

LPP

Adoption by the Management Board of LPP SA of the decision to renounce part of agreements on the lease of retail space in the territory of the Republic of Poland – declassification of delayed inside information

Current report no: 14/2020

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Time: 8:27

The Management Board of LPP SA with its registered office in Gdańsk (the Company) informs that, on 29 April 2020, in the best interest of the Company and all of its stakeholders, i.e. shareholders, employees and contracting parties, it made a decision on the renouncement of part of agreements on the use of retail space, concluded with owners of shopping centres located in the territory of the Republic of Poland and, as of the same date, the Company initiated the procedure of formal delivery of relevant statements to individual lessors. The Company will renounce agreements on the use of retail space constituting approx. 29.5% of the total number of square metres of retail space utilised by the LPP SA Group. In consideration of the existing circumstances caused by the COVID-19 pandemic, the agreements in question may not, on a permanent-basis, be performed on the terms and conditions applicable so far, which justifies the exercise by LPP of its rights.

At the same time, LPP expresses its willingness to hold talks with shopping centres on new agreements incorporating terms and conditions adequate to the new circumstances. The Management Board aims at adapting the conditions of sale using retail space in shopping centres to the unprecedented change in economic and social relations, caused by COVID-19 as well as trading bans and restrictions introduced by the government of the Republic of Poland. For obvious reasons, the annulment of the trading ban does not mitigate the risk of consumers' long-term loss of interest in visiting and shopping in shopping centres, which will, on a long-term basis, adversely affect revenue levels in this sales channel after the ban is lifted. Due to the expected restrictions involving installation in shopping centres of thermal cameras with temperature monitoring and consumer segregation into different risk groups (red, yellow and green), COVID-19 risk warnings made using the megaphone system, the requirement to shop wearing masks and rubber gloves limiting free touching and trying of goods and limitation of customers' number in a store and the shopping centre, trading reality will be totally different. From the legal perspective, the above justifies the renouncement of current agreements, necessitating a deep change of the business model of stores operating in shopping centres and shopping centres themselves and determination of new terms and conditions for prospective cooperation.

Simultaneously, the Company's Management Board informs that, due to the extension in time of the procedure for drafting and delivering to owners of specific shopping centres of statements on the renouncement of lease agreements, the Company has made the decision to delay public disclosure of the above-mentioned information on the decision made by the Company's Management Board. The Company clarifies that, in the opinion of the Company's Management Board, immediate public disclosure of the above-mentioned inside information on the date of its occurrence would give rise to the risk involving the hindering by owners of shopping centres of effective delivery of statements on the renouncement of agreements, which would substantially obstruct the procedure in terms of effectiveness of such renouncement from the moment of delivery of a statement to that effect to an addressee. Disclosure of information on the decision of the Management Board, made in respect of renouncement of lease agreements, before delivery of relevant statements to that effect to owners of shopping centres would, therefore, adversely affect the effectiveness of statements made, which, in consequence, could violate legally justified interests of the Issuer and, consequently, the interests of its shareholders. Today's public disclosure of the information on the decision of the Company's Management Board is related to the fact that, on 30 April 2020, the prerequisites set for Article 17(4) MAR, justifying the possibility of delaying the public disclosure of inside information, ceased to exist. At the same time, the Issuer informs that information provided for in this report exhausts the content of the above-mentioned delayed inside information.

Article 17(1) MAR – Inside Information

Signatures:	Przemysław Lutkiewicz – Vice-President of the Management Board Sławomir Łoboda - Vice-President of the Management Board
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