

(Current Report No 073/2013)

December, 06st 2013

Conclusion of a Significant Agreement and Acquisition of Assets of Significant Value

Legal basis: Art. 56.1.2 of the Act on Public Offering – current and periodic information

The Management Board of LC Corp S.A. ("the Issuer") reports that today, i.e. 6 December 2013, it concluded with LC Corp BV ("LCC BV"), with its registered office in Amsterdam, the Agreement representing the commitment to sell shares ("the Agreement"), pursuant to which the Issuer undertook to acquire and LCC BV undertook to dispose of the shares of Sky Tower S.A., with its registered office in Wrocław ("Sky Tower").

The subject matter of the Agreement includes 100,000 (say: one hundred thousand) Series A registered shares, with a par value of PLN 1 (say: one zloty) each, and 23,000,000 (say: twenty three million) Series B registered shares, with a par value of PLN 1 (say: one zloty) each, which represent in total 100% of the share capital of Sky Tower and 100% of the total vote at its general meeting ("the Shares").

The selling price of the Shares was set at PLN 259,000,000 (say: two hundred and fifty nine million zloty) and it will be paid according to the rules specified hereinbelow:

not later than within seven days as of the transfer of the Shares by LCC BV to the Issuer, the Issuer will pay LCC BV the amount of PLN 15,000,000 (say: fifteen million zloty) towards the payment of the Price,

by 30 June 2014, the Issuer will pay LCC BV the amount of PLN 42,000,000 (say: forty two million zloty) towards the payment of the Price,

by 31 December 2015, the Issuer will pay LCC BV the amount of PLN 40,400,000 (say: forty million, four hundred thousand zloty) towards the payment of the Price,

by 31 December 2016, the Issuer will pay LCC BV the amount of PLN 40,400,000 (say: forty million, four hundred thousand zloty) towards the payment of the Price,

by 31 December 2017, the Issuer will pay LCC BV the amount of PLN 40,400,000 (say: forty million, four hundred thousand zloty) towards the payment of the Price,

by 31 December 2018, the Issuer will pay LCC BV the amount of PLN 40,400,000 (say: forty million, four hundred thousand zloty) towards the payment of the Price,

by 31 December 2019, the Issuer will pay LCC BV the amount of PLN 40,400,000 (say: forty million, four hundred thousand zloty) towards the payment of the Price,

Series A shares of Sky Tower are encumbered with a registered pledge for up to EUR 90,000,000 and Series B shares of Sky Tower are encumbered with financial and registered pledges for up to EUR 90,000,000 for Alior Bank S.A. and Getin Noble Bank S.A., representing security for a non-current investment loan, described hereinbelow, granted to Sky Tower by these banks.

The Agreement does not contain any provisions on contractual penalties.

The criterion for recognising the Agreement as significant has been met as its value exceeds 10% of the Issuer's equity.

Concurrently, the Issuer reports that today, i.e. 6 December 2013, it acquired, in execution of the above Agreement, the Shares, referred to hereinabove, for the Price defined in the Agreement. The payment of the selling price of the Shares will be made from the Issuer's own funds.

The acquisition of the Shares was effected through the agency of a brokerage house, Noble Securities S.A., which will also act as an intermediary in the payment of the price for the Shares.

The Issuer's Management Board regards the acquisition of the Shares as a non-current investment.

The Issuer is the joint subsidiary undertaking of LCC BV and its parent entity, Leszek Czarnecki, Ph.D.

The criterion for recognising the Shares as a significant asset has been fulfilled as their acquisition price exceeds 10% of the Issuer's equity.

The said transaction fits in the Issuer's strategy for the strengthening of the commercial property segment of its activity. The information about the intention to acquire 100% of the shares of Sky Tower (former business name: RB Finance Expert S.A.) was published by the Issuer in its Current Reports No. 40/2013 of 2 August 2013, No. 43/2013 of 12 August 2013 and No. 46/2013 of 28 August 2013.

The acquisition of the company's Shares took place after the conditions predefined by the Issuer were fulfilled: (i) spin-off of an enterprise managing the commercial property and its acquisition by Sky Tower, (ii) taking over by Sky Tower the non-current financing with the investment loan and (iii) capitalisation of Sky Tower by its existing shareholder to supplement the company's sources of financing.

The subject matter of the transaction was, in line with the assumptions, a special purpose company and its main asset, i.e. the commercial property financed with the investment loan and equity. The commercial property offers 29,700 sq. m of retail space and 18,700 sq. m of office space. The facility has been leased at the level of about 80% (75% attributable to lease agreements already in effect and subsequent 6% of space is subject to negotiations, being at their final stages).

Following the order placed by the Issuer, independent auditing and consulting companies conducted the due diligence of Sky Tower (in respect of legal and accounting aspects in particular) and the valuation of the commercial property was made as at 30 November 2013.

The price for which the Issuer acquired the shares of Sky Tower was determined on the basis of the valuation made by a renowned consulting company, upon the order placed by the Issuer, as at 30 November 2013. The net asset valuation method was applied, i.e. the value of all company's assets (including mainly the commercial property of Sky Tower) was reduced by the value of liabilities, including predominantly the value of the non-current investment loan financing this property.

The market value of the property owned by Sky Tower, disclosed in the appraisal report drawn up as at 30 November 2013, totals EUR 119.1 million. The property is financed with the ten-year investment loan of EUR 56.8 million (LTV \leq 50%), which was taken over by Sky Tower. Sky Tower does not have any other financial debt, except for the loan referred to above.

The acquisition of the shares of Sky Tower contributes to the implementation of the strategy for the LC Corp Group's development, by exploiting the huge potential offered by the Sky Tower facility, producing synergetic effects for the business and optimising the costs incurred to manage two commercial properties located in Wrocław: Arkady Wrocławskie and Sky Tower.

The company's profit will account for a significant part of the Group's results as early as in 2014. The models and simulations developed by the Issuer, even on the basis of conservative assumptions, indicate the possibility of a further increase in the net operating income (NOI) of the commercial property of Sky Tower – by about 30% over the next 3-5 years. The anticipated increase in the operating result will be possible owing to the prepared strategy for the facility's development, resulting in the higher level of commercialisation of the facility and in a rise in turnover generated by the retail centre (in Q3 2013 the year-to-year rate of increase was higher by about 40%).

Legal basis: Art. 5.1.1 and 5.1.3 of the Regulation of the Minister of Finance (Dz. U. /Journal of Laws/ No. 33, item 259, as amended) of 19 February 2009, on current and periodic information published by issuers of securities and the conditions for recognising as equivalent the information required under the provisions of law of a non-member state.