amounted to EUR 2,626,000.

On 27 September 2021, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and extended the settlement period of the unsettled transaction to its maturity, i.e. 30 September 2021. A new settlement date was set for the unsettled amount of PLN 6,493,000, namely, 31 March 2022. The nominal value of the aforesaid transaction at a base rate amounted to EUR 1,470,000.

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On 10 May 2021, the Company redeemed the bonds of PLN 100,000,000 within the maturity period.

On 11 May 2021, the Company issued 150,000 three-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 150,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2024, concluded with mBank S.A., having its registered office in Warsaw.

Events Following Balance-Sheet Date:

On 6 October 2021, the Company redeemed the bonds of PLN 40,000,000 within the maturity period.

On 8 October 2021, the Company issued 100,000 three-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 100,000,000 under a Bond Issue Agreement with the redemption date set at 8 October 2024, concluded with mBank S.A., having its registered office in Warsaw.

2.26.4 Taking out and Repaying of Bank Loans and Borrowings

1. In the period of 9 months ended 30 September 2021, Arkady Wrocławskie S.A. repaid the instalments of the loan in EUR taken out with Santander Bank Polska S.A. in the amount of PLN 1,963,000. As at 30 September 2021, the total outstanding amount after conversion into Polish Zlotys was PLN 60,158,000.
2. In the period of 9 months ended 30 September 2021, Sky Tower S.A. repaid the instalments of the loan taken out in EUR to a syndicate of banks: Getin Noble Bank S.A. and Alior Bank S.A. in the amount of PLN 5,168,000. As at 30 September 2021, the total outstanding amount after conversion into Polish Zlotys was PLN 195,485,000.
3. In the period of 9 months ended 30 September 2021, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 22 Sp. k., in accordance with a loan agreement with mBank S.A., concerning a loan taken out in EUR and designated for the partial financing of Wola Retro Project in Warsaw, drew down funds in the total amount of PLN 9,802,000 and repaid loan instalments in the amount of PLN 2,328,000. As at 30 September 2021, the total outstanding amount after conversion into Polish Zlotys was PLN 127,106,000.
4. In the period of 9 months ended 30 September 2021, Develia S.A. drew down funds in the total amount of PLN 5,384,000 and repaid the loan in the total amount of PLN 5,384,000 in accordance with an agreement made with Santander Bank Polska S.A., under which a loan was provided for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw. As at 30 September 2021, the total outstanding amount after conversion into Polish Zlotys was PLN 1.00.

2.26.5 Collateral

As at 30 September 2021, the following main collateral, categorised into below groups, was used as security for the repayment of loans.

Security for Loans Made to Develia S.A.

1. Security for the revolving loan agreement of 3 December 2020 made between Develia S.A. and mBank S.A.;
 - Contractual mortgage of up to PLN 52,500,000 on the real property which Develia S.A. and subsidiaries LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. own or to which they hold the right of perpetual usufruct;
 - The Company's declaration on voluntary submission to enforcement of up to PLN 52,500,000 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
 - Declarations of LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. on voluntary submission to enforcement in relation to the mortgaged real properties pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - A blank promissory note along with promissory note declaration serving as legal security for the guarantee of PLN 28,000,000 granted by Bank Gospodarstwa Krajowego, which guarantee will be used as security for the repayment of the loan made by mBank SA.

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2. Security for the revolving loan agreement of 4 March 2021 made between Develia S.A. and Santander Bank Polska S.A.;
 - Mortgage of up to PLN 54,405,000.00 on the right of perpetual usufruct to real estate located in Warsaw at 45a Jagiellońska street;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of Santander Bank Polska SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 54,405,000.00;
 - Registered pledges up to the highest sum of security in the amount of PLN 54,405,000.00 and financial pledges on accounts receivable from bank accounts relating to the project in question, however, as regards accounts receivable from the escrow account, only a registered pledge will be established;
 - A hold on bank accounts relating to the project in question has been placed (except for the escrow account);
 - An assignment agreement signed as security for cash receivables arising from the Project in question;
 - A power of attorney granted to the bank in respect of the bank accounts and to place a hold on bank accounts in the cases stipulated in the loan agreement
3. Security for the revolving loan agreement of 29 April 2021 made between Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.;
 - Joint mortgage of up to PLN 30,000,000.00 on the real properties which Develia S.A. owns or to which it holds the right of perpetual usufruct;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of PKO BP SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 30,000,000.00;
 - A financial and registered pledge up to the highest sum of security amounting to PLN 30,000,000.00 on cash deposited in the current account;
4. Security for the non-revolving loan agreement of 11 August 2021 made between Develia S.A. and Bank Ochrony Środowiska S.A.;
 - Mortgage of up to PLN 50,550,000.00 on real property located in Wrocław at Chorwacka street, recorded in the Land and Mortgage Register No. WR1K/00091989/0, along with an assignment from insurance policy with coverage for construction risks, and following the completion of the Project along with an assignment from a real property insurance policy;
 - A declaration on voluntary submission to enforcement pursuant to Article 777(1)(5) of the Code of Civil Procedure for a sum of up to PLN 50,550,000.00;
 - Financial pledge up to the highest sum of security in the amount of PLN 50,550,000.00 on rights to cash deposited in the borrower's accounts maintained with Bank Ochrony Środowiska S.A., along with a netting provision;
 - Power of attorney granted to a bank by the Company to draw down cash deposited in the borrower's bank accounts;
 - Assignment of receivables arising from a contract made with the general contractor of the project;
 - A hold placed on bank accounts relating to the project (except for the escrow account);
 - Transfer of copyrights for all forms of exploitation and derivative rights to design documentation and architect's on-site supervision services for the project under a condition precedent of entry into force should the Loan Agreement be terminated by the Bank.

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Security for Loans Granted to Finance Commercial Properties

Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:

- Capped mortgage (loan in EUR) – up to the amount of EUR 37,500,000;
- Pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to the amount EUR 37,500,000;
- Registered pledge on bank accounts (loan in EUR) – up to the amount of EUR 37,500,000;
- Assignment of rights arising from rental agreements, insurance and guarantees under agreements with contractors;
- Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure with regard to 113,700,000 ordinary registered shares held by Develia S.A. of a nominal value of PLN 1.00, each being a part of the share capital of Arkady Wrocławskie S.A., encumbered with registered pledge, under financial and registered pledge agreement, on shares as security for the repayment of secured debt;
- Deposit of EUR 500,000.

2. Security for transactions hedging against interest rate risk (COLLAR) (hedging agreement), established by Arkady Wrocławskie S.A.:

- Contractual mortgage of up to PLN 8,250,000;
- Declarations on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure up to the total amount of PLN 8,250,000;

3. Security for the agreement on a bank loan taken out by Sky Tower S.A.:

- Contractual mortgage of the highest priority of up to EUR 90.000.000;
- Financial and registered pledges on accounts receivable from bank accounts with a power of attorney to manage the accounts;
- Declaration on submission to enforcement pursuant to Article 97 of the Banking Law and Article 777 of the Code of Civil Procedure;
- Registered pledges on all shares of Sky Tower S.A., together with a financial pledge of up to EUR 90,000,000;
- Assignment to secure the borrower's rights arising from all agreements concluded by the Borrower;
- Subordination agreement on claims from other borrower's creditors being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.

4. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by Sky Tower S.A. pursuant to the framework agreement of 27 December 2012:

- Contractual mortgage of the highest priority of up to EUR 44.000.000;
- Declaration on submission to enforcement pursuant to Article 97 of the Banking Law.
- 5. Security for the bank loan agreement signed by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. in favour of mBank S.A.:
 - Contractual mortgage on real property of up to EUR 51,280,500.00;
 - A subordination agreement concluded by the borrower, the Issuer and Issuer's other subsidiaries (LC Corp Invest I Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinate creditors along with the borrower – as the senior creditor, providing for an assignment as security for all subordinated debts;
 - Agreements to assign rights and debts arising from lease and other contracts associated with the project.
 - First-ranking registered pledges on the rights and debts owed to the limited partner and the general partner of the borrower's company (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to the amount of EUR 51,280,500 along with a declaration on submission to enforcement pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - First-ranking registered and financial pledge on all bank accounts of the borrower (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to EUR 51,280,500 along with powers of attorney for the lender;

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- Borrower's declarations on submission to enforcement towards the lender pursuant to Article 777(1) of the Code of Civil Procedure up to EUR 51,280,500.00;
 - Debt service reserve in the amount of three principal and interest instalments,
 - A support agreement concluded with the Issuer, under which the Issuer undertook, among other things, to provide financial support to the borrower, including to provide Debt Service Reserve and replenish it if it has been drawn on, along with the Issuer's declaration on free submission to enforcement towards the lender in relation to the Support Agreement up to EUR 560,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
6. Security for transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. pursuant to the framework agreement as security for the loan agreement in favour of mBank S.A.:
- FX risk and interest rate risk hedging agreement, secured by a mortgage of up to PLN 32,235,000 (which is junior directly to mortgage used as security for the agreement) on the real property.
 - Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of PLN 32,235,000 in favour of mBank S.A.;
 - Declarations on submission to enforcement pursuant to Article Article 777 of the Code of Civil Procedure of up to PLN 32,235,000.

2.27 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares

On 30 June 2021, the Ordinary General Meeting of Develia S.A. adopted a resolution on the payment of dividend on the following principles:

- a) Amount of dividend: PLN 76,084,912.87
- b) Amount of dividend per share: PLN 0.17
- c) Number of shares subject to dividend: 447,558,311 shares
- d) Record date: 06 July 2021
- e) Dividend payment date: 13 July 2021

Pursuant to the said resolution, Develia S.A. paid the dividend on 13 July 2021.

2.28 Effects of Announcement of COVID-19 Epidemic on Group's Current Operations

An important factor that affected the Group's current operations in 2021 was the state of COVID-19 epidemic announced in that period.

January and February 2020 saw very good sales, however, after that period the Group recorded a significant drop in the number of new sales contracts concluded in the period from April to June 2020.

In H2 2020, the Group reported a marked improvement as regards the sales of flats. In this regard, the best period was recorded in Q4 2020, when the Group entered into 580 development and preliminary agreements, which accounted for 43% of total 2020 sales. Sales figures for the entire 2020 were approx. 10% lower than for 2019. Sales results in the period of 3 quarters of 2021 reflect good situation on the property development market, the Group made 1,500 development and preliminary agreements, and expects a considerable increase in the sales of flats in 2021. The Management Board's goal is 1,750-1,850 units.

The COVID-19 epidemic led to a delay in the process of issuing administrative decisions, e.g. decisions on building permit, which stemmed from the fact that time limits for administrative authorities to give such decisions were suspended and the working behaviour of offices changed on account of the epidemic. A slowdown in administrative procedures had a bearing on the Develia Group's offer of flats available for sale. In 2021, the Group' offer reached the level of approx. 1,400 units, which makes it possible to meet sales targets set for this year.

The Management Board monitored, on a daily basis, works progress on construction sites, and no major effects of the epidemic on project schedules were observed.

The COVID-19 pandemic had also a considerable impact on the Group's operations in the commercial segment, it was reflected in revenue and cash flows generated by commercial buildings, specifically those with a significant share in

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commercial floor space – these changes resulted in a lower value of investment real property in 2020 – Arkady Wrocławskie, Sky Tower and Wola Retro, which declined by a total of EUR 52,490,000.

Apart from the aforesaid impact, the fact of announcing the COVID-19 pandemic has not affected the liquidity of the Group companies dramatically and it has had no significant bearing on the valuation of major financial items (such as inventory, receivables and provisions).

The COVID-19 pandemic is still considered an important risk factor. A sharp rise in the number of infections and potential restrictions imposed as a consequence of that may affect the Group's operations. The Management Board are of the opinion that it is not possible to assess the effects of the epidemic on the Group in subsequent months.

2.29 Events Occurred After 30 September 2021, Not Disclosed in These Statements, Which Could Have Had Material Bearing on Future Financial Results of Develia Group

After the balance-sheet date, i.e. after 30 September 2021, no significant events which have not been revealed herein and might have a major impact on financial results presented herein were observed. Nevertheless, there were other events:

- 1) On 1 October 2021, the District Court for Wrocław-Fabryczna in Wrocław, the 6th Commercial Division of the National Court Register (KRS), registered a merger between LC Corp Invest XV Sp. z o.o. Projekt 10 Sp.k., LC Corp Invest XV Sp. z o.o. Projekt 11 Sp.k and LC Corp Service S.A. The aforesaid companies merged pursuant to Article 492(1)(1) of the Polish Commercial Partnerships and Companies Code, through the transfer of the entire assets of LC Corp Invest XV sp. z o.o. Projekt 10 sp.k. and LC Corp Invest XV sp. z o.o. Projekt 11 Sp.k. to LC Corp Service S.A. in exchange for the shares which were handed over by LC Corp Service S.A. to one of the partners of the acquired partnerships, namely, LC Corp Invest XV sp. z o.o., whereas the other partner of the said partnerships, i.e. LC Corp Service S.A., did not receive any shares.
- 2) On 20 October 2021, in pursuance of the conditional joint-venture cooperation agreement of 13 August 2021 made by the Issuer with Grupa Lar Holding Polonia sp. z o.o. with its registered office in Warsaw and CGLS sp. z o.o. sp.k. with its registered office in Warsaw, upon satisfying all conditions stipulated therein:
 - a) The Issuer acquired from Grupa Lar Holding Polonia sp. z o.o., as the seller, 80 shares in Brightvell Investments Sp. z o.o. with its registered office in Warsaw having a par value of PLN 50.00 each and the total par value of PLN 4,000.00, giving in aggregate 80% of votes at the general meeting of the said company and representing in aggregate 80% of total shares in the Company; by virtue of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of Brightvell Investments Sp. z o.o.;
 - b) The Issuer acquired from Grupa Lar Holding Polonia sp. z o.o., as the seller, 80 shares in Rochster Investments Sp. z o.o. with its registered office in Warsaw having a par value of PLN 50.00 each and the total par value of PLN 4,000.00, giving in aggregate 80% of votes at the general meeting of the said company and representing in aggregate 80% of total shares in the Company; by virtue of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of Rochster Investments Sp. z o.o.;
 - c) The Issuer acquired from Grupa Lar Holding Polonia sp. z o.o., as the seller, 80 shares in CGL X Sp. z o.o. with its registered office in Warsaw having a par value of PLN 50.00 each and the total par value of PLN 4,000.00, giving in aggregate 80% of votes at the general meeting of the said company and representing in aggregate 80% of total shares in the Company; by virtue of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of CGL X Sp. z o.o.;
 - d) The Issuer joined the partnership Brightvell Investments Sp. z o.o. Sp. k. with its registered office in Warsaw as the limited partner, with the fixed amount of its liability amounting to PLN 1,000, making cash contribution in the amount of PLN 8,230,950; by reason of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of Brightvell Investments Sp. z o.o. Sp. k.;
 - e) The Issuer joined the partnership Rochster Investments Sp. z o.o. Sp. k. with its registered office in Warsaw as the limited partner, with the fixed amount of its liability amounting to PLN 1,000, making cash contribution in the amount of PLN 2,449,538; by reason of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of Rochster Investments Sp. z o.o. Sp. k.;

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- f) The Issuer joined the partnership CGL X Sp. z o.o. Sp. k. with its registered office in Warsaw as the limited partner, with the fixed amount of its liability amounting to PLN 1,000, making cash contribution in the amount of PLN 45,490,834.00; by reason of the foregoing acquisition of shares by the Issuer, the Issuer became the parent company of CGL X Sp. z o.o. Sp. k.
- 3) On 25 October 2021, the Issuer's subsidiary CGL X Sp. z o.o. Sp. k., in which the Issuer is the majority partner directly and indirectly through CGL X spółka z ograniczoną odpowiedzialnością, entered into a sale and purchase agreement in the form of a notarial deed, under which it purchased from an entity which was not related to the Issuer the right of perpetual usufruct to real property located in Warsaw at Lizbońska street. The area of the land property disposed of as part of the transaction is 0.8748 ha. The price for the right of perpetual usufruct to the real property amounted to PLN 37,050,000.00 net, plus VAT at a rate of 23 per cent, i.e. an amount of PLN 45,571,500 gross.
- 4) On 4 November 2021, an amendment was concluded to reschedule an investment note redemption date for 30 June 2022, which concerned the investment notes issued by Develia S.A. and having a par value of PLN 2,000,000 each, which were taken up by a subsidiary – Arkady Wrocławskie S.A.
- 5) On 8 November 2021, the District Court for Wrocław-Fabryczna, the 6th Commercial Division of National Court Register (KRS), registered amended articles of association, in relation to the voluntary redemption of shares in the share capital of LC Corp Invest III Sp. z o.o. and reduction in the share capital by PLN 5,000,000.00, i.e. to the amount of PLN 1,700,000.00, through the redemption of 50,000 shares in that company.
- 6) On 9 November 2021, the Company – as the purchaser – entered into a sale and purchase agreement in the form of a notarial deed, under which the right of ownership to real property of the area of 1.8027 ha, situated in Gdańsk at Przemyska street, was purchased from an entity which was not related to the Company for a price of PLN 19,655,737.40 net plus VAT at a rate of 23 per cent, i.e. an amount of PLN 24,176,557.00 gross. The Company intends to use the said real property for an investment project with approx. 184 residential premises. It is envisaged that sales for this investment project will commence in Q1 2022.

2.30 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year

From the end of the last financial year there were no significant changes in contingent liabilities or contingent assets of the Group companies, except for contingent liabilities arising from property development activity, relating to contingent fees for the removal of trees, whose total amount decreased from PLN 5,370,000 as at 31 December 2020 to PLN 1,042,000 as at 30 September 2021.

In pursuance of the Sales and Purchase Agreements covering two real properties: Silesia Star in Katowice and Retro Office House in Wrocław, the Company furnished the Purchasers, Ingadi spółka z ograniczoną odpowiedzialnością (“Ingadi”) and Artigo spółka z ograniczoną odpowiedzialnością (“Artigo”), with rent guarantees issued for a five-year period (covering, *inter alia*, vacant floor space), secured by suretyship provided by the Company (as the surety of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (“P20”) and LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (“P21”), acting as the Sellers and debtors). In relation to the aforesaid suretyship, the Company will guarantee that:

- (i) obligations and liabilities arising from the Final Agreements will be discharged by P20 and P21, and
- (ii) obligations and liabilities of P20 and P21 relating to finish works to be done by tenants designated in the Final Agreements will be discharged by P20 and P21, and
- (iii) obligations and liabilities of P20 and P21 arising from the rent guarantee agreements contemplated in the Preliminary Sales and Purchase Agreements will be discharged by P20 and P21, and
- (iv) the Company will incur debts of P20 and P21 arising from obligations and liabilities of P20 and P21 under the Final Agreements and rent guarantee agreements if the Sellers have ceased their operations, have gone into liquidation or have been dissolved, which circumstances will be described in the surety arrangement.

In pursuance of the Preliminary Sales and Purchase Agreement covering the real property called “Wola Center” in Warsaw, the Company has undertaken to the Purchaser, Gisla Spółka z ograniczoną odpowiedzialnością (currently Wola Center Sp. z o.o.), to stand surety for the Seller, Warszawa Przyokopowa Spółka z ograniczoną odpowiedzialnością, and the debtor. Under the said commitment the Company guaranteed, among other things, that:

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- (i) The Seller would perform the obligations and discharge the liabilities of Warszawa Przyokopowa, acting as the Seller, arising from agreements covering the subject-matter of the Transaction, and
- (ii) The Company would incur debts of WP arising from obligations and liabilities of WP under the Final Sales and Purchase Agreement, if the Seller has ceased its operations, has gone into liquidation or has been dissolved, which circumstances were described in the surety arrangements.

Apart from the contingent liabilities representing security for bank loans described in detail in Note 2.26.5 and the above-described contingent fees relating to the removal of trees and arising from the real property sales and purchase agreements entered into, as at 30 September 2021, Group Companies did not have any other significant contingent liabilities.

2.31 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

Apart from the events referred to herein, in the reporting period ended 30 September 2021 there were no other events concerning the Group, which would have any impact on the assessment of personnel, assets and financial standing and on the evaluation of the Issuer's feasibility of discharging its obligations.

2.32 Revenue and Profit-Loss Attributable to Respective Operating Segments

For management purposes, the Group distinguishes three reporting operating segments:

- rental services segment
- property development activity segment
- holding (other) activity segment

The tables presented below show data concerning revenues and profits of the Group's individual segments for the period of 9 months ended 30 September 2021 and 30 September 2020 and concerning assets and liabilities as at 30 September 2021 and 31 December 2020.

Period of 9 months ended 30 September 2021	Rental services	Property development activity	Holding (other) activity	TOTAL
Operating activity				
Sales revenue	64,008	532,287	37	596,332
Revenue from sale of services	64,007	8	37	64,052
Revenue from sales of goods and products	1	532,279	-	532,280
Cost of goods sold	(31,952)	(401,016)	-	(432,968)
Pre-tax profit/(loss) on sales	32,056	131,271	37	163,364
Gain/(loss) on disposal of non-financial fixed assets	-	-	-	-
Profit /(loss) on investment property	(6,095)	-	-	(6,095)
Write-downs of inventory	-	-	-	-
Selling and distribution cost	(748)	(13,121)	-	(13,869)
General administrative expenses	(7,352)	(19,427)	(126)	(26,905)
Other operating income	2,321	2,103	49	4,473
Other operating expenses	(1,297)	(1,390)	(547)	(3,234)
Operating profit/(loss)	18,885	99,436	(587)	117,734
Financial income	141	18	428	587
Financial expenses	(12,983)	(113)	(1,306)	(14,402)
Share in profits (losses) of entities disclosed using the equity method	-	-	(3)	(3)
Pre-tax profit/(loss)	6,043	99,341	(1,468)	103,916

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Income tax (tax expense)	(224)	(19,219)	299	(19,144)
Net profit/(loss)	5,819	80,122	(1,169)	84,772
Other comprehensive income subject to reclassification to financial result in subsequent reporting periods				
Cash flow hedges	477	-	-	477
Income tax relating to other components of comprehensive income	(91)	-	-	(91)
Other comprehensive income (net)	386	-	-	386
Comprehensive income	6,205	80,122	(1,169)	85,158

Period of 9 months ended 30 September 2020	Rental services	Property development activity	Holding (other) activity	TOTAL
Operating activity				
Sales revenue	65,820	252,583	58	318,461
Revenue from sale of services	65,818	-	58	65,876
Revenue from sales of goods and products	2	252,583	-	252,585
Cost of goods sold	(27,249)	(175,018)	-	(202,267)
Pre-tax profit/(loss) on sales	38,571	77,565	58	116,194
Gain/(loss) on disposal of non-financial fixed assets	-	(23)	48	25
Profit/(loss) on investment property	(4,932)	-	-	(4,932)
Write-downs of inventory	-	-	-	-
Selling and distribution cost	(328)	(9,712)	-	(10,040)
General administrative expenses	(6,456)	(12,528)	(7)	(18,991)
Other operating income	985	2,726	33	3,744
Other operating expenses	(1,834)	(970)	(16)	(2,820)
Operating profit/(loss)	26,006	57,058	116	83,180
Financial income	836	818	485	2,139
Financial expenses	(51,012)	(109)	(1,687)	(52,808)
Pre-tax profit/(loss)	(24,170)	57,767	(1,086)	32,511
Income tax (tax expense)	356	(10,040)	210	(9,474)
Net profit/(loss)	(23,814)	47,727	(876)	23,037
Other comprehensive income subject to reclassification to financial result in subsequent reporting periods				
Cash flow hedges	11,327	-	-	11,327
Income tax relating to other components of comprehensive income	(2,152)	-	-	(2,152)
Other comprehensive income (net)	9,175	-	-	9,175
Comprehensive income	(14,639)	47,727	(876)	32,212

As at 30 September 2021	Rental services	Property development activity	Holding (other) activity	TOTAL
Assets and liabilities				
Total assets, including:	1,091,492	1,650,468	293,398	3,035,358

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<i>Non-Current Receivables</i>	14,222	-	-	14,222
<i>Investment property</i>	646,453	-	-	646,453
<i>Inventory</i>	988	1,353,119	-	1,354,107
<i>Derivatives assets</i>	-	-	-	-
<i>Short-Term Securities</i>	-	-	27,004	27,004
<i>Other financial assets</i>	-	39,893	75,498	115,391
<i>Cash and cash equivalents</i>	26,428	243,248	124,755	394,431
<i>Non-current assets classified as held for sale</i>	381,079	-	-	381,079
Total liabilities, including:	489,788	1,136,185	82,524	1,708,497
<i>Liabilities on account of loans and bonds</i>	393,353	360,345	65,299	818,997
<i>Liabilities Arising from Derivatives</i>	851	-	-	851
<i>Accrued expenses and deferred income</i>	6,784	613,155	8,099	628,038

As at 31 December 2020	Rental services	Property development activity	Holding (other) activity	TOTAL
Assets and liabilities				
Total assets, including:	1,123,876	1,467,883	224,482	2,816,241
<i>Non-Current Receivables</i>	8,949	-	64	9,013
<i>Investment property</i>	1,016,745	-	-	1,016,745
<i>Inventory</i>	990	1,244,986	-	1,245,976
<i>Derivatives assets</i>	-	-	-	-
<i>Short-Term Securities</i>	-	-	20,013	20,013
<i>Other financial assets</i>	-	32,851	55,154	88,005
<i>Cash and cash equivalents</i>	73,173	182,095	121,768	377,036
<i>Non-current assets classified as held for sale</i>	-	-	-	-
Total liabilities, including:	571,567	912,125	14,761	1,498,453
<i>Liabilities on account of loans, bonds and financial instruments</i>	423,786	343,503	-	767,289
<i>Liabilities Arising from Derivatives</i>	1,511	-	-	1,511
<i>Accrued expenses and deferred income</i>	6,811	448,457	8,683	463,951

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3. INTERIM CONDENSED FINANCIAL STATEMENTS OF DEVELIA S.A.

STATEMENT OF FINANCIAL POSITION

	Note	30 September 2021	31 December 2020
Assets			
A. Fixed assets		924,501	942,134
1. Intangible assets		436	305
2. Property, plant and equipment	3.13	6,189	7,153
3. Non-current loans and receivables		90,478	93,125
4. Non-current investments	3.10	819,825	827,535
5. Non-current prepayments and accrued income		1,113	410
6. Deferred tax assets	3.12	6,460	13,606
B. Current assets		1,155,361	993,752
1. Inventory		874,450	790,063
2. Trade and other receivables		54,273	14,498
3. Income tax receivables		301	455
4. Short-Term Securities		27,004	20,013
5. Other financial assets		85,521	95,070
6. Cash and other cash assets		111,617	71,808
7. Current prepayments and accrued income		2,195	1,845
C. Non-current assets classified as held for sale		-	-
Total assets		2,079,862	1,935,886
Equity and liabilities			
A. Equity		1,087,594	1,043,538
1. Share capital		447,558	447,558
2. Called-up share capital not paid		-	-
3. Supplementary capital		417,696	353,524
4. Other reserve funds		100,205	100,205
5. Other capitals		1,994	1,994
6. Retained profit/(Loss carried forward)		120,141	140,257
B. Long-term liabilities		532,822	432,945
1. Non-current financial liabilities	3.23	529,404	428,663
2. Non-current lease liabilities		2,973	3,837
3. Provisions	3.11	445	445
4. Deferred tax liability	3.12	-	-
C. Short-term liabilities		459,446	459,403
1. Current financial liabilities	3.23	144,478	148,207
2. Current lease liabilities		19,314	17,236
3. Current trade and other payables		49,653	17,444
4. Income tax payables		-	-
5. Provisions	3.11	250	-
6. Accruals and deferred income		245,751	276,516
Total equity and liabilities		2,079,862	1,935,886

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STATEMENT OF COMPREHENSIVE INCOME

	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021	Q3 2020 period from 01/07/2020 to 30/09/2020 (restated)	3 Quarters of 2020 cumulatively from 01/01/2020 to 30/09/2020 (restated)
Operating income				
Revenue from sale of services, products and goods	171,730	337,239	26,707	35,442
Revenue from interest and discounts	931	4,489	1,171	3,304
Revenue from dividend	-	90,869	-	235,559
Other financial income	5,310	824	837	7,236
Other Operating Income	168	745	118	475
Total operating income	178,139	434,166	28,833	282,016
Operating expenses				
Operating expenses, cost of sold products and goods	(151,729)	(299,705)	(25,319)	(46,849)
Costs of interest and discounts	(1,804)	(5,372)	(1,807)	(6,539)
Other financial expenses	(703)	(1,325)	(436)	(862)
Other operating expenses	(340)	(456)	15	(55)
Total operating expenses	(154,576)	(306,858)	(27,547)	(54,305)
Pre-tax profit/(loss)	23,563	127,308	1,286	227,711
Income tax (tax expense)	(3,709)	(7,167)	(666)	189
Net profit/(loss)	19,854	120,141	620	227,900
Other comprehensive income subject to reclassification to profit/(loss) in subsequent reporting periods				
Other components of comprehensive income	-	-	-	-
Income tax relating to other components of comprehensive income	-	-	-	-
Other comprehensive income (net)	-	-	-	-
Comprehensive income	19,854	120,141	620	227,900

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	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021	Q3 2020 period from 01/07/2020 to 30/09/2020 (restated)	3 Quarters of 2020 cumulatively from 01/01/2020 to 30/09/2020 (restated)
Net profit/(loss) (PLN'000)	19,854	120,141	620	227,900
Average weighted number of ordinary shares (pcs)	447,558,311	447,558,311	447,558,311	447,558,311
Net profit/(loss) per share (in PLN) - basic	0.05	0.27	-	0.51
Net profit/(loss) per share (in PLN) - diluted	0.05	0.27	-	0.51

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF CHANGES IN EQUITY

	Share capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capitals	Retained profit/(Loss carried forward)	Total
As at 01 January 2021	447,558	-	353,524	100,205	1,994	140,257	1,043,538
<i>Net profit/(loss) for the period of 9 months ended 30 September 2021</i>	-	-	-	-	-	120,141	120,141
<i>Other comprehensive income for the period of 9 months ended 30 September 2021</i>	-	-	-	-	-	-	-
Other comprehensive income for the period of 9 months ended 30 September 2021	-	-	-	-	-	120,141	120,141
<i>Transfer to reserve funds / supplementary capital</i>	-	-	64,172	-	-	(64,172)	-
<i>Payment of dividend</i>	-	-	-	-	-	(76,085)	(76,085)
As at 30 September 2021	447,558	-	417,696	100,205	1,994	120,141	1,087,594

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	Share capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capitals	Retained profit/(Loss carried forward)	Total
As at 01 January 2020	447,558	-	322,216	-	1,994	176,268	948,036
<i>Net profit/(loss) for 2020</i>	-	-	-	-	-	140,257	140,257
<i>Other comprehensive income for 2020</i>	-	-	-	-	-	-	-
Total comprehensive income for 2020	-	-	-	-	-	140,257	140,257
Profit allocated to supplementary capital and reserve funds	-	-	31,308	100,205	-	(131,513)	-
Payment of dividend	-	-	-	-	-	(44,755)	(44,755)
As at 31 December 2020	447,558	-	353,524	100,205	1,994	140,257	1,043,538

	Share capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capitals	Retained profit/(Loss carried forward)	Total
As at 01 January 2020	447,558	-	322,216	-	1,994	176,268	948,036
<i>Net profit/(loss) for the period of 9 months ended 30 September 2020</i>	-	-	-	-	-	227,547	227,547
<i>Other comprehensive income for the period of 9 months ended 30 September 2020</i>	-	-	-	-	-	-	-
Other comprehensive income for the period of 9 months ended 30 September 2020	-	-	-	-	-	227,547	227,547
Profit allocated to supplementary capital and reserve funds	-	-	31,307	100,205	-	(131,512)	-
Allocated to the payment of dividend	-	-	-	-	-	(44,756)	(44,756)
Settlement of company merger (1)	-	-	-	-	-	353	353
As at 30 September 2020	447,558	-	353,523	100,205	1,994	227,900	1,131,180

(1) Relates to the merger between Develia S.A. and LC Corp Invest XXI Sp. z o.o. and LC Corp Invest XXIV Sp. z o.o. See Note 3.2 for further details.

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STATEMENT OF CASH FLOWS

	Note	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2020 (restated)
A. Cash flows from operating activities			
I. Pre-tax profit/(loss)		127,308	227,711
II. Total adjustments		(89,651)	(20,683)
1. Change in tangible assets and intangible assets		833	(1,200)
2. Change in provisions		250	-
3. Change in inventory		(84,387)	(192,214)
4. Change in receivables		(39,797)	88,566
5. Change in liabilities, except for loans and borrowings		32,209	51,734
6. Change in prepayments and accruals		(31,817)	116,868
7. Change in financial liabilities		16,852	(22,822)
8. Change in financial assets		4,902	(64,172)
9. Change in financial assets resulting from shares		7,709	(7,155)
10. Income Tax		133	3,313
11. Other adjustments		3,462	6,399
III. Net cash flow from operating activities (I+II)		37,657	207,028
B. Cash flow from financing activities			
I. Cash inflows		195,384	123,656
1. Issue of debt securities		150,000	-
2. Bank and non-bank loans		45,384	123,656
II. Outflows		(193,232)	(219,910)
1. Redemption of debt securities		(100,000)	(118,000)
2. Repayment of bank and non-bank loans		(5,384)	(85,200)
3. Payment of liabilities arising from finance lease		(1,796)	(1,721)
4. Interest		(9,967)	(14,989)
5. Dividends and payments to shareholders		(76,085)	-
III. Net cash flows from financing activities (I+II)		2,152	(96,254)
C. Total net cash flow (A.III+ B.III)		39,809	110,774
D. Balance-sheet change in cash, including:		39,809	110,774
E. Cash at the beginning of period		71,808	28,821
F. Cash at the end of period (F+D)		111,617	139,595
- restricted cash		20	20

OTHER INFORMATION AND NOTES**3.1 General Information about Issuer**

Develia S.A. (the "Issuer", the "Company", formerly known as LC Corp S.A.) was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 4th Commercial Division of the National Court Register, under KRS No. 0000253077.

As at 30 September 2021, the shares of Develia S.A. are in public trading.

The Company has been assigned statistical identification number (REGON): 020246398, tax identification number (NIP): 8992562750.

The Company has been established for an indefinite time. The Company's primary activity includes:

- PKD 74.15.Z Activities of financial holding companies
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

As at the date hereof, there is no parent undertaking of Develia S.A.

Interim Condensed Financial Statements of Develia S.A. cover the period of 9 months ended 30 September 2021. The detailed description of the component parts of the financial statements is included in Section 3.2.

3.2 Restatement of Comparable Data

These separate financial statements of Develia S.A. have been prepared after the merger between Develia S.A. and (the Acquiring Company) and LC Corp Invest XXI Sp. z o.o. and LC Corp Invest XXIV Sp. z o.o. (the Acquired Companies). The merger was completed pursuant to Article 492(1)(1) of the Polish Code of Commercial Partnerships and Companies in conjunction with Article 516 of the said Code through the transfer to the Acquiring Company – as the sole shareholder in the Acquired Companies – of the entire assets of Acquired Companies under conditions set out in the Merger Plan of 13 July 2020 (communicated by the Issuer in its Current Report no. 24/2020 of 13 July 2020).

The merger was registered on 01 October 2020.

The merger of the companies has been accounted for in the Acquiring Company's books and records by the pooling of interests method; to this end, the respective items of relevant assets and liabilities and revenues and expenses of the merged companies have been summed up, as at the date of merger, after they had been adjusted using uniform valuation methods and the following had been eliminated:

- Reciprocal receivables and payables, as well as the revenues and costs of business transactions carried out in the same financial year;
- The distribution of profit received from the Acquired Company and contributions made to the acquired companies;
- The acquired companies' share capital;
- The adjustment of the item "Other funds" by a difference between the sum of assets and liabilities acquired;
- Retained profits/unrealised losses carried forward, as presented herein, following the merger, have been summed up with account taken of the foregoing adjustments.

As at 30 September 2020, the Acquired Companies did not close its books of account.

Compared to the financial statements published for the period ended 30 September 2020, comparatives were restated on account of the merger.

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The below table demonstrates changes in comparable data in the statement of comprehensive income for the period ended 30 September 2020:

	Period of 9 months ended 30 September 2020 (published)	Change	Period of 9 months ended 30 September 2020 (restated)
Operating income			
Revenue from sale of services, products and goods	35,489	(47)	35,442
Revenue from interest and discounts	3,688	(384)	3,304
Revenue from dividend	235,559	-	235,559
Other financial income	7,235	1	7,236
Other Operating Income	475	-	475
Total operating income	282,446	(430)	282,016
Operating expenses			
Operating expenses, cost of sold products and goods	(46,858)	9	(46,849)
Costs of interest and discounts	(7,370)	831	(6,539)
Other financial expenses	(862)	-	(862)
Other operating expenses	(55)	-	(55)
Total operating expenses	(55,145)	840	(54,305)
Pre-tax profit/(loss)	227,301	410	227,711
Income tax (tax expense)	246	(57)	189
Net profit/(loss) on continued operations	227,547	353	227,900
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	227,547	353	227,900
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	227,547	353	227,900

3.3 Rules Adopted for Preparing Quarterly Report

These interim condensed financial statements of Develia S.A. comprise:

- Statement of Financial Position as at 30 September 2021 and comparable financial data as at 31 December 2020;
- Statement of Comprehensive Income for the three quarters of 2021, i.e. for the period of 9 months, cumulatively from 01 January 2021 to 30 September 2021, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2020 to 30 September 2020;
- Statement of Cash Flows for the three quarters of 2021, i.e. for the period of 9 months, cumulatively from 01 January 2021 to 30 September 2021, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2020 to 30 September 2020;

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- Statement of Changes in Equity as at 30 September 2021 and comparable data as at 30 September 2020 and as at 31 December 2020;
- Notes to the financial statements.

Notes to financial statements and other information defined in Section 66 of the Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report for Q3 2021, are included in section 4.

The enclosed condensed financial statements of the Develia S.A. were prepared in accordance with the International Financial Reporting Standards (“IFRS”), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

IFRS comprise standards and interpretations accepted by the International Accounting Standard Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The interim condensed financial statements of Develia S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of Develia S.A. for the year ended 31 December 2020.

The Interim Condensed Financial Statements are presented in thousand zlotys (“PLN”), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed financial statements of Develia S.A. were prepared on the going concern assumption, i.e. the continuation of the Company’s business activity in the foreseeable future. As at the day of the approval of these statements, there were no circumstances identified implying any threats to the continuation of the Company’s activity.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of Develia S.A. for the year ended 31 December 2020, published on 08 April 2021.

The information about new standards and interpretations is included in item 3.6 and 3.7.

3.4 Approval of Interim Condensed Financial Statements

These interim condensed financial statements of Develia S.A. were approved by the Management Board for publication on 16 November 2021.

3.5 Information on Material Estimates and Professional Judgement

The Company's Management Board applied their best knowledge regarding not only the standards and interpretations used, but also the methods and principles of valuation of individual items of the enclosed financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these estimates. The financial data for the three quarters of 2021 presented herein was not subject to auditor’s examination.

Professional Judgement

In the process of applying the accounting principles (policies) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

Classification of Lease Agreements

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The Company classifies lease according to IFRS 16.

Uncertainty of Estimates

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the reporting period and entailing a significant risk of considerable adjustment of the net book value of assets and liabilities in the following reporting period.

Deferred Tax Asset

The Company recognises a deferred tax asset based on the assumption that a tax profit enabling its utilisation should be obtained in the future. Worse tax results obtained in the future could have the effect that this assumption might become groundless. Deferred income tax is presented in Note 3.13.

Write-downs of shares held in subsidiary undertakings

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the impairment of the shares in subsidiary undertakings.

If the verification reveals the existence of such impairment, the Management Board writes down these assets to their recoverable value. The recoverable value of an asset can be defined as being the higher one of the two values: fair value less costs to sell or value in use.

The value in use is estimated with the DCF method or with the hybrid model: net assets and discounted revenues (discounted dividends). The DCF method is based on discounted cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, taking into consideration the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The recoverable value of shares and the amount of their write-downs were estimated as at 30 September 2021 and may be subject to a change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the amount of write-downs may change in the following accounting periods. Write-downs of shares are presented in Note 3.11.

Write-Downs of Borrowings Granted to Subsidiary Undertakings

The Management Board conducts an analysis at the end of every reporting period aimed at checking whether borrowings granted fit the asset maintenance model with a view to achieving contractual cash flows. Depending on the result of SPPI test, borrowings are classified either as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

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The table below presents estimates as at 30 September 2021 and as at 31 December 2020.

	30 September 2021	31 December 2020
Deferred tax asset	6,460	13,606
Deferred tax liability	-	-
Write-downs of shares and stocks	(140,585)	141,350

Uncertainty Associated with Tax Settlements

The regulations concerning the tax on goods and services, corporate tax and burdens associated with social insurance are subject to frequent changes. These frequent changes make no appropriate reference points, inconsistent interpretations and few established precedents that might be applicable. The binding regulations also contain uncertainties, resulting in different opinions regarding the legal interpretation of tax regulations, both among public authorities and between public authorities and companies.

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group.

The Company recognises and measures the assets or liabilities in respect of current and deferred income tax in compliance with the requirements of IAS 12, Income Tax on the basis of the profit (tax loss), tax base, unrelieved tax losses, unused tax exemptions and tax rates, taking into account the uncertainty associated with tax settlements.

3.6 Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these financial statements are consistent with those adopted to draw up the financial statements for the year ended 31 December 2020, save for the following principles. The below changes to IFRS have been applied to these financial statements as of the date of their entry into force:

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Lease”** – Interest Rate Benchmark Reform – the 2nd Stage approved in the EU on 13 January 2021 (applicable to annual periods beginning on or after 01 January 2021).

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- **Amendments to IFRS 4 “Insurance Contracts”** termed “The Extension of the Temporary Exemption from Applying IFRS 9” – approved in the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 01 January 2021 to annual periods beginning on and after 1 January 2023);

The adoption of the standards and amendments to existing standards, as mentioned above, did not exert any considerable impact on the financial statements.

3.7 New Standards and Interpretations Published But Not Effective Yet

New standards and amendments to the existing standards which have been already issued by the IFRIC and approved by the EU, but are not in force yet:

On the approval of these financial statements, the following amendments to existing standards were issued by the IFRIC and approved for application within the EU, nevertheless they will enter into force on a later date:

- **Amendments to IAS 16 “Property, Plant and Equipment”** – Proceeds Before Intended Use approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** – Onerous Contracts – Cost of Fulfilling a Contract, approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 “Business Combinations”** – Amendments to References to the Conceptual Framework including amendments to IFRS 3 (applicable to annual periods beginning on or after 1 January 2022);

Amendments to miscellaneous standards “Improvements to IFRS (the 2018-2020 cycle)” – amendments made as part of the IFRS Annual Improvement Process (IFRS 1, IFRS 9, IFRS 16 and IAS 41) are designed mainly to deal with non-conformities and ensure the consistency of terminology – approved by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 concern only an illustrative example, hence no entry into force date has been set). 4

New standards and amendments to the existing standards which have been already issued by the IFRIC, but which have not been approved for application within the EU yet

Currently, IFRS in the form approved by the EU do not differ significantly from regulations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), except for the following new standards and amendments to standards which as at the date of the publication of these statements were not approved for application within the EU (the below entry into force dates relate to the full version of standards):

- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- **IFRS 17 “Insurance Contracts”**, with further amendments to IFRS 17, (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Classification of Liabilities as Current or Non-current (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Disclosure of Accounting Policies Applied (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** – Definition of accounting estimates (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IFRS 12 “Income tax”**- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable to annual periods beginning on or after 01 January 2023);
- **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 and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed);

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- **Amendments to IFRS 16 “Lease”**- Covid-19-Related Rent Concessions after 30 June 2021 (applicable to annual periods beginning on or after 01 April 2021. Early application is allowed, including also for the financial statements which have not been approved for publication on or after the date of release of amendment.

The Company is in the process of verification of the impact of the above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

According to the Company's estimates, the above-mentioned new standards and amendments to existing standards would not have had major impact on the financial statements if they had been applied by the Company at the balance-sheet date.

Apart from regulations approved by the EU, there is also hedge accounting for a portfolio of assets and liabilities, the principles of which have not been approved for application within the EU yet.

According to the company's estimates, the application of hedge accounting for a portfolio of assets or financial liabilities under IAS 39, “Financial Instruments: Recognition and Measurement” would not have any significant impact on the financial statements, if the standard in question had been approved for application as at the balance-sheet date.

The Company is in the process of verification of the impact of the other above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

According to the Company's estimates, the above-mentioned new standards and amendments to existing standards would not have had major impact on the financial statements if they had been applied by the Company at the balance-sheet date.

3.8 Seasonal or Cyclical Character of Issuer's Operations

The Company's operations are not seasonal by nature. They are related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IFRS 15, such proceeds can only be recognised when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be measured in a reliable manner. Consequently, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

3.9 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect

During the period of 9 months ended 30 September 2021 there were no write-downs of inventory to the net realisable value.

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3.10 Information about Write-Downs Resulting from Impairment Loss of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Write-Downs

As regards write-downs on financial assets, property, plant and equipment, intangible assets, amounts receivable and other assets in the period of 9 months ended 30 September 2021, there were no significant changes compared with the previous year, except for revaluation write-downs of shares which changed as presented in the below table:

	Period of 9 months ended 30 September 2021	Year ended 31 December 2020
At the beginning of the reporting period	(141,350)	(36,741)
Increase	(2,072)	(114,162)
Used	-	488
Decrease	2,837	9,065
At the end of the reporting period	(140,585)	(141,350)

3.11 Information about Creating, Increasing, Utilising and Reversing Provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the year/period are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Disputes and litigation</i>	<i>Other provisions</i>	<i>Total</i>
As at 01 January 2021	445	-	-	445
Created	-	-	250	250
Used	-	-	-	-
Reversed	-	-	-	-
As at 30 September 2021, including:	445	-	250	695
- non-current	445	-	-	445
- current	-	-	250	250

3.12 Information about Deferred Tax Liabilities and Deferred Tax Assets

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2021	31 December 2020	01 January 2020	30 September 2021	31 December 2020
Deferred tax liability					
Interest charged and discounts	(1,637)	(1,567)	(776)	(70)	(791)
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(89)	(79)	(83)	(10)	4
Shares in limited partnerships	-	-	(22,575)	-	22,575

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Temporary differences relating to sales of finished products	(33,783)	(168)	-	(33,615)	(168)
Other	(649)	(616)	(390)	(33)	(226)
Gross deferred tax liability	(36,158)	(2,430)	(23,824)		
Deferred tax assets					
Provisions and prepayments and accrued income	2,065	1,937	2,067	128	(130)
Interest charged and discounts	4,658	4,157	3,119	501	1,038
Temporary differences relating to cost of sale of finished products	27,702	132	-	27,570	132
Losses potentially deductible from future taxable income	8,193	9,810	1,184	(1,617)	8,626
Gross deferred tax assets	42,618	16,036	6,370		
Deferred tax expense				(7,146)	31,060
Net deferred tax asset	6,460	13,606	-		
Net deferred tax liability	-	-	(17,454)		

3.13 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

During the period of 9 months ended 30 September 2021, the Company purchased property, plant and equipment totalling PLN 506,000 (in the year ended 31 December 2020, it was: PLN 473,000).

In the period of 9 months ended 30 September 2021, the Company entered into a lease agreement for 10 passenger cars. The value of recognised right-of-use assets was PLN 421,000.

In the period of 9 months ended on 30 September 2021, the Company did not dispose of any significant property, plant and equipment items.

As at 30 September 2021 and 31 December 2020, no item of tangible assets was used as collateral, was subject to encumbrance or was mortgaged.

3.14 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

As at 30 September 2021, there were no significant liabilities on account of the purchase of property, plant or equipment.

3.15 Information about Significant Settlements on Account of Litigation

As at 30 September 2021, there were no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of Develia S.A., the value of which would have an important bearing on the financial standing of the Company. The Company is a party to court and public administration proceedings whose value is insignificant for its operations or financial standing. Each case is examined individually in terms of its relevance for the company.

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3.16 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2021 there were no corrections of errors of the previous periods.

3.17 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Issuer's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)

The description can be found in item 2.20.

3.18 Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period

None occurred.

3.19 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

During the period of 9 months ended 30 September 2021 the Issuer did not conclude any transactions with related entities, which were effected on the terms other than at arm's length.

Transactions with related entities for Develia S.A. are presented in item 3.20.

3.20 Transactions of Develia S.A. with Related Entities

Related undertaking	01/01/2021 – 30/09/2021				30/09/2021			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiary Undertakings and Jointly Controlled Entities								
Arkady Wrocławskie S.A.	1,378	1,779	416	254	448	14	25,278	6,761
Sky Tower S.A.	2,262	1	451	-	367	-	18,851	-
Warszawa Przyokopowa Sp. z o.o.	231	-	-	3,113	-	-	-	133,191
Kraków Zielony Złocień Sp. z o.o.	1,617	25	42,590	-	187	-	-	-
LC Corp Invest I Sp. z o.o.	49	-	154	-	6	-	-	-
LC Corp Invest II Sp.z o.o.	144	-	36	-	16	-	1,881	-
LC Corp Invest III Sp. z o.o.	78	-	9,318	8,475	8,529	-	2	-
LC Corp Invest VII Sp. z o.o.	735	-	4,373	-	113	-	78	-
LC Corp Invest VIII Sp.z o.o.	655	53	16,466	-	88	17	-	-
LC Corp Invest IX Sp.z o.o.	556	-	455	-	83	-	18,294	-
LC Corp Invest X Sp.z o.o	731	48	19,422	-	154	13	-	-
LC Corp Invest XI Sp.z o.o.	17	-	6,754	166	2	-	-	10,163
LC Corp Invest XII Sp. z o.o.	560	41	-	-	59	6	-	-

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LC Corp Invest XV Sp. z o.o.	31	-	1,092	-	4	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,008	61	-	-	159	1	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	511	46	-	-	69	8	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	154	-	-	-	13	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	549	51	-	-	116	7	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	817	-	-	-	99	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	146	-	-	-	9	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	120	3	-	-	14	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	459	-	-	-	49	-	-	-
LC Corp Invest XVI Sp. z o.o.	17	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.	22	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	322	-	-	2,158	44	-	-	88,638
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	67	-	-	-	9	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	1,444	713	-	-	413	2	-	-
LC Corp Invest Service S.A.	236	-	-	-	34	-	-	-
Develia Invest Sp. z o.o.	148	-	724	-	28	-	25,563	-
Atal Service Sp. z o.o.	-	-	2	-	-	-	-	-
Atal S.A.	-	-	5	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-	-	-
Management and Supervisory Board	-	-	-	-	-	-	-	-
Management Board	-	6,897 (*)	-	-	-	22 (**)	-	-
Supervisory Board	-	543 (*)	-	-	-	-	-	-

(*) Remuneration paid

(**) Other purchases

Related undertaking	01/01/2020 – 31/12/2020				31/12/2020			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiary undertakings								
Arkady Wrocławskie S.A.	2,514	2,316	2,124	325	1,253	20	24,306	6,507
Sky Tower S.A.	4,192	2	501	-	1,624	-	15,157	-
Warszawa Przyokopowa Sp. z o.o.	2,807	86	131,300	5,368	378	1	-	99,838
Kraków Zielony Złocień Sp. z o.o.								
LC Corp Invest I Sp. z o.o.	1,637	2,126	58,202	-	446	-	4,902	-
LC Corp Invest II Sp.z o.o.	59	-	451	-	7	8	11,416	-
LC Corp Invest III Sp. z o.o.	129	-	25	-	30	1	928	-
LC Corp Invest VII Sp. z o.o.	176	13,115	6,147	-	21	8	-	-
LC Corp Invest VIII Sp.z o.o.	669	-	5,916	-	152	-	16,524	-
LC Corp Invest IX Sp.z o.o.	1,467	57	10,300	-	201	18	-	-
LC Corp Invest X Sp.z o.o	402	-	418	-	102	-	10,969	-
LC Corp Invest XI Sp.z o.o.	1,195	26	8,204	-	119	44	8,404	-
LC Corp Invest XII Sp. z o.o.	33	-	-	-	11	-	-	-

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LC Corp Invest XV Sp. z o.o.	623	34	14,853	-	83	60	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,998	73	-	-	389	18	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	764	-	-	-	98	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	333	-	-	-	69	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	304	69	-	-	64	7	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	1,116	-	-	-	225	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 9 Sp.k	215	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	286	-	-	-	40	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	481	-5	-	-	146	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	44	-	-	-	25	-	-	-
LC Corp Invest XVI Sp. z o.o.	32	-	-	-	13	-	-	-
LC Corp Invest XVII Sp. z o.o.	35	-	500	-	16	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	517	-	-	5,152	399	-	-	85,991
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	114	-	-	-	13	26	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	2,149	356	-	-	991	265	-	-
LC Corp Invest XIX Sp. z o.o. w likwidacji	2	-	-	-	-	-	-	-
LC Corp Invest XXII Sp. z o.o. w likwidacji	20	-	-	-	-	-	-	-
LC Corp Invest XXIII Sp. z o.o. w likwidacji	2	-	-	-	-	-	-	-
LC Corp Service S.A.	423	-	-	-	133	-	-	-
Develia Invest Sp. z o.o.	122	-	1,276	-	54	-	24,598	-
Undertakings related through shareholders	-	-	-	-	-	-	-	-
Management and Supervisory Board								
Management Board	-	8,116 (*)	-	-	-	-	-	-
Supervisory Board	-	638 (*)	-	-	-	-	-	-

(*) Remuneration paid

Related undertaking	01/01/2020 – 30/09/2020				30/09/2020			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiary undertakings								
Arkady Wrocławskie S.A.	1,286	1,938	411	241	160	13	24,062	6,424
Sky Tower S.A.	2,106	1	295	-	244	-	15,000	-
Warszawa Przyokopowa Sp. z o.o.	2,418	86	131,300	2,775	12	-	-	98,469
Kraków Zielony Złocień Sp. z o.o.	967	-	58,149	-	118	1,572	3,559	-
LC Corp Invest I Sp. z o.o.	51	-	416	-	6	-	11,903	-
LC Corp Invest II Sp.z o.o.	71	-	14	-	11	-	619	-
LC Corp Invest III Sp. z o.o.	144	-	6,175	-	9	14,222	5,435	-
LC Corp Invest VII Sp. z o.o.	313	-	5,769	-	79	-	16,388	-
LC Corp Invest VIII Sp.z o.o.	1,105	31	10,300	-	182	11	-	-
LC Corp Invest IX Sp.z o.o.	252	-	268	-	19	-	10,856	-
LC Corp Invest X Sp.z o.o.	927	22	8,052	-	82	6	7,052	-
LC Corp Invest XI Sp.z o.o.	18	-	-	-	1	-	-	-
LC Corp Invest XII Sp. z o.o.	464	20	14,853	-	59	6	-	-

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LC Corp Invest XV Sp. z o.o.	42	-	1,232	-	5	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 1 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,454	40	-	-	114	12	-	-
LC Corp Invest XV Sp. z o.o.Projekt 3 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	516	-	-	-	66	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 5 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	227	-	-	-	19	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	202	51	-	-	23	7	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	697	-	-	-	74	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 9 Sp.k	193	-	-	-	30	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	211	-	-	-	14	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	307	-	-	-	17	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 12 Sp.k.	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 14 Sp.k.	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Finance S.K.A.	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	15	-	-	-	1	-	-	-
LC Corp Invest XVI Sp. z o.o.	15	-	-	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.	15	-	500	-	1	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	111	-	-	3,088	15	-	-	85,256
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	107	-	-	-	13	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	1,045	7	-	-	134	5	-	-
LC Corp Invest XVIII Sp. z o.o.	-	-	-	-	-	-	-	-
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	-	-	-	-	-	-	-	-
LC Corp Invest XIX Sp. z o.o. w likwidacji	2	-	42	-	-	-	-	-
LC Corp Invest XX Sp. z o.o.	-	-	-	-	-	-	-	-
LC Corp Invest XXI Sp. z o.o.	71	28	384	-	8	-	11,789	-
LC Corp Invest XXII Sp. z o.o.	15	-	-	-	3	-	-	-
LC Corp Invest XXIII Sp. z o.o. w likwidacji	2	-	30	-	-	-	-	-
LC Corp Invest XXIV Sp. z o.o.	20	-	-	362	4	-	-	11,104
LC Corp Invest Service S.A.	242	-	-	-	21	-	-	-
Develia Invest Sp. z o.o.	57	-	854	-	7	-	24,327	-
Undertakings related through shareholders	-	-	-	-	-	-	-	-
Management and Supervisory Board	-	-	-	-	-	-	-	-
Management Board	-	7,193 (*)	-	-	-	-	-	-
Supervisory Board	-	707 (*)	-	-	-	-	-	-

(*) Remuneration paid

3.21 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

3.22 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

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3.23 Financial Liabilities

3.23.1 Interest-bearing Loans, Borrowings, Bonds and Investment Notes

Non-current	Interest rate	Repayment date	30 September 2021	31 December 2020
Bank loan in PLN (a)	Wibor 1M+margin	02-12-2022	-	-
Bank loan in PLN (b)	Wibor 1M+margin	04-11-2023	-	-
Bank loan in PLN (c)	Wibor 3M+margin	28-04-2022	-	-
Bank loan in PLN (d)	Wibor 3M+margin	31-12-2022	-	-
Bond scheme (e)	Wibor 6M+margin	10-05-2021	-	-
Bond scheme (f)	Wibor 6M+margin	10-05-2021	-	-
Bond scheme (g)	Wibor 6M+margin	06-10-2021	-	-
Bond scheme (h)	Wibor 6M+margin	06-10-2021	-	-
Bond scheme (i)	Wibor 6M+margin	05-06-2022	-	49,865
Bond scheme (j)	Wibor 6M+margin	28-02-2022	-	44,900
Bond scheme (k)	Wibor 3M+margin	19-10-2022	19,951	19,915
Bond scheme (l)	Wibor 3M+margin	22-05-2023	59,773	59,664
Bond scheme (m)	Wibor 3M+margin	06-10-2023	69,659	69,450
Bond scheme (n)	Wibor 3M+margin	10-05-2024	148,989	-
Investment notes (o)	IRS 2Y of 08/03/2012+margin	30-11-2021	-	-
Investment notes (p)	Wibor 1M of 07/12/2010+margin	09-12-2022	47,769	46,257
Borrowing (q)	EURIBOR 1M+margin	indefinite	24,500	24,014
Borrowing (r)	Wibor 6M+margin	indefinite	88,638	85,991
Borrowing (s)	Wibor 6M+margin	indefinite	26,636	25,852
Borrowing (t)	EURIBOR 1M+margin	indefinite	2,811	2,755
Borrowing (u)	Wibor 6M+margin	indefinite	30,515	-
Borrowing (v)	Wibor 6M+margin	indefinite	10,163	-
			529,404	428,663

Current	Interest rate	Repayment date	30 September 2021	31 December 2020
Bank loan in PLN (a)	Wibor 1M+margin	30-09-2022	-	-
Bank loan in PLN (b)	Wibor 1M+margin	30-09-2022	-	-
Bank loan in PLN (c)	Wibor 3M+margin	28-04-2022	-	-
Bank loan in PLN (d)	Wibor 3M+margin	30-09-2022	-	-
Bond scheme (e)	Wibor 6M+margin	10-05-2021	-	85,413
Bond scheme (f)	Wibor 6M+margin	10-05-2021	-	15,075
Bond scheme (g)	Wibor 6M+margin	06-10-2021	25,454	25,229
Bond scheme (h)	Wibor 6M+margin	06-10-2021	15,272	15,126
Bond scheme (i)	Wibor 6M+margin	05-12-2021 / 05-06-2022	50,481	112
Bond scheme (j)	Wibor 6M+margin	28-02-2022	45,101	526
Bond scheme (k)	Wibor 3M+margin	19-10-2021	150	146
Bond scheme (l)	Wibor 3M+margin	22-11-2021	236	232
Bond scheme (m)	Wibor 3M+margin	07-10-2021	541	-
Bond scheme (n)	Wibor 3M+margin	11-11-2021	641	-
Investment notes (o)	IRS 2Y of 08/03/2012+margin	30-11-2021	6,602	6,348
Investment notes (p)	Wibor 1M of 07/12/2010+margin	09-12-2022	-	-

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Borrowing (q)	EURIBOR 1M+margin	indefinite	-	-
Borrowing (r)	Wibor 6M+margin	indefinite	-	-
Borrowing (s)	Wibor 6M+margin	indefinite	-	-
Borrowing (t)	EURIBOR 1M+margin	indefinite	-	-
Borrowing (u)	Wibor 6M+margin	indefinite	-	-
Borrowing (v)	Wibor 6M+margin	indefinite	-	-
			144,478	148,207

- (a) A loan in the amount of PLN 35,000,000 granted by mBank S.A. to Develia S.A. under a revolving loan agreement of 03 December 2020, designated for financing day-to-day company's operations. The final repayment date has been agreed at 1 December 2022. As at the date hereof, no loan disbursement was made.
- (b) A loan of up to PLN 36,270,000 under a loan agreement entered into between Develia S.A. and Santander Bank Polska S.A. on 04 March 2021, designated for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw. The company drew down funds in the total amount of PLN 5,384,000 and repaid the loan in the amount of PLN 5,384,000. As at 30 September 2021, the loan balance was PLN 1.00.
- (c) A loan of PLN 20,000,000 granted to Develia S.A. under an overdraft facility agreement made with Powszechna Kasa Oszczędności Bank Polski S.A. on 29 April 2021, designated for financing current liabilities arising from operations carried on, including the costs of projects being implemented (including purchase of land). The final repayment date has been agreed at 28 April 2022. As at the date hereof, no loan disbursement was made.
- (d) A loan of up to PLN 33,700,000 under a loan agreement entered into between Develia S.A. and Bank Ochrony Środowiska S.A. on 11 August 2021, designated for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław. As at the date hereof, no loan disbursement was made.
- (e) Coupon bonds – the issue 10 May 2016, including 85,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 85,000,000 under a Bond Issue Agreement concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. (*) On 23 December 2016, the assimilation of the bonds of the series in question with the bonds issued on 19 August 2016 took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- (f) Coupon bonds – the issue 19 August 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. (*) On 23 December 2016, the assimilation of the bonds of the series in question with the bonds issued on 10 May 2016, took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- (g) Coupon bonds – the issue of 6 October 2016, including 25,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 25,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.
- (*) On 25 April 2017, the assimilation of the bonds of the series in question with the bonds issued on 27 October 2016 took place on the "Catalyst" bond market.
- (h) Coupon bonds – the issue of 27 October 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.

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(*) On 25 April 2017, the assimilation of the bonds of the series in question with the bonds issued on 6 October 2016, took place on the "Catalyst" bond market.

- (i) Coupon bonds – the issue of 5 December 2017, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 5 June 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.
- (j) Coupon bonds – the issue of 28 February 2018, including 45,000 four-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 45,000,000 under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.
- (k) Coupon bonds – the issue of 19 October 2018, including 66,000 four-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 66,000,000 under a Bond Issue Agreement with the redemption date set at 19 October 2022 concluded with mBank S.A., having its registered office in Warsaw. The Company received calls for early redemption in the total amount of PLN 46,000,000 and on 20 July 2020 it redeemed the bonds before their maturity date in the amount of PLN 46,000,000. The value of obligations still outstanding and to be redeemed as at 19 October 2022 equals PLN 20,000,000.
- (l) Coupon bonds – the issue of 22 May 2019, including 60,000 four-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 60,000,000 under a Bond Issue Agreement with the redemption date set at 22 May 2023 concluded with mBank S.A., having its registered office in Warsaw.
- (m) Coupon bonds – the issue of 7 October 2020, including 70,000 three-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 70,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2023 concluded with mBank S.A., having its registered office in Warsaw.
- (n) Coupon bonds – the issue of 11 May 2021, including 150,000 three-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 150,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2024 concluded with mBank S.A., having its registered office in Warsaw.
- (o) Investment notes – the issue of 9 March 2012 of seven investment notes having a par value of PLN 2,000,000 each, taken up by a subsidiary – Arkady Wrocławskie S.A. On 31 January 2014, an amendment was signed to reschedule the redemption date of the notes from 31 January 2014 to 31 January 2017. On 30 January 2017, an amendment was signed to reschedule the redemption date of the notes from 31 January 2017 to 30 November 2017. On 30 November 2017, an amendment was signed to reschedule the redemption date of the notes from 30 November 2017 to 30 November 2019. On 27 November 2019, an amendment was signed to reschedule the redemption date of the notes to 30 November 2021. As at 30 September 2021, there were still two notes to be redeemed.
- (p) Investment notes – the issue of 9 December 2010 of thirty investment notes having a par value of PLN 1,000,000 each, taken up by a subsidiary – Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, an amendment was signed to reschedule the redemption date of the notes from 9 December 2013 to 9 December 2016. On 28 November 2016, an amendment was signed to reschedule the redemption date of the notes for 9 December 2019. On 27 November 2019, an amendment was signed to reschedule the redemption date of the notes to 09 December 2022.
- (q) Borrowing – on 27 February 2019, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of EUR 5,000,000 was borrowed for an indefinite period of time.
- (r) Borrowing – on 18 December 2019, Develia S.A. entered into a borrowing agreement with LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. under which a sum of PLN 82,500,000 was borrowed for an indefinite period of time.
- (s) Borrowing – on 24 February 2020, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of PLN 25,000,000 was borrowed for an indefinite period of time.

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- (t) Borrowing – on 27 March 2020, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of EUR 587,000 was borrowed for an indefinite period of time.
- (u) Borrowing – on 20 April 2021, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of PLN 30,000,000 was borrowed for an indefinite period of time.
- (v) Borrowing – on 30 April 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XI Sp. z o.o. under which a sum of PLN 10,000,000 was borrowed for an indefinite period of time.

3.23.2 Information about Issue, Redemption and Repayment of Debt and Equity Securities

On 10 May 2021, the Company redeemed the bonds of PLN 100,000,000 within the maturity period.

On 11 May 2021, the Company issued 150,000 three-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 150,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2024, concluded with mBank S.A., having its registered office in Warsaw.

In the period of 9 months ended 30 September 2021, no notes were issued nor redeemed.

Events Following Balance-Sheet Date:

On 6 October 2021, the Company redeemed the bonds of PLN 40,000,000 within the maturity period.

On 8 October 2021, the Company issued 100,000 three-year unsecured coupon bonds having a par value of PLN 1,000 each and a total nominal value of PLN 100,000,000 under a Bond Issue Agreement with the redemption date set at 8 October 2024, concluded with mBank S.A., having its registered office in Warsaw.

On 4 November 2021, an amendment was signed to reschedule the redemption date of two outstanding notes issued on 9 March 2012 30 from 30 November 2021 to 30 June 2022.

3.23.3 Taking out and Repayment of Bank Loans and Borrowings

On 4 March 2021, Develia S.A. and Santander Bank Polska S.A. entered into a loan agreement for the amount of up to PLN 36,270,000 for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw.

The company drew down funds in the total amount of PLN 2,299,000 and repaid the loan in the amount of PLN 2,299,000. As at 30 September 2021, the total outstanding amount after conversion into Polish Zlotys was PLN 1.00.

On 1 April 2021, Develia S.A. and mBank S.A. made an amendment to a revolving loan agreement of 3 December 2020, under which the loan repayment security list was supplemented, enabling the company to utilise the full amount of loan up to the amount of PLN 35,000,000. As at the date hereof, no loan disbursement was made.

On 29 April 2021, Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. made an overdraft facility agreement, under which the bank granted to the company a PLN 20,000,000 loan designated for financing current liabilities arising from operations carried on, including the costs of projects being implemented (including purchase of land). The loan was provided to the company for the period from the date of signature of the loan agreement to 28 April 2022. As at the date hereof, no loan disbursement was made.

On 11 August 2021, the Company and Bank Ochrony Środowiska S.A. entered into a non-revolving loan agreement for the amount of up to PLN 33,700,000 for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław. As at the date hereof, no loan disbursement was made.

In the period of 9 months ended 30 September 2021, the Company took on the following commitments in the form of borrowings:

- On 20 April 2021, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa z o.o., under which a sum of PLN 30,000,000 was borrowed on arm's length conditions for an indefinite period of time.

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- On 30 April 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XI Sp. z o.o., under which a sum of EUR 10,000,000 was borrowed on arm's length conditions for an indefinite period of time.

Events Following Balance-Sheet Date:

On 2 November 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., under which a sum of PLN 40,000,000 was borrowed under arm's length conditions for an indefinite period of time.

3.23.4 Collateral

As at 30 September 2021, the repayment of loans taken out by Develia S.A.'s subsidiaries was secured mainly by:

- 1) The repayment of loans taken out by the subsidiary undertakings of Develia S.A. is secured, among other things, by:
 - Pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to the amount of EUR 37,500,000;
 - Registered pledges on all shares of Sky Tower S.A., together with a financial pledge of up to EUR 90,000,000;
- 2) On 8 February 2018, Develia S.A. provided security to mBank Hipoteczny S.A. and mBank S.A. for the loan agreement concluded on 20 December 2017 between LC Corp Invest XVII sp. z o.o. Projekt 22 Sp. k., as the borrower, and mBank Hipoteczny S.A. and mBank S.A. The said security includes: subordination agreement on accounts receivable concluded by the borrower, Develia S.A. and other subsidiaries of the Issuer - LC Corp Invest XVII Sp. z o.o. and LC Corp Invest I Sp. z o.o., making them subordinated creditors, and mBank S.A. and mBank Hipoteczny S.A. as senior creditors; support agreement concluded between the borrower, mBank Hipoteczny S.A., mBank S.A. and Develia S.A. – as the guarantor, under which the guarantor will be obliged to provide financial support to the borrower under the circumstances specified in the said agreements, along with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure up to the amount of EUR 3,576,261.90; contract of surety concluded by the borrower, mBank Hipoteczny S.A., mBank S.A. and Develia S.A., under which Develia S.A. will stand surety for the borrower up to a partial amount of the borrower's liabilities as a result of achieving a certain level of DSCR; commitment to enter into a support agreement with the borrower, mBank Hipoteczny S.A., mBank S.A. and Develia S.A. as the guarantor, pursuant to which the guarantor will be obliged, under the circumstances specified in the said agreement, to provide financial support to the borrower, along with Develia S.A.'s declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure up to the amount of EUR 558,660.50; registered pledges in favour of mBank Hipoteczny S.A. and mBank S.A. established by Develia S.A., as the limited partner, along with a declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure. The above security expired at the time of taking out a loan by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. from mBank S.A., designated, among other things, for the re-financing of the loan of 8 February 2018 and providing the security described in clause 3.
- 3) Security for the bank loan agreement signed by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. in favour of mBank S.A.:
 - A subordination agreement concluded by the borrower, the Issuer and Issuer's other subsidiaries (LC Corp Invest I Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinate creditors along with the borrower – as the senior creditor, providing for an assignment as security for all subordinated debts;
 - First-ranking registered pledges on the rights and debts owed to the limited partner and the general partner of the borrower's company (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to EUR 51,280,500 along with a declaration on submission to enforcement pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - A support agreement concluded with the Issuer, under which the Issuer undertook, among other things, to provide financial support to the borrower, including to provide Debt Service Reserve and replenish it if it has been drawn on, along with the Issuer's declaration on free submission to enforcement towards the lender in relation to the Support Agreement up to EUR 560,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
- 4) Security relating to the revolving loan agreement of 3 December 2020 by Develia S.A. and mBank S.A.:
 - Contractual mortgage of up to PLN 52,500,000 on the real property which Develia S.A. and subsidiaries LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. own or to which they hold the right of perpetual usufruct;

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- The Company's declaration on voluntary submission to enforcement of up to PLN 52,500,000 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
 - Declarations of LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. on voluntary submission to enforcement in relation to the mortgaged real properties pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - A blank promissory note along with promissory note declaration serving as legal security for the guarantee of PLN 28,000,000 granted by Bank Gospodarstwa Krajowego, which guarantee will be used as security for the repayment of the loan made by mBank SA.
- 5) Security for the revolving loan agreement of 4 March 2021 made between Develia S.A. and Santander Bank Polska S.A.;
- Mortgage of up to PLN 54,405,000.00 on the right of perpetual usufruct to real estate located in Warsaw at 45a Jagiellońska street;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of Santander Bank Polska SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 54,405,000.00;
 - Registered pledges up to the highest sum of security in the amount of PLN 54,405,000.00 and financial pledges on accounts receivable from bank accounts relating to the project in question, however, as regards accounts receivable from the escrow account, only a registered pledge will be established;
 - A hold on bank accounts relating to the project in question has been placed (except for the escrow account);
 - An assignment agreement signed as security for cash receivables arising from the Project in question;
 - A power of attorney granted to the bank in respect of the bank accounts and to place a hold on bank accounts in the cases stipulated in the loan agreement
- 6) Security for the revolving loan agreement of 29 April 2021 made between Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.;
- Joint mortgage of up to PLN 30,000,000.00 on the real properties which Develia S.A. owns or to which it holds the right of perpetual usufruct;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of PKO BP SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 30,000,000.00;
 - A financial and registered pledge up to the highest sum of security amounting to PLN 30,000,000.00 on cash deposited in the current account;
- 7) Security for the non-revolving loan agreement of 11 August 2021 made between Develia S.A. and Bank Ochrony Środowiska S.A.;
- Mortgage of up to PLN 50,550,000.00 on real property located in Wrocław at Chorwacka street, recorded in the Land and Mortgage Register No. WR1K/00091989/0, along with an assignment from insurance policy with coverage for construction risks, and following the completion of the Project along with an assignment from a real property insurance policy;
 - A declaration on voluntary submission to enforcement pursuant to Article 777(1)(5) of the Code of Civil Procedure for a sum of up to PLN 50,550,000.00;
 - Financial pledge up to the highest sum of security in the amount of PLN 50,550,000.00 on rights to cash deposited in the borrower's accounts maintained with Bank Ochrony Środowiska S.A., along with a netting provision;
 - Power of attorney granted to a bank by the Company to draw down cash deposited in the borrower's bank accounts;
 - Assignment of receivables arising from a contract made with the general contractor of the project;
 - A hold placed on bank accounts relating to the project (except for the escrow account);
 - Transfer of copyrights for all forms of exploitation and derivative rights to design documentation and architect's on-site supervision services for the project under a condition precedent of entry into force should the Loan Agreement be terminated by the Bank.

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3.24 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares

On 30 June 2021, the Ordinary General Meeting of Develia S.A. adopted a resolution on the payment of dividend. The dividend was paid out on 13 July 2021 – see Section 2.27 for details.

3.25 Events Subsequent to 30 September 2021, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of Issuer

Relevant events that occurred after 30 September 2021 are presented in item 2.28 and 2.29.

3.26 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year

In addition to the contingent liabilities serving as security for the bank loans described in detail in Note 3.22.4, the Company has contingent liabilities arising from a contingent fee of PLN 69,000 for the removal of trees.

In addition to the foregoing, as a result of the disposal of real property by entities controlled by the Company, the Company guaranteed that the said entities would discharge their obligations arising from the Agreement concluded.

In pursuance of the Sales and Purchase Agreements covering two real properties: Silesia Star in Katowice and Retro Office House in Wrocław, described in section 2.1, the Company furnished the Purchasers, Ingadi spółka z ograniczoną odpowiedzialnością (“Ingadi”) and Artigo spółka z ograniczoną odpowiedzialnością (“Artigo”), with rent guarantees issued for a five-year period (covering, inter alia, not leased floor areas), secured by suretyship provided by the Company (as the surety of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. (“P20”) and LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. (“P21”), acting as the Sellers and debtors). In relation to the aforesaid suretyship, the Company will guarantee that:

- (i) obligations and liabilities arising from the Final Agreements will be discharged by P20 and P21, and
- (ii) obligations and liabilities of P20 and P21 relating to finish works to be done by tenants designated in the Final Agreements will be discharged by P20 and P21, and
- (iii) obligations and liabilities of P20 and P21 arising from the rent guarantee agreements contemplated in the Preliminary Sales and Purchase Agreements will be discharged by P20 and P21, and
- (iv) the Company will incur debts of P20 and P21 arising from obligations and liabilities of P20 and P21 under the Final Agreements and rent guarantee agreements if the Sellers have ceased their operations, have gone into liquidation or have been dissolved, which circumstances will be described in the surety arrangement.

In pursuance of the Sales and Purchase Agreement covering the real property called Wola Center in Warsaw, described in Note 37 of the Financial Statements for the period ended 31 December 2020, the Company has undertaken to the Purchaser to stand surety for the Seller - Warszawa Przyokopowa Spółka z ograniczoną odpowiedzialnością and the debtor. Under the said commitment the Company guaranteed, among other things, that:

- (i) The Seller would perform the obligations and discharge the liabilities of Warszawa Przyokopowa, acting as the Seller, arising from agreements covering the subject-matter of the Transaction, and
- (ii) The Company would incur debts of WP arising from obligations and liabilities of WP under the FSPA, if the Seller has ceased its operations, has gone into liquidation or has been dissolved, which circumstances were described in the surety arrangements,
- (iii) The contractual penalty would be paid, should the Purchaser withdraw from the agreement due to reasons attributable to the Seller.

Apart from the aforesaid contingent liabilities arising from security for bank loans contingent fees relating to the removal of trees and arising from the real property sales and purchase agreements entered into, as at 30 September 2021, the Company did not have any other significant contingent liabilities.

3.27 Other Information Deemed by Issuer as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

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Apart from the events referred to herein, in the reporting period ended 30 September 2021 there were no other events concerning Develia S.A., which would have any impact on the assessment of personnel, assets and financial standing and on the evaluation of the Issuer's feasibility of discharging its obligations.

3.28 Revenue and Profit-Loss Attributable to Respective Operating Segments

For management purposes, Develia S.A. distinguishes two reporting operating segments:

- property development activity segment
- holding (other) activity segment

The tables presented below show data concerning revenues and expenses of the Company's individual segments for the period of 9 months ended 30 September 2021 and 30 September 2020.

Period of 9 months ended 30 September 2021	Property development activity	Holding (other) activity	TOTAL
Operating income			
Revenue from sale of services, products and goods	322,807	14,432	337,239
Revenue from interest and discounts	-	4,489	4,489
Revenue from dividend	-	90,869	90,869
Other financial income	-	824	824
Other Operating Income	-	745	745
Total operating income	322,807	111,359	434,166
Operating expenses			
Operating expenses, cost of sold products and goods	(276,998)	(22,707)	(299,705)
Costs of interest and discounts	-	(5,372)	(5,372)
Other financial expenses	-	(1,325)	(1,325)
Other operating expenses	-	(456)	(456)
Total operating expenses	(276,998)	(29,860)	(306,858)
Pre-tax profit/(loss)	45,809	81,499	127,308
Income tax (tax expense)	(8,839)	1,672	(7,167)
Net profit/(loss) on continued operations	36,970	83,171	120,141
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	36,970	83,171	120,141
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	36,970	83,171	120,141

Period of 9 months ended 30 September 2020 (restated)	Property development activity	Holding (other) activity	TOTAL
Operating income			

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Revenue from sale of services, products and goods	22,408	13,034	35,442
Revenue from interest and discounts	-	3,304	3,304
Revenue from dividend	-	235,559	235,559
Other financial income	-	7,236	7,236
Other Operating Income	-	475	475
Total operating income	22,408	259,608	282,016
Operating expenses			
Operating expenses, cost of sold products and goods	(21,314)	(25,535)	(46,849)
Costs of interest and discounts	-	(6,539)	(6,539)
Other financial expenses	-	(862)	(862)
Other operating expenses	-	(55)	(55)
Total operating expenses	(21,314)	(32,991)	(54,305)
Pre-tax profit/(loss)	1,094	226,617	227,711
Income tax (tax expense)	(208)	397	189
Net profit/(loss) on continued operations	886	227,014	227,900
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	886	227,014	227,900
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	886	227,014	227,900

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4. MANAGEMENT BOARD'S COMMENTS ON ACTIVITY OF ISSUER AND ITS GROUP

4.1 Main Achievements and Failures of Develia S.A. Group

The Group's operations are centred around Poland, and specifically the key locations of Poland's biggest cities: Warsaw, Wrocław, Cracow, Gdańsk and Katowice.

Revenue earned within the period of 9 months ended 30 September 2021 came from the development activities performed by the Group companies on the domestic market in respective cities.

In total, 1,500 residential and business units were sold in the period of 9 months ended 30 September 2021 (preliminary sales agreements/development agreements; withdrawals from agreements taken into account), which was 92 % more than in the corresponding period of the previous year, whereas 1,279 residential and business units were delivered (the sale reported in the income statement), which was 71 % more than in the period of 9 months ended 30 September 2020.

The below table presents in detail sales in individual cities for Q3 2021 and for the period of 9 months ended 30 September 2021, (including comparatives for the preceding year (figures shown in the tables refer to the number of residential and business premises).

pre-sales

City	Q3 2020	Q3 2021	01/01-30/09/2020	01/01-30/09/2021	01/01-31/10/2020	01/01-31/10/2021
Warsaw	96	35	222	219	253	245
Wrocław	73	34	199	199	232	235
Cracow	55	144	124	538	142	597
Gdańsk	128	135	210	349	240	396
Łódź	0	0	0	0	0	0
Katowice	6	90	26	195	27	208
TOTAL	358	438	781	1,500	894	1,681
		+22%		+92%		+88%

delivery

City	Q3 2020	Q3 2021	01/01-30/09/2020	01/01-30/09/2021	01/01-31/10/2020	01/01-31/10/2021
Warsaw	2	16	226	292	246	414
Wrocław	60	430	60	634	61	641
Cracow	102	13	356	166	359	276
Gdańsk	100	60	104	162	105	179
Łódź	0	0	0	0	0	0
Katowice	0	2	0	25	0	25
TOTAL	264	521	746	1,279	771	1,535
		+97%		+71%		+99%

offer

City	30/09/2021				31/10/2021		
	<i>sold</i>	<i>in offer</i>	<i>to be included in offer</i>	<i>For sale</i>	<i>in offer</i>	<i>to be included in offer</i>	<i>For sale</i>
Warsaw	5,881	213	3,192	3,405	187	3,192	3,379
Wrocław	3,641	242	987	1,229	206	987	1,193
Cracow	3,773	461	1,262	1,723	402	1,262	1,664
Gdańsk	2,146	382	1,622	2,004	335	1,622	1,957
Łódź	60	0	275	275	0	275	275
Katowice	345	115	760	875	102	760	862
TOTAL	15,846	1,413	8,098	9,511	1,232	8,098	9,330

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The below item describes the Group's projects – implemented, under construction and at the preparatory stage as at 30 September 2021.

4.1.1 Property Development Projects – Implemented

Commercial Projects

Name of Project	City	District	Segment	Construction Completion Date	Area (sq m)
Wola Retro	Warsaw	Wola	Office and services	Q3 2019	25,598
Arkady Wrocławskie	Wrocław	Krzyki	Office, retail and services	Q2 2007	38,833
Sky Tower	Wrocław	Krzyki	Office, retail and services	Q1 2013	53,724
Wola Center *	Warsaw	Wola	Office and services	Q3 2013	33,283
Retro Office House *	Wrocław	Stare Miasto	Office and services	Q1 2018	21,914
Silesia Star * (Building A)	Katowice	Bogucice Zawodzie	Office and services	Q4 2014	14,969
Silesia Star * (Building B)	Katowice	Bogucice Zawodzie	Office and services	Q3 2016	14,210

* parcels of land, on which the “Retro Office House” building (in Wrocław) and the “Silesia Star” Buildings A & B (in Katowice) had been erected, were disposed of by Group companies in 2019, whereas the “Wola Center” building in Warsaw in 2020.

The following table does not include NOI for commercial real property of the Company in Q3 2021 and Q3 2020 and WALT as at 30 September 2021:

NOI for commercial real property (EUR million)	Q3 2020	Q3 2021	WALT Q3 2021
Arkady Wrocławskie	2.69	2.36	Office area – 1.9 Retail area – 2.2
Sky Tower	4.28	3.33	Office area – 3.2 Retail area – 5.3
Wola Retro	1.71	1.84	Office area – 5.3 Retail area – 8.3

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The following table shows the valuations of commercial buildings made by valuers or the Management Board of the Company as at 30 September 2021:

Real property	30/09/2021	
	Yield	Valuation in EUR
Arkady Wrocławskie	8.50	38,300,000
Sky Tower	7.82	82,255,000
Wola Retro	6.00	74,160,000

Housing Projects

Name of Project	City	District	Segment	Construction Completion Date	Number of Apartments and Commercial Premises	Area (sq m)
Przy Promenadzie (stage 1-3)	Warsaw	Praga-Południe	Apartments, services	Q4 2010	730	48,160
Przy Promenadzie (stage 4)	Warsaw	Praga-Południe	Apartments, services	Q3 2016	202	9,773
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Apartments, services	Q1 2011	101	7,430
Powstańców 33 (stage 1-5)	Ząbki near Warsaw		Apartments, services	Q4 2012	114	6,918
				Q3 2014	229	13,141
				Q3 2016	230	13,635
				Q3 2018	165	10,045
				Q2 2019	123	6,958
Na Woli (stage 1-9)	Warsaw	Wola	Apartments, services	Q4 2014	192	10,008
				Q4 2015	112	5,628
				Q1 2018	157	7,982
				Q4 2018	150	7,586
				Q1 2019	147	7,565
				Q2 2019	147	7,554
				Q4 2019	301	15,616
Q3 2020	177	9,547				
Q3 2021	305	15,851				
Poborzańska	Warsaw	Targówek	Apartments, services	Q2 2016	91	4,189
Mała Praga (stage 1-4)	Warsaw	Praga Południe	Apartments, services	Q2 2016	140	7,409
				Q3 2017	217	11,359
				Q1 2018	158	8,124
Korona Pragi (stage 1-3)	Warsaw	Praga Południe	Apartments, services	Q1 2019	235	12,058
				Q4 2017	170	8,988
				Q3 2018	171	8,992
				Q4 2018	173	9,086
	Warsaw	Mokotów	Flats	Q2 2017	159	8,604

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Krzemowe (stage 1-3)				Q4 2017	244	11,917
				Q4 2018	130	6,622
Mały Grochów (stage 1-2)	Warsaw	Grochów	Apartments, services	Q1 2021	105	5,318
				Q1 2021	137	7,010
Rokokowa Residence	Warsaw	Bielany	Apartments, houses	Q1 2021	29	3,531
Maestro (stage 1-3)	Wrocław	Krzyki-Jagodno	Flats	Q3 2012	176	9,352
				Q3 2013	160	8,829
				Q3 2017	125	7,126
Potokowa (stage 1-3)	Wrocław	Maślice	Apartments and houses	Q2 2013	72	2,819
				Q3 2013	42	4,486
				Q2 2014	73	3,621
Graniczna (stage 1-6)	Wrocław	Fabryczna	Flats	Q3 2013	173	9,200
				Q3 2014	179	8,716
				Q4 2015	187	9,688
				Q2 2016	125	6,449
				Q4 2016	168	9,103
				Q3 2017	168	9,119
Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44	4,634
Brzeska 5	Wrocław	Krzyki	Apartments, services	Q4 2014	167	7,889
Stabłowicka 77 (stage 1-2)	Wrocław	Fabryczna	Flats	Q3 2014	73	4,259
				Q1 2015	60	3,159
Dolina Piastów	Wrocław	Fabryczna	Flats	Q2 2016	176	9,278
Nowa Tęczowa	Wrocław	Stare Miasto	Apartments, services	Q1 2018	212	10,025
Sołtysowicka	Wrocław	Sołtysowice	Flats	Q1 2018	165	9,486
Między Parkami (stage 1)	Wrocław	Klecina	Flats	Q1 2019	164	8,607
Małe Wojszyce	Wrocław	Wojszyce	Flats	Q2 2020	63	3,636
Nowa Raclawicka	Wrocław	Krzyki	Flats	Q2 2021	231	13,319
Kamienna (stage 1-2)	Wrocław	Huby	Apartments, services	Q3 2021	253	13,133
				Q3 2021	186	9,780
Słoneczne Miasteczko (stage 1-10)	Cracow	Bieżanów- Prokocim	Flats	Q4 2011	120	6,624
				Q4 2012	164	8,960
				Q3 2014	42	2,162
				Q4 2015	120	6,498
				Q2 2017	108	5,894

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				Q4 2018	108	5,903
				Q1 2019	108	5,878
				Q3 2020	108	5,806
				Q1 2021	102	5,865
				Q3 2021	123	8,665
Okulickiego 59	Cracow	Mistrzejowice	Apartments, services	Q4 2012	146	6,701
				Q2 2015	164	8,011
Grzegórzecka (stage 1-4)	Cracow	Śródmieście	Apartments, services	Q4 2015	149	7,042
				Q1 2016	85	4,562
				Q1 2017	242	11,928
				Q2 2017	150	7,055
Centralna Park (stage 1-5)	Cracow	Czyżyny	Flats	Q1 2018	130	6,190
				Q4 2018	264	12,941
				Q4 2019	151	7,451
				Q1 2020	103	5,183
5 Dzielnica (stage 1-2)	Cracow	Krowodrza	Apartments, services	Q1 2017	190	10,018
				Q3 2017	113	5,678
Przy Mogilskiej (stage 1)	Cracow	Prądnik Czerwony	Flats	Q2 2021	65	3,022
				Q4 2012	72	3,795
Przy Srebrnej (stage 1-4)	Gdańsk	Łostowice	Apartments, services	Q3 2014	28	1,734
				Q4 2014	46	2,104
				Q3 2016	32	1,687
				Q1 2018	65	2,940
				Q4 2018	65	2,949
				Q2 2019	65	2,936
Świętokrzyska Park (stage 1-7.A4)	Gdańsk	Łostowice	Flats	Q4 2019	65	2,939
				Q3 2020	108	5,306
				Q4 2020	54	2,654
				Q3 2021	54	2,492
Przy Alejach (stage 1-2)	Gdańsk	Zaspa	Flats	Q2 2016	110	5,521
				Q2 2017	97	5,087
				Q4 2017	230	12,336
Bastion Wałowa (stage 1-4)	Gdańsk	Śródmieście	Flats	Q4 2018	230	12,339
				Q4 2020	140	7,192
				Q4 2020	115	4,065
Dębowa Ostoja (1 stage)	Łódź	Bałuty	Terraced houses	Q3 2011	22	4,548
Pustynna 43 (1 stage)	Łódź	Górna	Flats	Q4 2012	38	2,884
	Katowice	Brynów		Q4 2020	86	5,306

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Centralna Park 2 (stage 1)	Apartments, services		
Total		13,960	751,168

As at 30 September 2021, the Group did not deliver 522 premises located in the aforesaid completed projects.

4.1.2 Development projects under Construction

Housing Projects

Name of Project	City	District	Segment	Planned Construction Completion Date	Number of Apartments and Commercial Premises	Area (sq m)
Mała Praga (stage 5)	Warsaw	Praga Południe	Apartments, services	Q4 2021	48	2,940
Prestovia House	Warsaw	Praga Północ	Flats	Q4 2022	162	8,363
Aleje Praskie (stage 1)	Warsaw	Praga Południe	Apartments, services	Q2 2023	143	8,695 (*)
Między Parkami (stage 2)	Wrocław	Klecinia	Flats	Q4 2021	202	12,977
Kaskady Różanki	Wrocław	Różanka	Apartments, services	Q4 2022	132	8,174
Reja	Wrocław	Olbin	Apartments, services	Q4 2022	61	2,967
Mist House	Wrocław	Krzyki	Flats	Q1 2023	46	2,973
Słoneczne Miasteczko (stage 9 - 13)	Cracow	Bieżanów-Prokocim	Flats	Q1 2022	102	5,776
				Q4 2022	108	5,790
				Q4 2022	108	5,832
Przy Mogiłskiej (stage 2-3)	Cracow	Prądnik Czerwony	Flats	Q4 2023	137	6,505
				Q4 2023	136	6,183
Centralna Park (stage 6-7)	Cracow	Czyżyny	Apartments, services	Q4 2022	270	14,421
				Q4 2022	224	12,497
Grzegórzecka (stage 5)	Cracow	Grzegórzki	Apartments, services	Q3 2022	94	5,505
Świętokrzyska Park (stage 7.B1)	Gdańsk	Łostowice	Flats	Q4 2021	54	2,705
Osiedle Łatarników (stage 1 - 2)	Gdańsk	Letnica	Apartments, services	Q4 2021	135	7,677
				Q4 2022	218	12,101
Baltea	Gdańsk	Przymorze	Apartments, services	Q4 2022	239	15,221
				Q4 2022	175	8,780

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Szmaragdowy Park (stage 1)		Orunia Górna - Gdańsk Południe				
Przy Alejach (stage 3)	Gdańsk	Zaspa	Flats	Q4 2022	48	2,912
Marinus	Gdańsk	Brzeźno	Apartments, services	Q2 2023	83	5,124
Ceglana Park (stage 2-3)	Katowice	Brynów	Apartments, services	Q3 2022	178	10,395
				Q4 2022	196	11,477
Total (30/09/2021)					3,299	185,990

As at 30 September 2021, the Group had sold 1931 premises which were under construction at that time.

(*) Aleje Praskie I (143 premises) added to the offer and preparation works commenced in Q3 2021, commencement of construction in Q4 2021

4.1.3 Property Development Projects in Preparation (Currently Land Banked)

Commercial Projects

Name of Project	City	GLA (sq m)	Planned Construction Commencement Date
Kolejowa *	Wrocław	33,000	H1 / Q3 2022

* The commencement of the Kolejowa Project will depend exclusively on the situation on the commercial market, including on the effects of the COVID epidemic on demand for new leasable area in Wrocław. The Company also considers the alternative use of the land, e.g. residential units constructed as part of the project could be dedicated for institutional lease.

Housing Projects

Name of Project	City	Number of Apartments and Commercial Premises	Area (sq m)
Trzciniowa	Warsaw	161	8,401
Toruńska	Warsaw	196	10,219
Krakowska	Warsaw	323	16,620
Aleje Praskie	Warsaw	1,064	58,039

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Aroniowa	Warsaw	1,448	79,055
Reszelska	Wrocław	83	5,337
Orawska	Wrocław	644	34,526
Cynamonowa	Wrocław	114	7,300
Vratslavia Reidence (Malin)	Wrocław	-	- (*)
Krzemieniecka	Wrocław	32	3,485
Ogrody Wojszyce	Wrocław	114	16,517
Słoneczne Miasteczko	Cracow	321	17,431
Grzegórzecka	Cracow	301	20,236
Centralna Park	Cracow	640	34,132
Szmaragdowy Park	Gdańsk	44	2,148
Via Flora	Gdańsk	156	8,813
Osiedle Latarników	Gdańsk	159	9,122
Bajkowy Park	Gdańsk	792	45,495
Przemyska	Gdańsk	382	21,246
Zamojska	Gdańsk	89	5,060
Ceglana Park	Katowice	760	40,472
Pustynna 43	Łódź	114	8,286
Dębowa Ostoja	Łódź	161	24,479
Total (30/09/2021)		8,098	476,419

(*) The Malin Project was not taken into consideration for the calculation of land bank as at 30/09/2021

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4.2 Description of Factors and Events, Particularly Non-typical Ones, Which Have Significant Impact on Achieved Financial Results

No special or uncommon events occurred, which could affect the produced financial results.

4.3 Management Board's Opinion Regarding Feasibility of Meeting Earlier Published Financial Forecasts for Given Year, in View of Results Presented in This Quarterly Report as Compared to Forecast Results

The Issuer did not publish any financial forecasts for the year 2021.

4.4 Ownership Structure of Issuer's Qualifying Holding

As at 30 September 2021 the share capital of Develia S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each.

Ownership structure of qualifying holding as at the date of submitting semi-annual consolidated financial statements according to information obtained by the Issuer:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,000	85,289,000	19.06 %	19.06%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otwarty Fundusz Emerytalny AVIVA Santander	63,148,000	63,148,000	14.11%	14.11%
MetLife Otwarty Fundusz Emerytalny1)	36,000,000	36,000,000	8.04%	8.04%

Ownership Structure of Qualifying Holding as at Date of Submitting Financial Statements for Q3 2021, Year 2021, According to Information Obtained by Issuer:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,000	85,289,000	19.06 %	19.06%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otwarty Fundusz Emerytalny AVIVA Santander	63,148,000	63,148,000	14.11%	14.11%
MetLife Otwarty Fundusz Emerytalny	36,000,000	36,000,000	8.04%	8.04%

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PKO BP BANKOWY Otwarty Fundusz Emerytalny and PKO Dobrowolny Fundusz Emerytalny ¹⁾	23,131,988	23,131,988	5.17%	5.17%
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- 1) As a result of the Issuer's share acquisition transaction, settled on 28 October 2021, PKO BP BANKOWY OFE held 21,621,900 (twenty-one million six hundred twenty-one thousand nine hundred) Issuer's shares, which accounted for 4.83% share in the Issuer's share capital, giving the right to 21,621,900 votes at the Issuer's general meeting (which represented 4.83% share in the total number of votes at the Issuer's general meeting). As a result of the Issuer's share acquisition transaction, settled on 28 October 2021, PKO DFE held 1,510,088 (one million five hundred ten thousand eighty-eight) Issuer's shares, which accounted for 0.34% share in the Issuer's share capital, giving the right to 1,510,088 votes at the Issuer's general meeting (which represented 0.34% share in the total number of votes at the Issuer's general meeting). In aggregate, as a result of the foregoing share acquisition transaction, as at 28 October 2021, PKO BP BANKOWY OFE and PKO DFE held 23,131,988 Issuer's shares (which accounted for 5.17% share in the Issuer's share capital, giving the to 23,131,988 votes at the Issuer's general meeting (which represented 5.17% share in the total number of votes at the Issuer's general meeting).

Except for the foregoing changes, within the period from the submission of the H1 2021 report to the date of the preparation hereof, nothing else changed significantly in the ownership structure of the Issuer's qualifying holding.

4.5 Issuer's Shares or Rights (Options) Thereto Held by Persons Responsible for Management and Supervision of Issuer as at Date of Release of Q3 2021 Report, Including Changes in Number of Shares or Rights Thereto Owned by Such Persons in Period Following Submission of Previous Quarterly Report

Full name	Function in the body	Holding of the Issuer's shares as at 08/09/2021	Decrease	Increase	Holding of the Issuer's shares as at 16/11/2021
Supervisory staff					
Jacek Osowski	Chairman of Supervisory Board	-	-	-	-
Paweł Małyska	Vice Chairman of Supervisory Board	-	-	-	-
Artur Osuchowski	Member of Supervisory Board	-	-	-	-
Piotr Kaczmarek	Member of Supervisory Board	-	-	-	-
Robert Pietryszyn	Member of Supervisory Board	-	-	-	-
Piotr Pinior	Member of Supervisory Board	-	-	-	-
Piotr Borowiec ¹⁾	Member of Supervisory Board	-	-	-	-
(1) A Supervisory Board Member as of 06 October 2020.					
Management staff					
Andrzej Oślizło	President of Management Board	-	-	-	-
Paweł Ruszczak	Vice President Management Board	46,800	-	-	46,800
Mariusz Polawski	Vice President of Management Board	-	-	-	-

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4.6 Information about Proceedings Before Courts, Relevant Arbitration Authority or Public Administration Authority

In the period of 9 months ended 30 September 2021, there were no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of Develia S.A. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of Develia S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of Develia S.A. against their debtors. Provisions for legal actions are shown in Note 2.14 and 3.11 to the Financial Statements.

4.7 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

4.8 Information about Loan or Borrowing Surety or Guarantee Granted by ISSUER or Its Subsidiary Undertaking

In pursuance of the Preliminary Sales and Purchase Agreement, the Company undertook to the Purchaser to stand surety for the Seller, Warszawa Przyokopowa Sp. z o.o., under which it guaranteed that:

- a) The seller would perform the obligations and discharge the liabilities of Warszawa Przyokopowa Sp. z o.o., as the seller, arising from agreements covering the subject-matter of the transaction, and
- b) The Company would incur debts of Warszawa Przyokopowa Sp. z o.o. arising from obligations and liabilities of that company under the Sales and Purchase Agreement, if the seller ceased its operations, went into liquidation or was dissolved, which circumstances were described in the surety arrangements,
- c) The contractual penalty would be paid, should the purchaser withdraw from the preliminary agreement due to reasons attributable to the seller.

In the reporting period ended 30 September 2021, neither the Issuer nor any of its subsidiaries gave any significant surety or guarantee to the benefit of other entities, except for those mentioned above.

4.9 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

Apart from the events referred to herein, in the reporting period ended 30 September 2021 there were no other events concerning the Group, which would have any impact on the assessment of personnel, assets and financial standing and on the evaluation of the Issuer's feasibility of discharging its obligations.

4.10 Factors Which in Issuer's Opinion May Affect Its Performance at Least in Perspective of Following Quarter

The results achieved by the Develia S.A. Group will be highly affected by a macroeconomic situation, in particular when considering the availability of mortgage loans for potential clients and the development of economic situation amidst the epidemic. These factors are strong determinants of the demand for new apartments and the structure and price thereof. In addition, a factor that might have a bearing on demand for flats is uncertainty about a slowdown in the global economy due to coronavirus, which may also translate into customers deciding to refrain from purchasing flats.

According to the definition provided in IFRS 15, the Develia S.A. Group recognise revenue from sales of residential and retail units on the transfer of control to the customer. As a consequence, in the next quarter the results of sale will depend on the value of premises transferred to the client in line with the above description.

The operating performance of the Group will be also influenced by the level of revenue generated from the rental of commercial space in the following developments: Arkady Wrocławskie, Sky Tower and Wola Retro, which is linked to the

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EUR exchange rate. The EUR exchange rate will also affect the valuation of foreign currency loans and investment property Arkady Wrocławskie, Sky Tower and Wola Retro.

In the long term, in the opinion of the Management Board, the following will also influence the Group's performance:

- implementation of the strategy of acquiring land for residential buildings and carrying out investments on the land to ensure the appropriate offering scale of the Group, adequate to the demand on the market,
- A shift in an attitude towards commercial property in the Develia's Group portfolio, manifested through an opportunity for the sale of selected assets;
- Increasing construction costs of new development projects, which may have a direct bearing on margins achieved in the future;
- shaping of interest rates.
- Increasing costs of funding raised through the issue of bonds and limited access to this market, associated with the current situation on the capital market and a possibility that more stringent regulations may be brought in;
- Further uncertainty over the epidemic situation in Poland and all around the world.

The document has been signed by a qualified electronic signature

Andrzej Oślizło
President of Management Board

Paweł Ruszczak
Vice President of Management Board

Mariusz Poławski
Vice President of Management Board

Wrocław, 16 November 2021