

(Current report no. 35/2020)**20/08/2020****Events significantly affecting profit or loss for the first six months of 2020**

Legal grounds: Art. 17 par. 1 of MAR - confidential information

The Management Board of Develia S.A., the "Issuer", in connection with the publication of the consolidated report for the first six months of 2020 planned on 8 September 2020, informs as follows:

I.

The Capital Group Develia S.A. in its profit or loss for the first six months of 2020 recognised amounts resulting from a significant change in the exchange rate of EUR and having a significant effect on the gross profit or loss in the period, i.e.:

1) for the first six months of 2020 cumulatively (from 01.01.2020 to 30.06.2020):

- increase in the fair value of real property for investment measured in EUR and translated into PLN, amounting to PLN 53,173 thousand. The above-indicated amount will be included in the consolidated statement of comprehensive income under "Profit/(Loss) from real property for investment"
- increase in the measured value of EUR loans incurred in connection with the construction of real property for investment amounting to PLN 17,532 thousand. The above-indicated amount will be included in the consolidated statement of comprehensive income under "Financial expenses".

The effect of the above-described change in the exchange rate of EUR (as at 30 June 2020, EUR 1 was PLN 4.4660, i.e. the exchange rate increased by PLN 0.2075 in comparison to the exchange rate of EUR as at 31 December 2019, that was, PLN 4.2585), on the consolidated gross profit or loss of the Group for the first six months of 2020 amounted to PLN 35,641 thousand and increased the consolidated gross profit by the corresponding amount.

2) for the second quarter of 2020 (from 01.04.2020 to 30.06.2020):

- decrease in the fair value of real property for investment measured in EUR and translated into PLN, amounting to PLN 21,229 thousand. The above-indicated amount will be included in the consolidated statement of comprehensive income under "Profit/(Loss) from real property for investment"
- decrease in the measured value of EUR loans incurred in connection with the construction of real property for investment amounting to PLN 7,343 thousand. The above-indicated amount will be included in the consolidated statement of comprehensive income under "Financial expenses".

The effect of the above-described change in the exchange rate of EUR (as at 30 June 2020, EUR 1 was PLN 4.4660, i.e. the exchange rate decreased by PLN 0.0863 in comparison to the exchange rate of EUR as at 31 March 2020, that was, PLN 4.5523), on the consolidated gross profit or loss of the Group for the second quarter of 2020 amounted to PLN 13,886 thousand and decreased the consolidated gross profit by the corresponding amount.

A change in the exchange rate of EUR is non-monetary and does not affect the current standing and operating activities of companies from the Capital Group Develia S.A.

In connection with a transaction of sale of the real property Wola Center in Warsaw in the first quarter of 2020 the loan incurred for the purposes of financing the construction of the real property was repaid and the instrument hedging the interest rate risk of IRS instrument was settled. The cost of settlement of the hedging transaction amounted to PLN 14,845 thousand and was recognised under "Financial expenses".

II.

The Capital Group Develia S.A. in its profit or loss for the first six months of 2020 recognised significant amounts resulting from a significant change in the fair value of the real property for investment and having a significant effect on the gross profit or loss in the period, i.e.:

- in connection with the change of the situation on the market of commercial real estates and updated estimates regarding the net operating profit or loss of the joint stock company Arkady Wrocławskie S.A., the fair value of the real property Arkady Wrocławskie designed for investment decreased amounting to EUR 48,060 thousand as at 30.06.2020, which corresponds to a decrease in the value of the real property by EUR 5,940 thousand (PLN 26,528 thousand),

- of which EUR 5,940 thousand (PLN 26,528 thousand) was recognised in the profit or loss for the second quarter of 2020,
- in connection with the change of the situation on the market of commercial real estates and updated estimates regarding the net operating profit or loss of the joint stock company Sky Tower S.A., the fair value of the real property Sky Tower designed for investment decreased amounting to EUR 115,670 thousand as at 30.06.2020, which corresponds to a decrease in the value of the real property by EUR 5,300 thousand (PLN 23,670 thousand), of which EUR 5,300 thousand (PLN 23,670 thousand) was recognised in the profit or loss for the second quarter of 2020,

The effect of the above-described change in the fair value of real property for investment measured in EUR on the consolidated gross profit or loss of the Group for the first six months of 2020 amounted to PLN 50,198 thousand and decreased the consolidated gross profit by the corresponding amount.

In the first six months of 2020, the Group incurred expenditure on real property for investment totalling PLN 13,525 thousand. The amount was recognised under "Profit/(Loss) from real property for investment" and decreased the consolidated gross profit.

In the first six months of 2020 the Group accounted for linearization of revenues from lease amounting to PLN 3,055 thousand. The amount was recognised under "Profit/(Loss) from real property for investment" and decreased the consolidated gross profit.

The values of the Group's real property for investment as at 30 June 2020 are presented below:

- Arkady Wrocławskie – EUR 48,060 thousand
- Sky Tower – EUR 115,670 thousand
- Wola Retro – EUR 71,890 thousand

The values of the Group's real property for investment as at 31 March 2020 are presented below:

- Arkady Wrocławskie – EUR 54,000 thousand
- Sky Tower – EUR 120,970 thousand
- Wola Retro – EUR 71,160 thousand

The values of the Group's real property for investment as at 31 December 2019 are presented below:

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

The indicated changes in value will be included in the consolidated statement of comprehensive income under "Profit/(Loss) from real property for investment".

The effect of changes described in II on the consolidated gross profit or loss of the Group for the first six months of 2020 (excluding the effect of the change in the exchange rate of EUR described in I above) amounted to PLN 66,778 thousand and decreased the consolidated gross profit by the corresponding amount.

III.

Develia S.A. in its profit or loss for the first six months of 2020 recognised significant amounts having a significant effect on the gross profit or loss in the period due to:

- received dividends and share in profit recognised in the statement of comprehensive income for the first six months of 2020 at the total amount of PLN 235,559 thousand. In the second quarter of 2020, the amount of PLN 104,259 thousand was recognised in the company's profit or loss,
- along with a change in impairment losses on the Issuer's interests and shares in subsidiaries amounting to PLN 6,399 thousand. This amount will increase the separate profit or loss of the Issuer for the first six months of 2020. In the second quarter of 2020, the amount of PLN 6,399 thousand was recognised in the company's profit or loss as an increase.

The aforementioned items have no effect on the consolidated financial statements of the Group Develia S.A.

This information, in the opinion of the Issuer's Management Board, is confidential within the meaning of Art. 17 par. 1 of the Regulation No 596/2014 of the European Parliament and of the Council (EU) of 16 April 2014 on market abuse.

Kancelaria: Publiczna

Tryb publikacji: w trakcie sesji