

Subject: Transfer of enterprise of Pfeiderer Grajewo S.A. to its subsidiary and taking up of shares in the increased share capital of this company

Current report No. 55/2016

The Management Board of Pfeiderer Grajewo S.A. (the "**Company**"), in reference to the current report No. 36/2016 of 1 June 2016, hereby informs that in connection with the implementation of the resolution No. 8 of the Ordinary General Shareholders Meeting of 29 June 2016 on the consent to transfer the Company's enterprise, including, being a part of the enterprise, rights of perpetual usufruct to lands and ownership right of buildings and equipment erected thereon, constituting subject of ownership separated from lands, to the Company's subsidiary, on 31 August 2016 the Company has concluded with its subsidiary Pfeiderer Grajewo sp. z o.o. with its registered seat in Grajewo ("**PGPL**"), in which the Company is a sole shareholder, an agreement on making contribution in-kind to the increased share capital of PGPL and related agreement of the transfer of rights of perpetual usufruct to the land and ownership right of buildings (the "**Agreements**"), on the basis of which it has transferred to PGPL the enterprise in the meaning of Article 55¹ of the Civil Code (organized part of an enterprise within the meaning of Article 4a item 4 of the Corporate Income Tax Act and within the meaning of Article 2 item 27e of the Act on Goods and Services Tax) used for carrying out an economic activity in scope of (i) manufacturing of wood-based products, including laminated and raw chipboards and others wood and wood-based products, manufacturing other wood products and coating, lamination and impregnation of papers and chipboards which are used inter alia in manufacturing of furniture, interior design business and construction business (production activity); and (ii) marketing, sales and distribution activity of manufactured products, as well as activity supporting the Company's business, and, to the certain extent, also business activity of other companies from the Company's capital group, e.g. in the scope of accounting/finances, human resources, IT, administrative, quality assurance, integrated planning, controlling, customer service, safety and preservation of environment, product development (sale activity / shared services) (the "**Operational Activity**").

The transferred enterprise will consist all tangible and intangible assets, including any rights, liabilities and obligations resulting from the trade agreements and other agreements to which the Company is a party and which are functionally connected with Operational Activity, unless otherwise agreed by the parties in the Agreements. According to the Agreements, the transfer of legal title to the Operational Activity will be made with effect as at the end of 31 August 2016.

The Agreements were concluded in connection with the adoption on 31 August 2016 of the resolution of the Extraordinary Shareholders Meeting of PGPL on the share capital increase of the PGPL to PLN 40,000,000.00, *i.e.* by the amount of PLN 39,995,000.00 by way of issuing 799,900 new shares with a nominal value of PLN 50.00 each, which were taken up by the Company on the basis of the Company's statement of 31 August 2016 on taking up shares in the increased share capital of PGPL and will be covered with contribution in-kind in form of the Company's enterprise used for carrying out the Operational Activity, under the terms and conditions set out in the Agreements.

The Operational Activity will be contributed to PGPL at fair value, established on the basis of valuation prepared by an independent expert, amounting to PLN 292,182,363.85, of which amount PLN 39,995,000.00 PLN will be used to cover the newly issued shares in share capital of PGPL, whereas surplus of PLN 252,187,363.85 will be transferred to supplementary capital of PGPL.

Due to the transfer of the Operational Activity and its contribution to PGPL, as of 1 September 2016 the Company will cease to conduct the Operational Activity and will become holding company, which is one of the aims of the reorganization process of the capital group of the Company in Poland (the "**Group**"). In the next step of the reorganization, the activity of PGPL in scope of sale activity / shared services, will be transferred to Pfeiderer Polska sp. z o.o., which will ultimately conduct the activity in this scope of the all companies of the Group.

The report was prepared on the basis of Article 17 section 1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Dz. U. UE L 173/1 on 12 July 2014).

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