

## (Current Report No. 47/2018)

03/09/2018

### Events that have a material impact on the result for H1 2018

Legal basis: Art. 17(1) MAR - confidential information

The Management Board of LC Corp S.A. (the "Issuer"), with reference to the publication of the consolidated quarterly report for H1 2018 planned for 7 September 2018, hereby reports that:

#### I.

The LC Corp S.A. Capital Group has recognised in the financial results for H1 2018 the amounts resulting from a significant change in the EUR rate and having a material impact on the gross result in the period, i.e.:

- Increase of the fair value of investment property whose valuation is made in EUR and is converted to PLN, in the amount of PLN 80,080 thousand. This amount will be recognised in the consolidated statement of comprehensive income in "Revaluation of non-financial fixed assets"
- Increase of the valuation of liabilities resulting from loans in EUR taken in connection with the construction of investment property in the amount of PLN 28,432 thousand. This amount will be recognised in the consolidated statement of comprehensive income in "Financial expenses"

The effect of the change of the EUR rate described in paragraph I. (the EUR rate as at 30 June 2018 was PLN 4.3616, i.e. it was higher by PLN 0.1907 as compared to the EUR rate as at 31 December 2017, which was PLN 4.1709) on the consolidated gross financial result of the Group in H1 2018 was PLN 51,648 thousand and resulted in the increase of the consolidated gross profit by this amount.

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 S.A. Capital Group.

#### II.

The LC Corp S.A. Capital Group has recognised in the results for H1 2018 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 obtaining the occupancy permit for the Retro Office House building in Wrocław, the valuation in the fair value of the investment property Retro Office House was recognised. The fair value of the property as at 30/06/2018 amounted to EUR 55,910 thousand (PLN 243,857 thousand) and was reduced by the value of expenditure to be incurred in the amount of PLN 16,652 thousand. The effect of the recognition of the valuation on the gross financial result amounted to EUR 6,801 thousand (PLN 29,663 thousand). The valuation has been recognised in the results for Q1 2018. 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 and revaluation of estimates regarding the net operating result of Arkady Wrocławskie S.A., the valuation in the fair value of investment property Arkady Wrocławskie decreased and amounted to EUR 81,640 thousand as at 30/06/2018, which constitutes a decrease in the value of the property of EUR 10,260 thousand (PLN 44,750 thousand), of which EUR 5,286 thousand (PLN 23,817 thousand) has been recognised in the results for Q2 2018. This amount will be recognised in the consolidated statement of comprehensive income in "Revaluation of non-financial fixed assets"

The effect of the recognition of the valuations of investment property described in paragraph II. on the consolidated gross financial result of the Group for H1 2018 amounted to PLN 15,087 thousand and resulted in a decrease of the consolidated gross profit by this amount. The change of the above valuations is of a non-cash nature.

The total effect of the changes described in paragraphs I. and II. on the consolidated gross financial result of the Group for H1 2018 amounted to PLN 36,561 thousand 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 results for H1 2018 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 H1 2018 amounted to PLN 73,723 thousand, of which PLN 30,896 thousand has been recognised in the results for Q2 2018,

- The valuation of the property Retro Office House described in paragraph II. above that 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 5,449 thousand, of which PLN 520 thousand has been recognised in the results for Q2 2018. This amount will increase the non-consolidated financial result of the Issuer for H1 2018.

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.