



Warsaw, 15 October 2020

Polish Council of Shopping Centres

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Sz. P.

Jarosław Gowin

Deputy Prime Minister

Minister of Development, Labour and
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Dear Deputy Prime Minister,

The Management Board of the Polish Council of Shopping Centres (hereinafter referred to as "PRCH"), the largest organisation in Poland, associating over 200 entities operating in the retail real estate sector, would like to congratulate you on taking up the position of Deputy Prime Minister and Minister of Development, Labour and Technology, and wishes you success in managing such important areas of the Polish economy. We also declare our readiness to cooperate and participate in dialogue in areas related to the shopping centre sector.

We also want to ensure that the shopping centre industry is prepared to provide safe customer service, regardless of the epidemic situation in the country, thanks to the application of the highest sanitary standards as well as extensive informational and educational activities addressed to our customers. We declare our willingness to work with the government and to share our experience of possible preventive measures in order to avoid restrictions on retail like those that were in place during the spring lockdown. The retail sector is an important part of the Polish economy, generating thousands of workplaces, which we would like to protect in close cooperation with the government.

During a pandemic, it is the responsibility of tenants, landlords and managers of shopping centres to provide customers with safe access to goods and services that are essential to their daily lives. Since the announcement of the epidemic emergency, stricter sanitary regime has been in place in retail schemes. The so-called "hot spots", which are frequently touched by customers, are disinfected regularly and repeatedly during the day. We ensure uninterrupted access to necessary protective measures, including antibacterial soaps and disinfectants. Visitors to the centres are informed about the applicable safety rules via PA systems and multimedia displays. In addition, in order to make moving inside the premises easier, there are pictograms in shops and in the



walkways indicating the need to keep a safe distance. Security personnel pay attention to and inform customers about the need to cover their nose and mouth.

As an industry, we too feel responsible for educating our customers on a broad scale. As part of the nationwide PRCH #Ishopsafely action, under the patronage of the Ministry of Health and the Ministry of Development, we promote good practices when visiting retail schemes.

2

Customer safety is the shopping centre industry's priority, which is why we appeal to you to support restoring shopping Sundays, which would help to spread out the number of visits in shopping centres over seven rather than six days. The data we have collected indicate that the highest customer traffic is recorded on Saturdays, which confirms that they prefer to shop at the weekend. An additional day for shopping would be very important for two reasons - security, including a reduction of Saturday's queues and keeping a social distance when shopping, but also for economic reasons – it would allow thousands of people employed in the shopping centre sector to keep their endangered jobs.

The current situation in the retail sector is very difficult. Due to the introduction of further epidemic restrictions, we look to the future with great concern. Poland has recorded the greatest drop in GDP in 30 years, and retail is one of the pillars of economic development. Our analyses have shown that stimulating consumption by, i.a., lifting the Sunday trading ban, would have a positive impact on the entire economy, contributing to the rebound effect, so anticipated by everyone. This is all the more so as retail accounts for 17.6% of gross value added. (GUS data, 2018), and shopping centres account for about 30% of retail in Poland.

It will take a long time to recover from the damage caused by the pandemic, given the epidemic situation in the country. According to PRCH estimates, the net turnover of shopping centres in March-May 2020 alone decreased by over PLN 17.5 billion (-29.6% y/y). According to GUS, the decline in retail sales in the entire economy at that time was 13.2% on average. Such rapid changes have had a negative impact on the financial situation of landlords and tenants, many of whom are Polish small and medium-sized businessmen. In addition, despite the sector's point-based support mechanisms, additional burdens are still planned, e.g. the tax on retail sales, which will come into force from 1 January 2021, as well as the introduction of the capacity fee. The Sunday trading ban and the safe hours for seniors in shops also have a direct impact on the decline in turnover.

At a time of growing economic crisis and a worsening economic situation for businesses, the reinstatement of trading Sundays is also of great significance in terms of maintaining the workplaces created by the shopping centre industry. There are over 400,000 people employed in the shopping centre sector. The lack of a direct impulse, such as trading Sundays, to recover from the losses caused by the lockdown and the pandemic situation could result in bankruptcies of businesses and, as a result, job losses, especially in the case of retail establishments most affected by the coronacrisis, namely F&B, services and entertainment. We are facing a real threat of the reduction of thousands of workplaces, which today are manned mainly by young people, including students. This will affect local labour markets, in small and large cities alike.

Shopping centres stimulate the economy also by subcontracting a significant part of building services, worth a total of around PLN 3.4 billion annually. Each shopping centre cooperates with a dozen or so external companies, which provide services such as cleaning, care of greenery, security and marketing. The



need to look for savings on the part of shopping centre landlords and managers and the consequent reduction of the scope of cooperation with subcontractors may also put the workplaces in these companies at risk.

Guided by our concern for the future of the retail sector, we are open to cooperation and will be happy to provide details of our analyses of the economic situation of shopping centres. Speaking on behalf of the industry, including both landlords and tenants, we are also prepared to serve customers safely in a variety of pandemic scenarios. We are ready to share information on the solutions developed in this respect. We believe that joint actions, communication and designing solutions appropriate to the situation will contribute to the systematic reconstruction of the Polish economy and protection of workplaces.

3

Yours sincerely

Management Board of the Polish Council of Shopping Centres

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