

**(Current Report No. 35/2021)****28/06/2021****Position of the Management Board of Develia S.A. concerning the allocation of profit for the business year 2020 and amended opinion of the Management Board stating the reasons for waiver of the shareholders' pre-emptive rights to A class subscription warrants and K class shares**

Legal grounds: Article 56(1)(2) of the Public Offering Act - current and interim information

The Management Board of Develia S.A. (the "Issuer" or the "Company"), in connection with the request received on 25/06/2021 from the Shareholder - Otwarty Fundusz Emerytalny PZU "Złota Jesień" (the "Shareholder"), represented by Powszechnie Towarzystwo Emerytalne PZU S.A. in Warsaw, including a draft resolution of the Ordinary General Meeting scheduled on 30/06/2021, referring to item 13 of the agenda including the passing of a resolution concerning the distribution of profit for the financial year 2020, and in case of adopting a resolution concerning the payment of dividend, the passing of a resolution concerning the dividend date and the term of dividend payment notified by the Issuer in current report no. 34/2021 of 25/06/2021, reports as follows:

The additional dividend proposed by the Shareholder will be paid from the reserve capital formed from the profit for 2019 allocated to future payments of dividends and advance dividends; however, the Management Board planned payments of dividends from this capital in 2022-2023. The expected sources of financing the Company's development adopted in the strategy were divestment of commercial assets, increasing the financial leverage and the current operating results of the Company. Currently the Company's cash flow is higher than assumed, which is due to the faster flat selling rate and an increase in the prices of flats noted in 2021. Thus, the payment of dividend at the amount proposed by the Shareholder should not pose a risk to the Company's liquidity due to its stable liquidity situation and free funds.

At the same time, if the decision of the Ordinary General Meeting on the payment of dividend as requested by the Shareholder is positive, the Management Board of the Issuer proposes to the Ordinary General Meeting that the whole dividend should be paid on 13/07/2021, pursuant to rule IV.Z.16. of the Good Practices for WSE Listed Companies, according to the original recommendation of the Management Board published in current report no. 25/2021 of 28/05/2021.

The Management Board leaves the final decision on the payment of an increased amount of dividend to the Ordinary General Meeting.

Furthermore, in connection with the Shareholder's request and the contents of the proposed resolution concerning the issuance of subscription warrants including waiver of pre-emptive rights of the existing shareholders and contingent increase in share capital, seeking acceptance and putting the new issue of shares on the regulated market of the Warsaw Stock Exchange and the resulting amendments to the Articles of Association, the Management Board of the Issuer hands over the amended opinion of the Management Board stating the reasons for waiver of the shareholders' pre-emptive rights to A class subscription warrants and K class shares, attached as an appendix to this report.

Legal basis: Article 56(1)(2)(a) of the Public Offering, Conditions Governing Admission of Financial Instruments to Organised Trading, and Public Companies in connection with Article 19(1)(2) of the Regulation of the Minister of Finance of 29 March 2018 concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states (Dziennik Ustaw [Journal of Laws] of 2018, item 757).