Legal basis: Article 56(1) item 2 of the Act on Public Offering - current and periodic information:

Topic: Information about intended amendment to the Articles of Association of Erbud SA

Content of report:

Pursuant to § 38(1) point 2) of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state (Journal of Laws 2014.133, consolidated text), Erbud S.A. announces the intention to amend the Articles of Association of the Company. Therefore, the agenda of the next Extraordinary General Meeting of Erbud SA convened for 19 September 2017 includes items concerning the amendment of the Company's Articles of Association.

Erbud S.A. publishes below current provisions of the Articles of Association of Erbud S.A. and the proposed changes.

I. Amendments to Article 5 of the Company's Articles of Association:

Previous content of Article 5 of the Articles of Association:

"Article 5

1. The share capital of the Company amounts to PLN 1,281,185.90 (one million, two hundred and eighty-one thousand, one hundred and eighty-five, point nine zero Zlotys) and is divided into:
   a) 2,000,000 ordinary bearer shares of Series A,
   b) 8,000,000 ordinary bearer shares of Series B,
   c) 71,025 ordinary registered shares of Series C,
   d) 2,500,000 ordinary bearer shares of Series D,
   e) 31,686 ordinary bearer shares of Series E,
   f) 41,458 ordinary bearer shares of Series F,
   g) 33,787 ordinary bearer shares of Series G,
   h) 36,590 ordinary bearer shares of Series H,
   i) 47,379 ordinary bearer shares of Series I,
   j) 49,934 ordinary bearer shares of Series J,

   with a nominal value of PLN 0.10 (ten Groszy) per share.
2. The capital of the Company was fully paid in before registering the Company.
3. The shares may be redeemed in a voluntary redemption.
4. The Company may issue convertible bonds, bonds with the primacy right and subscription warrants.
5. The Management Board is authorized to increase till 8 December 2012 the share capital by the amount of maximum PLN 15,000.00 (fifteen thousand Zlotys) by issuing shares with a nominal value of PLN 0.10 (ten Groszy) each (authorised equity). The Management Board may exercise the authorization granted through one or several capital increases. The Management Board may issue shares only against cash contribution. The Management Board is not authorized to issue preference shares or grant the shareholder any personal rights, as referred to in Article 354 of the Commercial Companies Code. This authorization does not include the power to increase the share capital from the Company's own funds.
6. The resolution of the Management Board passed in accordance with sub-Article 5 above replaces the resolution of the General Meeting on increasing the share capital and for its validity a notarial deed shall be required.
7. With the consent of the Supervisory Board, the Management Board may exclude or limit the priority right to subscribe for shares of the Company by existing shareholders (pre-emptive right) related to increase of the share capital which shall be effected under authorization given to the Management Board in the Articles of Association to raise the share capital in limits of the authorised capital. The consent of the Supervisory Board should be expressed in the form a resolution adopted by a majority of 3/4 of the Supervisory Board members present at the meeting, in the presence of at least half of the members of the Supervisory Board.
8. The Company's Management Board is authorised, in the period of 3 years since the entry of the authorisation into the National Court Register has been made, to increase the share capital of an amount of not more than PLN 15,000 (fifteen thousand Zlotys) by way of shares issue with a nominal value of PLN 0.10 (ten Groszy) each share (authorised equity). The Management Board may execute the authorisation granted through one or several capital increases. The Management Board may issue shares exclusively against cash contributions. The Company's Management Board may not issue preferential shares or grant personal privileges to shareholders, as referred to in article 354 of the

Commercial Companies Code. This authorisation does not include the power to increase the share capital from the Company's own funds.

9. The resolution of the Management Board passed in accordance with sub-Article 8 above replaces the resolution of the General Meeting on increasing the share capital and for its validity a notarial deed shall be required."

Proposed amendments to Article 5 of the Company's Articles of Association:

1) deletion of Subarticles numbered 5, 6, 8 and 9

2) in connection with the deletion of Subarticles numbered 5, 6, 8 and 9, Subarticle 7 of Article 5 shall be renumbered 5.

II. Amendments to Article 11 of the Company's Articles of Association:

Previous content of Article 11 of the Articles of Association:

"Article 11

1. The Supervisory Board shall be composed of 5 to 7 members, including the Chairman and Vice-Chairman of the Supervisory Board.
2. Members of the Supervisory Board shall be appointed by the General Meeting for the three-year period of common term of office. The General Meeting shall appoint the Chairman and Vice-Chairman of the Board.
3. Competencies of the Supervisory Board:
   1) Approval of strategic longstanding plans for the Company;
   2) Approval of annual material and financial plans;
   3) Approval of Company's investment plans;
   4) Granting consent for the acquisition, disposal or encumbrance on real property, perpetual usufruct or interests in real estate;
   5) Granting consent to shift production, set up and liquid units and subsidiaries and acquire new businesses;
   6) Granting consent for providing by the Company guarantees, property warranties, issuing bills, taking over guarantees, opening letters of credit with a value over the equivalent to the amount of € 2,000,000.00 (two million Euro) each time;
   7) Granting consent for capital investments over the equivalent to the amount of € 100,000.00 (say: one hundred thousand Euro), excluding capital investments, treasury bills and bonds issued in Poland or countries where the Company operates;
   8) Granting consent for the acquisition, disposal or encumbrance of shares in other entities;
   9) Setting the vote procedure of Company representatives in the bodies of the subsidiaries and associated related to appointment and dismissal of members of the subsidiaries and associated, dissolution or liquidation of these companies, changes of business purposes, division or merger of subsidiaries and associated;
   10) Granting consent to perform any actions not related to the Company's scope of business and extraordinary acts of value exceeding the equivalent to the amount of € 100,000.00 (one hundred thousand Euro).
   11) Granting consent to conclude agreements with shareholders holding at least 5% of the total number of votes at a General Meeting and related parties within the meaning of international accounting standards adopted pursuant to Regulation No 1606/2002 of the European Parliament and of the Council dated 19 July 2002 on the application of international accounting standards. This obligation does not apply to typical transactions and those concluded on market terms within the operating business conducted by the Company with entities belonging to the Capital Group;
   12) Granting consent for investments exceeding the equivalent of € 100,000.00 (say: one hundred thousand Euro), unless these investments are included in the investment plan approved by the Supervisory Board;
   13) Granting consent for the conclusion of agreements on rental, lease and license with the duration of more than 48 months that are concluded outside the ordinary course of business and are not provided for in the budget;
   14) Granting consent to submit tenders and conclude construction contracts with a net value exceeding the equivalent to the amount of € 15,000,000.00 (say: fifteen million Euro), while for joint bids deciding is the net bid sum and not the share of the Company in the offer;
   15) Granting consent to dispose with a right or incur an obligation of value exceeding the equivalent to the amount of € 2,000,000.00 (say: two million Euro);

16) Granting consent to employ of an employee with an annualized salary exceeding the equivalent of € 100,000.00 (say: one hundred thousand Euro);
17) Granting consent for the Company's Management Board members to serve on the management or supervisory boards of companies outside the Group, and also in the cases referred to in Art. 380 § 1 of the Code of Commercial Companies;
18) Other issues falling within the competence of the Supervisory Board by law, provisions of the Articles of Association, passed at the request of the Management Board or delegated pursuant to a resolution of the General Meeting.

The "**Equivalen**t" means the equivalent of Euro quoted in other currency, calculated in accordance with the average exchange rates, announced by the National Bank of Poland on the day directly preceding the day on which the Management Board submitted to the Supervisory Board a request for consent to the transaction, and in the absence of such a request the date of the transaction."

Proposed amendments to Article 5 of the Company's Articles of Association:

1) The proposed new wording of Article 11 Subarticle 3 item 4) of the Articles of Association

"Granting consent for acquisition and disposal of or encumbrance on real property, perpetual usufruct or interests in real estate or in the right to perpetual usufruct"

3) The proposed new wording of Article 11 Subarticle 3 item 16) of the Articles of Association:

"Granting consent to employ of an employee with an annualized salary exceeding the equivalent of € 150,000.00 (in words: one hundred and fifty thousand Euro)"

III. Amendments to Article 11b of the Company's Articles of Association:

Previous content of Article 11b of the Articles of Association:

"Article 11b

1. As long as the Company's shares will be admitted to trading on a regulated market, the Supervisory Board shall appoint an auditing committee, which consists of at least 3 (three) of its members, including at least one member who should meet the requirements of independence within the meaning of art. 86 paragraph. 5 of the Act of 7 May 2009. On auditors and their self-government, entities authorized to audit financial statements and public oversight, and have qualifications in accounting or financial auditing.
2. The Supervisory Board, which consists of no more than 5 (five) members can perform the tasks of the audit committee.
3. The tasks of the audit committee shall include in particular:
   1) monitoring the financial reporting process;
   2) review of related party transactions;
   3) monitoring the effectiveness of internal control systems, internal audit and risk management;
   4) monitoring the performance of financial audit;
   5) monitoring the independence of the auditor and the entity entitled to audit financial statements, including in the event of providing to the Company services other than financial auditing;
   6) recommending to the Board the entity authorized to audit financial statements to perform financial auditing activities within the company.
4. The Supervisory Board may also appoint other committees, in particular the nomination and remuneration committee. Detailed tasks and principles for the appointment and operation of various committees, including the audit committee, will be established by the Supervisory Board."

The proposed new wording of Article 11

"Article 11b

1. As long as the Company's shares will be admitted to trading on a regulated market, the Supervisory Board shall appoint an auditing committee, which consists of at least 3 (three) of its members, who shall meet the criteria of independence set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.
2. The tasks of the audit committee shall include in particular:
    1) monitoring the financial reporting;
    2) monitoring the effectiveness of internal control and risk management systems and of internal audit;
    3) monitoring the performance of financial reviews, in particular of auditing by the audit firm;
    4) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular where the audit firm provides to the Company services other than auditing;
    5) providing to the Company's Supervisory Board information on results of the audit and explaining how this audit contributed to the accuracy of financial reporting in the Company and on the role of the Audit Committee in the audit process;
    6) assessing the independence of the statutory auditor and giving consent for rendering by him for the Company of authorized services other than auditing;
    7) developing a policy for selecting an audit firm to conduct the audit;
    8) developing a policy for the performance of non-audit authorized services by the audit firm conducting the audit, by entities related to that audit firm and by a member firm of its network;
    9) determining the procedure for selecting an audit firm by the Company;
    10) submitting to the Supervisory Board a recommendation on appointment the audit firm in accordance with the policy developed by the Audit Committee;
    11) submitting recommendations to ensure the accuracy of the financial reporting process in the Company.
3. The Supervisory Board may also appoint other committees, in particular the nomination and remuneration committee. Detailed tasks and principles for the appointment and operation of various committees, including the audit committee, will be established by the Supervisory Board."

IV. Amendments to Article 15 Subarticle 2 of the Company's Articles of Association:

Previous content of Article 15 Subarticle 2 of the Articles of Association:

"A resolution of the General Meeting shall not be required to acquire or disposal of real property, perpetual usufruct or interests in real estate."

The proposed new wording of Article 15 Subarticle 2 of the Articles of Association:

"A resolution of the General Meeting shall not be required to acquire or disposal of real property, perpetual usufruct or interests in real estate or in the right to perpetual usufruct."