

**Subject: Execution of a conditional agreement for the purchase by Pfeleiderer Grajewo S.A. of the sole share in Pfeleiderer GmbH and other related agreements**

Current Report no. 53/2015

In reference to the current report no. 29/2015 of June 30, 2015 and to the current report no. 35/2015 of July 23/2015, the Management Board of Pfeleiderer Grajewo S.A. (the "**Company**", "**Grajewo**") hereby reports that on October 5, 2015, the Company and Atlantik S.A., a company incorporated under the laws of Luxembourg ("**Atlantik**") entered into a conditional share purchase agreement ("**Pfeleiderer SPA**") regarding the sole share in Pfeleiderer GmbH with its registered office in Neumarkt in der Oberpfalz, Germany ("**PG**") with a nominal value of EUR 30,000,000.00, representing 100% of the share capital of PG and entitling to exercise 100% of votes at the general meeting of the shareholders of PG (the "**PG Share**").

Acquisition of the PG Share (the "**Reverse Acquisition**") constitutes an element of the reorganization of the Pfeleiderer capital group (the "**Pfeleiderer Group**", the "**Corporate Reorganization**"). The Corporate Reorganization also includes: (i) soliciting the votes of holders of 7.875% senior secured notes issued by PG (the "**Notes**") in respect of certain amendments and waivers relating to certain financing documentation of the Pfeleiderer Group (the "**Amendments and Waivers**"); (ii) refinancing of the current debt of certain members of the Pfeleiderer Group; (iii) a public offering of the newly issued shares in the Company (the "**New Shares**", the "**Public Offering**"); (iv) sale by Pfeleiderer Service GmbH ("**PSG**") of certain of the existing shares in Grajewo (the "**Existing Shares**", together with the New Shares the "**Offer Shares**") held by PSG under the private placement regime (the "**Private Placement**", together with the Public Offering the "**Offering**"); (v) sale by PSG to Atlantik of all the Existing Shares held by PSG upon the settlement of the Private Placement (the "**Remaining Existing Shares**") – for that purpose, on October 5, 2015, PSG and Atlantik, entered into a conditional agreement regarding sale of the Remaining Existing Shares (the "**Grajewo SPA**").

Pursuant to the Pfeleiderer SPA, Grajewo agrees to purchase the PG Share for the purchase price expressed in EUR (the "**Pfeleiderer SPA Claim**"), corresponding to the sum of: (i) amount corresponding to the purchase price of the Remaining Existing Shares, which Atlantik agreed to sell under the Grajewo SPA (the "**Grajewo SPA Claim**"); (ii) the amount of proceeds from the Private Placement, less any costs related to the Private Placement incurred by PSG (the "**PSG Costs**") converted from PLN into EUR at specified reference rate (the "**Cash Amount**"); and (iii) the equity value of Core West (without double counting of the Grajewo SPA Claim and the Cash Amount) (the "**Equity Value Claim**")

The Pfeleiderer SPA provides for a price formula, under which the Equity Value Claim will equal to:

$$\text{Equity Value Claim} = (\text{Grajewo Equity Value} + \text{Net Financial Debt Position of Core East}) * \text{Reference Rate} * \text{Relative Value Factor} - \text{Net Financial Debt Position of Core West}$$

(a detailed mechanism of determining the Equity Value Claim was disclosed in the current report no. 35/2015 of July 23, 2015)

The Pfeleiderer SPA also provides for a mechanism of settlement of the Pfeleiderer SPA Claim, pursuant to which:

(i) the amount of the Grajewo SPA Claim will be settled by Grajewo to Atlantik in kind. For this purpose, on October 5, 2015, Grajewo entered into an agreement with Atlantik (the "**Assumption Agreement**") pursuant to which Grajewo will assume Atlantik's payment obligations under the Grajewo SPA Claim (i.e., Grajewo will become the obligor of PSG under the Grajewo SPA Claim in place of Atlantik and Atlantik will at the same time be released from its obligation to pay the Grajewo SPA Claim) and assume Atlantik's rights and obligations arising under the Deferral Agreement (as defined below). The Assumption Agreement is subject to the condition precedent of the effective transfer of the sole share in Pfeleiderer GmbH under the Pfeleiderer SPA from Atlantik to Grajewo. The Assumption Agreement is governed by German law;

(ii) the Cash Amount will be paid by Grajewo to Atlantik via a bank transfer. For the purpose of financing this payment, on October 5, 2015, PSG and Grajewo entered into a loan agreement (the "**Loan Agreement**"), pursuant to which PSG will lend to Grajewo a loan denominated in EUR, equal to the lower of the following amounts: a) the Cash Amount; or b) a product of the offering price of the Offer Shares (the "**Offering Price**") and the number of the Existing Shares held by PSG sold in the Private Placement, less the PSG Costs, at the real exchange rate used by the bank exchanging PLN in EUR. Both parties may terminate the Loan Agreement with 3-months' notice period. In addition, the Loan Agreement terminates if no Existing Shares are sold by PSG in the Private Placement. Grajewo may prepay the loan at any time and from time to time, in whole or in part, upon a prior notice delivered to PSG, specifying the date and amount of prepayment. Under the Loan Agreement, interest (specified in the Loan Agreement) of the unpaid principal amount of the loan is paid annually. Under the Loan Agreement, Grajewo may not assign its rights and obligations under the Loan Agreement and PSG may assign its rights under the Loan Agreement to its affiliates.

(iii) the Equity Value Claim will be paid by Grajewo to Atlantik via a bank transfer from the proceeds from the Public Offering.

If Grajewo fails to pay the Pfeleiderer SPA Claim (or its part) at the closing of the Pfeleiderer SPA, interest will accrue on the unpaid amount from the day following the closing of the Pfeleiderer SPA at a rate specified in the Pfeleiderer SPA.

In order to mitigate the foreign exchange risk connected with the payment of the Pfeleiderer SPA Claim, Grajewo intends to enter into a hedging agreement (option or forward contract).

The Pfeleiderer SPA is subject to the satisfaction of the following conditions precedent (the "**Pfeleiderer SPA Conditions Precedent**"): (i) approval by the general meeting of the shareholders and the board of directors of Atlantik of Grajewo's proposal regarding the indicative price range of the Offer Shares (the "**Price Range**") and the final number of the Offer Shares and Offering Price; (ii) announcement of the Price Range and the Offering Price; (iii) registration with the National Court Register of the share capital increase of Grajewo (the "**Share Capital Increase**"); provided that Grajewo will be obliged to apply for such registration, only if such application can be filed, and all declarations to be made by the Grajewo competent corporate bodies related thereto are, in compliance with the applicable provisions of law; (iv) transfer of the Remaining Existing Shares sold under the Grajewo SPA to Atlantik (this condition does not apply if all the Existing Shares held by PSG have been sold in the Private Placement); (v) confirmation by Pfeleiderer GmbH that the resolution of the holders of the Notes approving the Amendments and Waivers has not been contested and that the consummation of the Reverse Acquisition does not trigger a default under its financing documentation; (vi) confirmation by Atlantik that the consummation of the Reverse Acquisition does not trigger a default under the amended debt documents and that certain securities and guarantees established by Atlantik pursuant to its debt documents will be released under the Corporate Reorganization; (vii) confirmation by Grajewo that the consummation of the Reverse Acquisition does not trigger a default under its debt documents and that certain financing documentation of the Pfeleiderer Group has been amended; and (viii) confirmation by PSG that a release declaration regarding the registered pledges over the Existing Shares held by PSG (the "**Registered Pledges**") has been executed and a relevant filing to deregister the Registered Pledges from the Polish register of pledges has been submitted to the competent registry court, and that the financial pledges over the Existing Shares held by PSG have been released.

Subject to the satisfaction or waiver of all the Pfeleiderer SPA Conditions Precedent and crediting of the Equity Value Claim and the Cash Amount to the bank account of Atlantik, the transfer of the sole share in Pfeleiderer GmbH by Atlantik to Grajewo will be effected by virtue of the execution of a notarized transfer deed on the closing of the Pfeleiderer SPA, which is to take place on the day of the registration of the Share Capital Increase and transfer of the Remaining Existing Shares by PSG to Atlantik.

Both parties may terminate the Pfeleiderer SPA if: (i) the approval by the general meeting of the shareholders and/or the board of directors of Atlantik of Grajewo's proposal regarding the Price Range has/have not been granted by the time of the scheduled announcement of the Price Range; or (ii) the approval by the general meeting of the shareholders and the board of directors of Atlantik of Grajewo's proposal regarding the Offering Price has/have not been granted by the time of the scheduled of the Offering Price; (iii) the number of the Offer Shares and/or the Offering Price published in the announcement of the Offering Price is not identical to Grajewo's proposal regarding the Offering Price;

or (iv) the underwriting agreement executed in connection with the Offering is terminated by one or more of the underwriting banks prior to the closing of the Pflaiderer SPA and gross proceeds from the Public Offering are lower than the product of the final number of the New Shares and the Offering Price.

In addition, the Pflaiderer SPA will automatically terminate if the approval by the general meeting of the shareholders of Atlantik of Grajewo's proposal regarding the Offering Price has not been granted and/or the Offering Price has not been announced by December 1, 2015. Furthermore, if by March 31, 2016 any of the Pflaiderer SPA Conditions Precedent has not been fulfilled or waived by the parties, or if the Closing has not occurred despite the Pflaiderer SPA Conditions Precedent having been satisfied or waived, or if it has become obvious that the Pflaiderer SPA Conditions Precedent will not be satisfied or waived, both parties shall be entitled to terminate the Pflaiderer SPA, provided that a party which has failed to consummate the transactions provided for in the Pflaiderer SPA despite the Pflaiderer SPA Conditions Precedent having been satisfied or waived, shall not be entitled to terminate the Pflaiderer SPA.

The Pflaiderer SPA provides for certain representations and warranties of Atlantik as the seller, which are essentially limited to title and encumbrances representations with regard to the sole share in Pflaiderer GmbH. Atlantik's liability under the Pflaiderer SPA is limited, to the extent permitted by law, to the amount of the Pflaiderer SPA Claim. In addition, Grajewo's claims under the Pflaiderer SPA generally lapse twelve months from the closing of the Pflaiderer SPA.

The Pflaiderer SPA is governed by German law. The Pflaiderer SPA is considered material because its value exceeds 10% of the Company's equity.

In addition Grajewo has been notified that, also on October 5, 2015, immediately prior to the execution of the Pflaiderer SPA, PSG and Atlantik entered into the Grajewo SPA, pursuant to which Atlantik agreed to purchase the Remaining Existing Shares for the payment of the Grajewo SPA Claim. The Grajewo SPA Claim will be equal to the product of the number of the Remaining Existing Shares and the Offering Price, converted from PLN into EUR at specified reference rate. Transfer of the Remaining Existing Shares will be effected by virtue of the execution of the separate transfer agreement, which is to be concluded on the day of registration of the Share Capital Increase. The Grajewo SPA is subject to the satisfaction or waiver of certain conditions precedent provided for in the Grajewo SPA which are substantially the same as the Pflaiderer SPA Conditions Precedent. Terms and conditions of termination of the Grajewo SPA are substantially the same as in the Pflaiderer SPA. The Grajewo SPA is governed by German law. Payment of the Grajewo SPA Claim is deferred under a deferral agreement (the "**Deferral Agreement**") executed in relation to the Grajewo SPA between PSG and Atlantik on October 5, 2015. Under the Deferral Agreement, outstanding deferred Grajewo SPA Claim bears interest from the closing date of the Grajewo SPA at a rate specified in the Deferral Agreement. The interest is paid annually.

Upon announcement of the Offering Price, both the Pflaiderer SPA and the Grajewo SPA will be adequately annexed in order to document: (i) the final amounts of the Cash Amount and the Equity Value Claim; and (ii) the final number of the Remaining Existing Shares and the final amount of the Grajewo SPA Claim, respectively.

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This report was prepared pursuant to Article 56 Section 1 Item 1 and 2 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies. (consolidated text: Dz. U. of 2013, Item 1382) and § 5 Section 1 Item 3 of the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state of February 19, 2009 (consolidated text: Dz. U. of 2014, Item 133).

October 05, 2015

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