

(Current Report No. 10/2018)

7 March 2018

Events that have a material impact on the results for 2017

Legal basis: Art. 17 para. 1 of the Market Abuse Regulation - confidential information

The Management Board of LC Corp S.A. (the "Issuer") with reference to the work conducted on separate financial statements of LC Corp S.A. and consolidated financial statements of LC Corp S.A. for 2017, whose publication is planned for 21 March 2018, hereby inform that:

I.

The LC Corp S.A. Capital Group has recognised in the results for 2017 the amounts resulting from a significant change in the EUR rate and having a material impact on the gross result, i.e.:

- Decrease of the fair value of investment property whose valuation is made in EUR and is converted to PLN, in the amount of PLN 100,870 thousand. This amount will be recognised in the consolidated statement of comprehensive income in "Revaluation of non-financial fixed assets";
- Decrease of the valuation of liabilities resulting from loans in EUR taken in connection with the construction of investment property in the amount of PLN 44,128 thousand. This amount will be recognised in the consolidated statement of comprehensive income in "Financial income";

The total effect of the change of the EUR rate (the EUR rate as at 31 December 2017 was PLN 4.1709, i.e. it was lower by PLN 0.2531 as compared to the EUR rate as at 31 December 2016 which was PLN 4.4240) on the consolidated gross financial result of the Group for 2017 was PLN 56,742 thousand and resulted in a decrease of the consolidated gross profit by this amount, of which in Q4 2017 alone it amounted to PLN 31,987 thousand.

The change of the EUR rate is of a non-cash nature and has no effect on the ongoing situation and operating activities of the LC Corp Group.

II.

The LC Corp S.A. Capital Group has recognised in the results for 2017 the material amounts resulting from a significant change in the fair value of investment properties and having a material impact on the gross result in the period, i.e.:

- Due to a significant advancement of the construction and commercialisation of the Retro Office House building in Wrocław, the first valuation in the fair value of the investment property under construction Retro Office House was recognised. The fair value of the property amounted to EUR 37,872 thousand as at 31 December 2017 and the effect of the recognition of the valuation on the gross financial result amounted to EUR 18,415 thousand (PLN 76,808 thousand). This amount will be recognised in the consolidated statement of comprehensive income in "Revaluation of non-financial fixed assets"
- Due to a change of the situation on the local retail property market in Wrocław, the valuation in the fair value of investment property Arkady Wrocławskie decreased and amounted to EUR 91,900 thousand as at 31 December 2017, which constitutes a decrease in the value of the property of EUR 17,040 thousand (PLN 71,072 thousand). This amount will be recognised in the consolidated statement of comprehensive income in "Revaluation of non-financial fixed assets"

The total effect of the recognition of the above valuations on the consolidated gross financial result of the Group for 2017 amounted to PLN 5,736 thousand (with the exclusion of the effect of exchange differences described in paragraph I. above) and resulted in an increase of the consolidated gross profit by this amount. The change of the above valuations is of a non-cash nature.

III.

LC Corp S.A. has recognised in the financial result for 2017 significant amounts which have a material impact on the gross financial result in the period due to:

- Received dividends and shares in profit, whose total amount in the statement of comprehensive income for 2017 amounted to PLN 117,931 thousand (of which the value of dividends and shares in profit received in Q4 2017 amounted to PLN 67,864 thousand).
- The valuation of the property Retro Office House described in paragraph II. above had a material impact on the reversal of the impairment loss for the Issuer's shares in LC Corp Invest XI sp. z o.o. in the gross amount of PLN 24,212 thousand. This amount will increase the non-consolidated financial result of the Issuer for 2017.

These revenues have no impact on the consolidated financial result of the LC Corp S.A. Group.

In the opinion of the Management Board of the Issuer this information is confidential within the meaning of Art. 17 para. of the Regulations of the European Parliament and of the Council (EU) No. 596/2014 of 16 April 2014 on market abuse.