



Wrocław, 30 March 2022

Dear Sir or Madam,

the previous year 2021 was very good for the Polish real property market, including also for the Develia Group. In February, we unveiled a new strategy for the years 2021-2025, under which it was assumed that the Company's value would be increased by extending the range of its operations and directing focus towards the areas of key importance to us. We decided to develop the residential and PRS segments, while limiting our participation in commercial projects. We assumed that the sale of flats would be 3,100 units in 2025 and that we would put on the market 300-400 premises for rental each year. In pursuance of our strategy, we set ambitious targets for 2021 – the sale of 1,750-1,850 flats and delivery of 1,800-1,900 premises to customers. We managed to exceed both these targets.

Compared to 2020, when Develia sold 1,361 flats, in 2021, the Company reported above 40% increase, selling 1,921 residential units. 2021 saw the delivery of 1,903 premises, i.e. 65% more than in the preceding year. Demand continued to be high throughout the entire year, outstripping the supply on the biggest markets. Diversified offer enabled us to be one of the leaders of growth in the sector.

We also gave a high priority to the actions allowing the Company to enter the institutional leasing sector and to develop in this area. At the end of 2021, we signed letters of intent for two PRS projects, one located in Warsaw and the other one in Wrocław, with the total estimated value amounting to PLN 290m. We also selected several other projects available in our portfolio, which we offer to PRS investors as part of package purchases. I am convinced that in the face of cultural and economic changes demand for this type of real property will grow in importance over the next couple of years.

Last year, we made almost 2,000 premises available for sale, extending our offer in all the cities in which we operate, namely in Gdańsk, Kraków, Warsaw, Katowice and Wrocław. The availability of land needed to carry out projects in attractive locations is one of the biggest factors restricting the growth of companies operating in the property development industry, therefore we place considerable significance to the acquisition of new parcels of land. In 2021, we acquired land enabling us to build 4,700 new flats. The plots of land were acquired not only through purchase transactions, but also by entering into co-operation with Grupa Lar, which will allow us to implement joint projects in Warsaw. The land bank we currently have is enough for the construction of approx. 9,000 flats, which gives us advantage on the market and provides comfortable circumstances to operate in the next years to come.

As regards the commercial segment, in 2021 we analysed opportunities and took actions aimed at the disinvestment of commercial assets. In September, we signed a preliminary sale and purchase agreement for the Sky Tower project in Wrocław. The transaction was completed in 2022, and its value amounted to EUR 82.4m. We also commenced talks on the disposal of the Arkady Wrocławskie project and are preparing for the disposal of the Wola Retro building in Warsaw. This year in March, we also

signed a letter of intent with Hillwood Polska for the joint warehousing project to be carried out on our site located in Malin (near Wrocław), without any additional financial commitment on the part of Develia. We strive to maximise the value in the course of the disinvestment process for this asset, which was acquired by the Company in 2007, and the letter of intent is the first step towards the completion of the said process. Funds obtained from the disposal of commercial property will be allocated for housing and PRS projects, which ensure greater profitability. The 2021 profit on the commercial segment was affected by the revaluation of real property, however, to a lesser extent than in the previous year. It did not prevent the entire Develia Group from performing very well.

In 2021, Develia earned consolidated revenue of PLN 911.9m, which was 76.4% more than in the previous year. Last year, the Group made operating profit of PLN 219.8m against a loss of PLN 72.4m in 2020. The analysed period saw the net profit of PLN 153.9m against a loss of PLN 138.8m in the preceding year.

In January 2022, entities which were previously not related to the Company issued a call for Develia shares. The biggest Shareholders were of the opinion that the proposed price did not reflect the fair value and eventually, the call failed. The position taken by the present Shareholders expresses their confidence in the Company growth strategy and acts as an extra incentive for the Management Board to keep on working on the growth of its value. To identify the most optimal courses of long-term growth, we started a process of reviewing strategic options at the beginning of 2022. The said process is designed to specify the best conditions for maximising the value of Develia for existing Shareholders. The adviser selected for the process is a reputable investment bank Rothschild&Co.

It is worth mentioning that in 2021, the Company paid Shareholders PLN 0.17 per share. This year, due to the fact that we generated higher profits and sold commercial assets, dividend may be higher.

I would like to extend sincere gratitude to employees for their hard work during the previous year, as well as to Shareholders and the Supervisory Board for their confidence. I am convinced that Develia is well prepared to respond to the present market challenges in this volatile macroeconomic environment, provide comfortable living conditions and ensure continued growth in value for Shareholders.

Andrzej Oślizło

President of Management Board of Develia S.A.