

(Current Report No. 9/2021)**18/02/2021****Events Having Significant Estimated Impact on 2020 Profit or Loss**

Legal basis: Article 17(1) of MAR - inside information

Develia S.A.'s Management Board In connection with the 2020 consolidated annual report, the publication of which has been scheduled for 23 March 2021, the "the Issuer" informs that:

I.

The Develia Group have recognised in the 2020 financial results amounts resulting from a substantial change in the EUR exchange rate and having a significant impact on the gross profit or loss within the period, i.e.:

1) For 2020 cumulatively (a period from 01/01/2020 to 31/12/2020):

- An increase in the fair value of investment property, the valuation of which is made in EUR and translated into PLN, in the amount of PLN 88,103,000. This amount will be disclosed in the consolidated statement of comprehensive income under "Profit/(Loss) on Investment Property";
- An increase in the measurement of loan liabilities resulting from loans taken out in EUR for the construction of investment property in the amount of PLN 23,563,000. This amount will be disclosed in the consolidated statement of comprehensive income under "Financial expenses".

The impact of the aforementioned change in the EUR exchange rate (as at 31 December 2020, the EUR exchange rate stood at PLN 4.6148, which meant an increase by PLN 0.3563 compared to the EUR exchange rate published on 31 December 2019, which amounted to PLN 4.2585), on the 2020 consolidated gross profit or loss of the Group totalled PLN 64,540,000 and resulted in an increase in the consolidated gross profit by the said amount.

2) For Q4 2020 (a period from 01/10/2020 to 31/12/2020):

- An increase in the fair value of investment property, the valuation of which is made in EUR and translated into PLN, in the amount of PLN 20,657,000. This amount will be disclosed in the consolidated statement of comprehensive income under "Profit/(Loss) on Investment Property";
- An increase in the measurement of loan liabilities resulting from loans taken out in EUR for the construction of investment property in the amount of PLN 2,271,000. This amount will be disclosed in the consolidated statement of comprehensive income under "Financial expenses".

The impact of the aforementioned change in the EUR exchange rate (as at 31 December 2020, the EUR exchange rate stood at PLN 4.6148, which meant a decrease by PLN 0.0880 compared to the EUR exchange rate published on 30 September 2020, which amounted to PLN 4.5268), on the consolidated gross profit or loss of the Group for Q4 2020 totalled PLN 18,386,000 and resulted in an increase in the consolidated gross profit by the said amount.

The change in the EUR exchange rate is of a non-monetary nature and has no bearing on the current position and operating activities of Develia companies.

Following a transaction under which the "Wola Center" real property in Warsaw was disposed of in Q1 2020, a loan taken out to finance the construction of the real property was paid off and the IRS interest rate risk hedging instrument for the loan was settled. The cost of the settlement of hedging transaction amounted to PLN 14,845,000 and has been recognised under "Financial expenses".

II.

The Develia Group have recognised in the 2020 financial results significant amounts resulting from a substantial change in the fair value of investment property and having a significant impact on the gross profit or loss in the period, i.e.:

- Due to the fact that the situation on the retail real estate market has changed and having considered a revision of estimates pertaining to the net operating result of Arkady Wrocławskie S.A., the fair value valuation of the investment property Arkady Wrocławskie dropped and as at 31/12/2020 amounted to EUR 38,300,000, which means a decrease in the property value in the amount of EUR 15,700,000 (PLN 71,568,000), of which EUR 9,760,000 (PLN 45,040,000.) was recognised in the results for Q4 2020;
- Due to the fact that the situation on the retail real estate market has changed and having considered a revision of estimates pertaining to the net operating result of Sky Tower by S.A., the fair value valuation of the investment property Sky Tower dropped and as at 31/12/2020 amounted to EUR 83,000,000, which means a decrease in the property value in the amount of EUR 37,970,000 (PLN 174,435,000), of which EUR 32,670,000 (PLN 150,765,000) was recognised in the results for Q4 2020;
- A change in the value of the Wola Retro real property, the fair value of which as at 31/12/2020 amounted to EUR 72,200,000. The impact of the recognition of the real property valuation results in a reduction in

the 2020 gross profit or loss by PLN 9,472,000, of which the sum of PLN 9,472,000 was disclosed in the result for Q4 2020.

The impact of the aforesaid change in the fair value of investment property in EUR on the 2020 consolidated gross profit or loss of the Group amounted to PLN 255,475,000, resulting in a reduction in the consolidated gross profit by the said amount.

In 2020, the Group made expenditures on investment property in the total amount of PLN 19,440,000. The said amount was recognised under "Profit/(Loss) on Investment Property" and resulted in a reduction in the consolidated gross profit.

In 2020, the Group carried out a revaluation of land, the value of which as at 31/12/2020 totalled PLN 70,090,000 which means a decrease in the real property value in the amount of PLN 17,062,000. The sum resulting from the valuation was recognised in the results for Q4 2020.

In 2020, the Group accounted for linearisation of revenues from lease in the amount of PLN 9,192,000. The said amount was recognised under "Profit/(Loss) on Investment Property" and resulted in a reduction in the consolidated gross profit.

Furthermore, the Group have recognised in the 2020 financial results material amounts arising from the revaluation of provisions for investment property sales agreements: Silesia Star in Katowice, Retro Office House in Wrocław and Wola Center in Warsaw in the aggregate amount of PLN 1,036,000. The said amount was recognised under "Profit/(Loss) on Investment Property" and resulted in a reduction in the consolidated gross profit.

The following figures relate to the value of the Group's investment property as at 31 December 2020:

- Arkady Wrocławskie – EUR 38,300,000;
- Sky Tower – 83,000,000 EUR;
- Wola Retro – 72,200,000 EUR.

The following figures relate to the value of the Group's investment property as at 30 September 2020:

- Arkady Wrocławskie – 48,060,000 EUR;
- Sky Tower – 115,670,000 EUR;
- Wola Retro – 73,550,000 EUR.

The following figures relate to the value of the Group's investment property as at 31 December 2019:

- Arkady Wrocławskie – 54,000,000 EUR;
- Wola Center – 101,900,000 EUR;
- Sky Tower – 120,970,000 EUR;
- Wola Retro – 71,020,000 EUR.

The changes in valuations presented above will be disclosed in the consolidated statement of comprehensive income under "Profit/(Loss) on Investment Property".

The impact of the changes referred to in items I and II on the 2020 consolidated gross profit or loss of the Group amounted to PLN 252,510,000, resulting in a decrease in the consolidated gross profit by the said amount.

III.

Develia S.A. recognised in the 2020 financial results substantial amounts having a significant impact on the gross profit or loss in the period, in respect of:

- Dividends received and share in profits, the total amount of which, as disclosed in the statement of comprehensive income for 2020, was PLN 235,559,000;
- A change in the amount of write-downs on the Issuer's shares held in subsidiaries in the amount of PLN 86,134,000. The said amount will decrease the Issuer's separate financial results for 2020. An amount of PLN 93,367,000 was recognised in the company's result for Q4 2020, leading to the financial result being increased.

The foregoing items have no effect on the consolidated financial statements of the Develia Group.

The figures and data mentioned above reflect the Management Board's knowledge as at the date of the publication of the report and constitute estimates.

This information, according to the Issuer's Management Board, constitutes inside information within the meaning of Article 17(1) of the European Parliament and of the Council (EU) No. 596/2014 of 16 April 2014 on market abuse.