ERBUD S.A.

Current Report No.48/2016
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Topic:

Signing of a significant agreement - obligation to sale of a significant asset - Budlex S.A shares
Legal basis:
Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

With reference to Current Reports Nos. 6/2016, 27/2016 and 42/2016 of 16 June 2016 as well as Repot No. 44/2016 of 22 June 2016 relating to the acts need to complete the sale of a significant asset in the form of shares of Budlex SA - a company headquartered in Warsaw ("the Company"), held by Erbud SA with its registered office in Warsaw (the "Issuer"), the Issuer's Management Board announces that on 24 June 2016 an agreement providing for the sale of shares of the Company (the "Agreement") has been concluded.

Under the Agreement, the Issuer agreed to sell 100 per cent of the shares of the Company ("Shares") to HOLDINVEST 1 sp. z o.o. headquartered in Warsaw (The "Buyer") for a price of PLN 45m (the "Price"), less an amount equal to the outflow of assets clearly defined in the Agreement (the "Transaction").

The Agreement allows for the outflow of assets, which will have no impact on the Price, i. a.: (i) the payment of a dividend to the Issuer amounted to PLN 17m; and (ii) the purchase from subsidiaries of Budlex SA for PLN 10m net a developed property located in Torun at 10 Wapienna St. 10, where are offices of the Shared Services Centre operating within the structure of the Issuer, Torun Erbud SA Branch Office and offices of the subsidiaries of the Issuer: Erbud International Sp. z o.o.; PBDI S.A.; Erbud Industry Sp. z o.o.; and Erbud Contruction Sp. z o.o.

The Transaction involves several stages consisting of:

1. The purchase by the Issuer of 10.04 per cent of shares in Budlex from a minority shareholder for PLN 4.5m;

2. The disposal by the Issuer of 100 per cent of shares in Budlex to the Buyer for PLN 45m.

The Parties' commitment to sell the Shares depends on the fulfilment of all of the following conditions precedent:

a) The consent of the Office of Competition and Consumer Protection (UOKiK) to conduct the Transaction;
b) The issue by the financing bank of the Buyer of a promissory note to fund the purchase of the Shares; and (ii) a promissory note to repay of the Company's bonds or issue a statement by bondholders to exempt certain collaterals by 25 July 2016, subject to a possible withdrawal from the Agreement by the Seller in case of failure to meet the condition within the specified period, by 12 August 2016;

c) The consent of the Issuer’s Supervisory Board to carry out the Transaction;

d) The approval of the General Meeting of the Company for the sale of shares held by the minority shareholder to the Seller and the sale of Shares to the Buyer;

e) The consent of the Meeting of Shareholders of the Buyer to conduct the Transaction;

f) The effective acquisition of the shares held by the minority shareholder to the Seller, free from defects and encumbrances, and entering the Seller as owner of the Shares into the share register of the Company.

The deadline for fulfillment of the conditions referred to in points c) - f) is 10 business days from the date of signing the Agreement, after which the Buyer or the Seller (depending on the content of the

condition) is entitled to withdraw from the Agreement within 20 business days from the date of signing the Agreement. In addition, if any of the conditions precedent is not met within three months from the date of signing the Agreement, the Parties will not be obliged to perform acts aimed at the sale of Shares, and the Agreement will terminate automatically without the need to make any additional statements. The condition specified in point c) has been fulfilled by the Seller, about which the Issuer announced in the Current Report No. 44/2016 of 22 June 2016.

The agreement does not include any provisions on contractual penalties. However, the maximum aggregate liability of the Seller arising from the Agreement (and in particular the responsibility of the Seller in respect of defective statements, of any claims, and of any fees or legal costs or otherwise) shall not exceed 100 per cent of the Price.

The value, objectives and impact of the Transaction on the Issuer's outcome identified in the Current Report No. 42/2016 of 16 June 2016, remain unchanged as at the date of conclusion of the Agreement.

The criterion for considering the agreement as significant one is the exceeding of 10 per cent of the Issuer's equity.