



Date of preparation: 4 February 2020

Issuer's abbreviated name: PZU SA

**Current Report No. 2/2020**

Subject: **Selection of an offer in the proceeding to lease headquarters for the PZU Head Office and enter into a letter of intent**

Legal basis: **Article 17(1) of MAR – inside information**

Body of the report:

The Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA", "Company"), acting pursuant to Art. 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Market Abuse Regulation") reports that on 4 February 2020 it adopted a resolution to select an offer in the proceeding to lease headquarters for the PZU Head Office and sign a letter of intent with Bitra Enterprise 1 sp. z o.o., a company belonging to the Skanska Group.

According to the resolution in question, a scenario has been accepted on how to proceed in the selection of headquarters for the PZU Head Office involving the conclusion of a lease agreement for office and storage space and parking spaces with Bitra Enterprise 1 sp. z o.o., with its registered office at Al. Solidarności 173, 00-877 Warsaw ("Lessor") and the selection of building "Y" has been approved; it is under construction in the Generation Park complex situated at Rondo Daszyńskiego 4 in Warsaw ("Building") as the location for the headquarters of the PZU Head Office.

At the same time, PZU SA and PZU Życie SA signed a letter of intent with the Lessor on 4 February 2020 to specify the preliminary terms and conditions of the agreement to lease office space, office and commercial space, storage space and parking spaces.

The letter of intent contemplates that the future lease agreement will contain contractual penalties regarding the Lessor's liability for delays in handing over the leased facility, hindrances and impediments to the usage of the leased area and violations of the non-compete clause and right of first refusal to purchase the Building.

The letter of intent contains a declaration on how to proceed and sign the lease agreement by 29 May 2020 provided that the parties reach an agreement on all of the other terms and conditions of lease and agree upon the wording of the lease agreement.

The total estimated gross value of the prospective agreement to lease the Building over the 10 years of its duration is PLN 805,000,000, while the gross incremental costs related to relocation are approximately PLN 86,000,000.

The amounts stated above may vary as a result of specific agreements concerning the final arrangement of space, the amount of space leased, the final scope of adaptation work, the commencement date of the lease agreement and the date of translating some of the costs and financial incentives from EUR into PLN.

The PZU SA Management Board simultaneously notes that the selection of this Building and the signing of the letter of intent do not mean that this transaction will be executed. Moreover, PZU SA's corporate bodies have not yet made any binding decisions at this stage on entering into a lease agreement.

Legal basis: Article 17 section 1 of MAR – inside information.